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 2013

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 2013 (the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013

	Notes	**2013** ***HK$'000***	2012 *HK$'000*
Revenue	*3*	**268,423**	267,919
Cost of sales		**(186,364)**	(180,158)
Gross profit		**82,059**	87,761
Other income	*3*	**8,755**	18,943
Gain arising from debt restructuring	*3*	**–**	40,524
(Loss)/gain arising from changes in fair value less costs to sell of biological assets		**(1,477)**	431
Selling and distribution expenses		**(70,058)**	(57,475)
Administrative expenses		**(50,193)**	(57,718)
Other operating expenses	*5*	**(23,968)**	(1,537)
Finance costs	*6*	**(4,301)**	(1,954)
(Loss)/profit before tax	*7*	**(59,183)**	28,975
Income tax credit	*8*	**354**	2,424
(Loss)/profit for the year		**(58,829)**	31,399
Attributable to:			
Equity shareholders of the Company		**(58,829)**	31,399
(Loss)/earnings per share:	*10*		
Basic (HK cents)		**(3.37)**	2.67
Diluted (HK cents)		**(2.20)**	1.35

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the year	**(58,829)**	31,399
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences arising on translation of foreign operations	**5,845**	1,365
Total comprehensive (expense)/income for the year	**(52,984)**	32,764

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**211,743**	187,749
Construction in progress		**5,036**	8,284
Goodwill		**29,580**	31,678
		246,359	227,711
Current assets			
Inventories		**8,004**	5,379
Biological assets		**5,430**	4,396
Trade and other receivables	*11*	**48,589**	58,571
Tax recoverable		**566**	–
Bank balances and cash		**14,811**	18,810
		77,400	87,156
Current liabilities			
Trade and other payables	*12*	**53,280**	148,554
Interest-bearing bank and other borrowings		**75,670**	25,120
Obligation under a finance lease		**64**	143
Tax payable		**–**	152
		129,014	173,969
Net current liabilities		**(51,614)**	(86,813)
Total assets less current liabilities		**194,745**	140,898
Capital and reserves			
Issued capital	*13*	**37,606**	30,456
Reserves		**134,892**	87,776
Total equity		**172,498**	118,232
Non-current liabilities			
Government subsidies	*12*	**22,247**	22,598
Obligation under a finance lease		**–**	68
		22,247	22,666
		194,745	140,898

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 ("HKFRSs")

The Group has adopted the following new and revised HKFRSs for the first time of the current year's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – Transition Guidance
HKFRS 13	Fair Value Measurement
HKAS 1 Amendments	Amendments to HKAS 1 Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associate and Joint Ventures
HKAS 36 Amendments	Amendments to HKAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (early adopted)
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 13, HKAS 1 and HKAS 36, and certain amendments included in Annual Improvements 2009-2011 Cycle (Include other standards as appropriate), the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended.

(b) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The consolidated statement of comprehensive income has been restated to reflect the changes. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

(c) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

(d) Annual Improvements 2009-2011 Cycle issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 Presentation of Financial Statements: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

  In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 Financial Instruments: Presentation: Clarifies that income taxes arising from distributions to equity shareholders are accounted for in accordance with HKAS 12 Income Taxes. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity shareholders.

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

		Effective for accounting periods beginning on or after
HKFRS 9	Financial Instruments	No mandatory effective date
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39	No mandatory effective date
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities	1 January 2014
HKAS 19 Amendments	Amendments to HKAS 19 Employee Benefits – Defined Benefit Plans: Employee Contributions	1 July 2014
HKAS 32 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 39 Amendments	Amendments to HKAS 39 Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014

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

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 Financial Instruments: Recognition and Measurement. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the Hong Kong Institute of Certified Public Accountants ("HKICPA") issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of “currently has a legally enforceable right to set off” for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

3. REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents revenue arising from the growing, processing and trading of agricultural produce. An analysis of revenue and other income for the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Revenue from sale of agricultural produce	**268,423**	267,919
Other income		
Bank interest income	**37**	32
Commission received	**240**	1,955
Foreign exchange differences, net	**308**	–
Government subsidies	**6,364**	11,020
Rental income	**540**	1,896
Sundry income	**1,266**	4,040
	8,755	18,943
Gain arising from debt restructuring	**–**	40,524
Total revenue	**277,178**	327,386

4. OPERATING SEGMENT INFORMATION

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

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

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

a) Assets holding: Holding of assets

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

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

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

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

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

All assets and liabilities are allocated to reportable segments.

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

	Assets holding Year ended 31 December		**Agricultural produce Year ended 31 December**		**Total Year ended 31 December**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Sales to external customers	**–**	–	**268,423**	267,919	**268,423**	267,919
Inter-segment sales	**–**	–	**–**	–	**–**	–
Total revenue	**–**	–	**268,423**	267,919	**268,423**	267,919
Segment results						
(Loss)/profit before tax	**(16,567)**	20,055	**(42,616)**	8,920	**(59,183)**	28,975
Income tax credit	**–**	–	**354**	2,424	**354**	2,424
(Loss)/profit for the year	**(16,567)**	20,055	**(42,262)**	11,344	**(58,829)**	31,399
Other segment information:						
Capital expenditure	**23**	1,539	**4,222**	13,292	**4,245**	14,831
Impairment losses recognised in the income statement:						
– Biological assets	**–**	–	**885**	894	**885**	894
– Goodwill	**2,098**	–	**–**	–	**2,098**	–
– Property, plant and equipment	**–**	–	**16,023**	–	**16,023**	–
– Trade receivable	**–**	–	**1,491**	144	**1,491**	144
– Other receivable	**–**	–	**244**	–	**244**	–

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

	Assets holding 31 December		**Agricultural produce 31 December**		**Total 31 December**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,211**	5,088	**291,968**	278,101	**294,179**	283,189
Reconciliation:						
Corporate and other unallocated corporate assets	**29,580**	31,678	**–**	–	**29,580**	31,678
Total assets	**31,791**	36,766	**291,968**	278,101	**323,759**	314,867
Segment liabilities	**10,557**	111,035	**140,704**	85,600	**151,261**	196,635
Reconciliation:						
Corporate and other unallocated corporate liabilities	**–**	–	**–**	–	**–**	–
Total liabilities	**10,557**	111,035	**140,704**	85,600	**151,261**	196,635

(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 revenue and non-current assets are principally attributable to Hong Kong and Mainland China.

	2013	2012
	HK$'000	*HK$'000*
Revenue		
– Hong Kong	**160,401**	140,636
– Mainland China	**108,022**	127,283
	268,423	267,919
Non-current assets other than goodwill		
Property, plant and equipment		
– Hong Kong	**1,551**	2,507
– Mainland China	**210,192**	185,242
Construction in progress		
– Mainland China	**5,036**	8,284
	216,779	196,033

(c) Information about major customers

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

	2013	2012
	HK$'000	*HK$'000*
Customer A	**49,385**	49,424
Customer B	**41,108**	38,680
Customer C	**32,934**	27,766

5. OTHER OPERATING EXPENSES

An analysis of other operating expenses is as follows:

	2013	2012
	HK$'000	*HK$'000*
Allowance for impairment of trade receivables *(note 11)*	**1,491**	144
Allowance for impairment of other receivables *(note 11)*	**244**	–
Exchange loss	**–**	262
Impairment of biological assets	**885**	894
Impairment of goodwill	**2,098**	–
Impairment of property, plant and equipment	**16,023**	–
Others	**3,227**	237
	23,968	1,537

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**3,966**	1,531
Interest on other loans	**96**	62
Others	**239**	361
	4,301	1,954

7. (LOSS)/PROFIT BEFORE TAX

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

	2013	2012
	HK$'000	*HK$'000*
Employee benefits expense (excluding directors' remuneration):		
– Salaries, wages and other benefits	**72,471**	50,110
– Contributions to defined contribution retirement plan	**2,159**	1,280
	74,630	51,390
Auditor's remuneration		
– Audit fee	**1,200**	1,300
– Other services	**51**	61
Cost of inventories recognised as an expense	**165,439**	158,540
Depreciation of property, plant and equipment	**19,637**	16,352
Allowance for impairment of trade receivables *(note 11)*	**1,491**	144
Allowance for impairment of other receivables *(note 11)*	**244**	–
Reversal of impairment of trade receivables *(note 11)*	**(222)**	(591)
Loss on disposal of property, plant and equipment	**127**	7
Minimum lease payments under operating leases	**18,056**	10,700
Impairment of biological assets	**885**	894
Impairment of goodwill	**2,098**	–
Impairment of property, plant and equipment	**16,023**	–
Foreign exchange differences, net	**(308)**	262
Loss/(gain) on changes in fair value less costs to sell of biological assets	**1,477**	(431)

8. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 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 subsidiaries in Mainland China engaged in qualifying agricultural business, which include growing, processing and selling of vegetables, are entitled to full exemption of enterprise income tax.

	2013	2012
	HK$'000	*HK$'000*
Group:		
Current tax – Hong Kong profits tax		
Provision for the year	**78**	476
Over-provision in respect of prior years	**(153)**	–
Under-provision in prior year	**9**	–
	(66)	476
Current tax – PRC tax		
Over-provision in respect of prior years	**(288)**	(2,900)
Tax credit for the year	**(354)**	(2,424)

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit before tax	**(59,183)**	28,975
Notional tax on (loss)/profit before income tax, calculated at the rate applicable to profits in the tax jurisdictions concerned	**(13,284)**	5,307
Net tax effect of expense and income that are not deductible and taxable in determining taxable profits and tax allowances	**4,441**	(4,878)
Tax effect of unrecognised tax losses	**11,797**	4,674
Tax effect of (loss)/profit exempted from income tax as a result of tax benefits	**(2,876)**	(4,627)
Adjustments in respect of current tax in previous year	**(432)**	(2,900)
Tax credit for the year	**(354)**	(2,424)

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

The consolidated (loss)/profit attributable to owners of the Company for the year ended 31 December 2013 includes a loss of HK$11,492,000 (2012: profit of HK$27,366,000), which has been dealt with in the financial statements of the Company.

10. (LOSS)/EARNINGS PER SHARE

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

	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit attributable to ordinary equity holders of the Company, used in the basic and diluted (loss)/earnings per share calculation	**(58,829)**	31,399

	Number of shares	
	2013	2012
Shares:		
Weighted average number of ordinary shares in issue during the year used in the basic (loss)/earnings per share calculation	**1,747,192,065**	1,177,551,218
Effect of Class A preference shares issued by the Company	**930,000,000**	1,150,000,000
Weighted average number of ordinary shares in issue during the year used in the diluted (loss)/earnings per share calculation	**2,677,192,065**	2,327,551,218

11. TRADE AND OTHER RECEIVABLES

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**30,135**	35,606
Allowance for impairment	**(1,645)**	(360)
	28,490	35,246
Other receivables	**14,320**	19,120
Allowance for impairment	**(244)**	–
	14,076	19,120
Deposits and prepayments	**6,023**	4,205
	48,589	58,571

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

	2013	2012
	HK$'000	*HK$'000*
Current	**11,013**	18,274
61-120 days	**1,565**	3,261
Over 120 days	**15,912**	13,711
	28,490	35,246

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

	2013	2012
	HK$'000	*HK$'000*
Less than 60 days past due	**1,565**	3,261
Over 60 days past due	**15,912**	13,711
	17,477	16,972

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

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

	2013	2012
	HK$'000	*HK$'000*
Balance at 1 January	**360**	807
Impairment losses recognised *(note 5)*	**1,491**	144
Reversal of impairment *(note 7)*	**(222)**	(591)
Exchange realignment	**16**	–
Balance at 31 December	**1,645**	360

Included in the above allowance for impairment of trade receivables for the year are individually impaired trade receivables with a balance of HK$1,491,000 (2012: HK$144,000) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

The movements in allowance for impairment of other receivables are as follows:

	2013	2012
	HK$'000	*HK$'000*
Balance at 1 January	**–**	–
Impairment losses recognised *(note 5)*	**244**	–
Balance at 31 December	**244**	–

Included in the above allowance for impairment of other receivables for the year are individually impaired other receivables with a balance of HK$244,000 (2012: Nil) 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.

12. TRADE AND OTHER PAYABLES

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**18,409**	15,284
Other payables and accruals	**31,964**	128,547
Amounts due to directors	**–**	380
Government subsidies	**25,154**	26,941
	75,527	171,152

	2013	2012
	HK$'000	*HK$'000*
Current	**53,280**	148,554
Non-current – government subsidies	**22,247**	22,598
	75,527	171,152

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:

	2013	2012
	HK$'000	*HK$'000*
0–60 days	**14,923**	10,007
61–120 days	**2,565**	3,691
Over 120 days	**921**	1,586
	18,409	15,284

13. SHARE CAPITAL

		2013	2012
	Notes	***HK$'000***	*HK$'000*
Authorised:			
150,000,000,000 (2012: 150,000,000,000) ordinary shares of HK$0.01 each		**1,500,000**	1,500,000
10,000,000,000 (2012: 10,000,000,000) preference shares at HK$0.01 each		**100,000**	100,000
Issued and fully paid:			
1,933,261,335 (2012: 1,378,927,885) ordinary shares of HK$0.01 each		**19,333**	13,789
930,000,000 (2012: 1,380,000,000) Class A preference shares of HK$0.01 each	*(b)*	**9,300**	13,800
897,299,278 (2012: 286,632,728) Class B preference shares of HK$0.01 each	*(c)*	**8,973**	2,867
		37,606	30,456

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:

	Note	No. of shares	Amount
			HK$'000
At 1 January 2012		**2,532,543,083**	25,325
Capital reorganisation		**–**	(22,160)
Share consolidation		**(2,215,975,198)**	–
New issue of shares		**1,062,360,000**	10,624
At 31 December 2012 and 1 January 2013		**1,378,927,885**	13,789
Conversion of preference shares	*(a)*	**554,333,450**	5,544
At 31 December 2013		**1,933,261,335**	19,333

(a) On 30 April 2013, 96,584,730 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible preference shares class B at an issue price of HK$0.15 per share.

On 9 May 2013, 450,000,000 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible preference shares class A at an issue price of HK$0.0482 per share.

On 8 July 2013, 7,748,720 ordinary shares of HK$0.01 each were issued pursuant to the conversion of the convertible shares class B at an issue price of HK$0.15 per share.

(b) 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 preference share policy, one preference share is convertible into one new ordinary share at any time after the resumption of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited.

(c) 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 preference shares, one preference share is eligible to convert into one new ordinary share at any time no earlier than one year from the date of issue.

14. EVENTS AFTER THE REPORTING DATE

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

ISSUANCE OF ORDINARY SHARES

On 6 January 2014, the Company entered into a share subscription agreement with an independent third party to allot and issue 34,480,000 new Shares at the subscription price of HK$0.145 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 2013. The 34,480,000 new Shares of HK$0.01 each, credited as fully paid, were allotted and issued to the subscriber on 16 January 2014 with net proceeds of approximately HK$4,900,000 for general working capital of the Group.

On 21 January 2014, the Company allotted and issued 426,840,000 ordinary shares of HK$0.01 each, credited as fully paid, upon conversion of 426,840,000 Class A preference shares at the conversion price of HK$0.0482 per conversion share. On the same day, the Company allotted and issued 138,207,998 ordinary shares of HK$0.01 each, credited as fully paid, upon conversion of 138,207,998 Class B preference shares at the conversion price of HK$0.15 per conversion share.

ISSUANCE OF CONVERTIBLE BONDS

On 22 January 2014, the Company and Cypress Jade Group Holdings Limited, a connected person of the Company, entered into a subscription agreement in respect of the issue of convertible bonds in the aggregate principal amount of HK$30,000,000 with initial conversion price of HK$0.13 per conversion share (the "Subscription"). The Subscription was approved by the independent shareholders at the special general meeting of the Company held on 17 March 2014.

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 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 2013. The work performed by Mabel Chan & Co. in this respect did not constitute an 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 2013 (2012: Nil) to the holders of both ordinary shares and preference shares of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In 2013, the Company encountered difficulties in its operation as the global economic uncertainty remained and the economic growth of China further slowed down. On the other hand, 2013 also marked the first year of structural integration of the Group. At the initial stage of integration, the daily operation efficiency of the Group was affected during the transition period as it took time for the staff of the Group to adapt to the new management system. Furthermore, the Group adopted an expansion strategy for its advantageous businesses during the year, resulted in higher investment. Coupled with rising market prices of production materials and production loss due to inclement weather, the Group recorded loss in its operations for the year as its overall turnover was lower than expected.

Highlights in 2013 are as follows:

I. Operation Management

- Successfully completed internal restructuring of the Group in Mainland China

  With the support of the Board, the internal restructuring of the Group commenced at the end of 2012 and completed on 28 February 2013. Guangdong Cypress Jade Agricultural Group Co. Ltd. (廣東從玉農業集團有限公司) was formally established in Mainland China on the basis of the predecessor, Guangzhou Cypress Jade Vegetation Development Company Limited, and remained as one of the leading enterprises under the government policy of agricultural industrialisation.

  The completion of the restructuring signifies the commencement of the blueprint for strategic development of the Group. While maintaining its competitive position in market supply in Hong Kong, its strategic development focus will be shifted to Mainland China. The Group enhanced the benefits of economy of scale through the integration of its competitive resources, such as the brand, production, businesses and assets. The Group capitalised on its position as one of the leading enterprises and pioneers under the government policy of agricultural industrialisation to develop into a new high-tech agricultural enterprise.

- Strengthening ERP digital management platform

  The Group has adopted the ERP digital management platform. Members and production bases of the Group are able to provide real-time updates and the management can conduct real-time monitoring for better decision-making.

- Raising credit facilities through various channels

  In line with its business development, the Group raised capital through various channels to better support its operation in 2013.

  A number of domestic banks showed their confidence in the future development of the Group by granting higher credit limits or credit facilities to the Group.

- Improving risk management and education

  The Internal Audit Department was established during the year to enhance internal controls, risk management and loophole elimination in a timely manner.

II. Production Management

- Expanding quality farmland

  The Group explored quality farmland for future development in accordance with its development strategy of establishing two base clusters in southern and northern China, namely the principal vegetable production base cluster in the north covering the Ningxia Wuzhong base, Qingtongxia base and Lingwu base, and the principal vegetable production and processing base cluster in the south covering the Sanjiang base and Tangcun base in Zengcheng and the Conghua base.

In 2013, three new bases were established and put into production, namely phase one of the Ningxia Lingwu base in the north, and phase one of the Zengcheng Sanjiang base and the Zengcheng Tangcun base in the south. The Group has become the major supplier of high quality, safe and reliable fresh vegetables for Guangdong and Hong Kong.

- Enhancing cultivation effectiveness and controlling production costs

  The Group is committed to its production management philosophy of striving for better cultivation effectiveness and controlling production costs at a reasonable level through agricultural technology integration, mechanised production processes and informatisation of production and operation. In light of this, its production department adopted a staff appraisal system to ensure that all the staff are aware of the importance of effectiveness and cost control.

- Strict control over quality and safety management

  At the end of the year, the Group established a comprehensive food safety tracking system of agricultural products. Quality control responsibilities in each production process were specified through the establishment of a production record system under which production staff are required to record information of the base environment, employment of agricultural inputs, farmland management and staff particulars and ensure the accessibility of the record.

- Stepping up technological innovation

  To enrich the variety of vegetable supply and implement the sales strategy of differentiation, the production technology department carried out numerous experiments of plant breeding. So far, several outstanding breeds have been selected, which will boost supply and sales in 2014.

III. Marketing

- Expansion of sales channels

  In 2013, Guangdong and Hong Kong remained the major sales regions of the Group. The Group had started to carry out a series of reform on market layout and sales.

  In respect of conventional wholesale channels, the Group established an optimised distribution system for tier-1 and tier-2 distributors mainly covering the Pearl River Delta, with the Guangzhou and Hong Kong markets being the core. As of today, we have entered into various core distribution agreements, which secured the sales of the Company and also guaranteed that the "Cypress Jade" vegetables available on markets are authentic, safe and fresh.

As for sales in the high-end market, the Group actively expanded to the high-end markets, including supermarkets, restaurants, units and associations. During the year, we developed a customer base of large group enterprise, such as China Unicom, securing higher income and further consolidating the position of "Cypress Jade" as a high-end brand.

- Branding

  Events and activities of the Group in 2013, such as the anniversary celebration of the listing of Cypress Jade Agricultural Holdings Limited and the establishment ceremony of Guangdong Cypress Jade Agricultural Group Co. Ltd. (廣東從玉農業集團有限公司) on 28 February and the signing of Cypress Jade Safe Vegetables Distribution Agreements, were widely covered by the mainstream media. With the launch of several brand promotion campaigns, such as the debut of the new official website of the Group (http://www.cyj.hk), the Company enjoyed higher brand awareness and reputation.

Financial Review

During the Reporting Period, the Group recorded a turnover of HK$268.4 million, an increase of 0.2% from HK$267.9 million for the year ended 31 December 2012 (the "Corresponding Period"). The gross profit of the Group is decreased by 6.5% to HK$82.1 million (2012: HK$87.8 million). The gross profit margin of the Group for the Reporting Period is 30.6% as compared to 32.8% for the Corresponding Period.

Administrative expenses were HK$50.2 million (2012: HK$57.7 million). Selling and distribution expenses were HK$70.1 million (2012: HK$57.5 million) and were mainly attributable to delivery and packaging fees. Other operating expenses were HK$24.0 million (2012: HK$1.6 million) and were mainly attributable to impairments of biological assets, receivables, goodwill and property, plant and equipment. Finance costs were HK$4.3 million (2012: HK$2.0 million) which mainly attributable to interests for bank borrowings.

The net loss of the Group for the Reporting Period was HK$58.8 million as compared to a net profit of HK$31.4 million for the Corresponding Period. One of the main reasons for the loss was that the gain arising from debt restructuring of HK$40.5 million for the year 2012 was one-off and would not happen again in the year 2013.

The record of such loss for the Reporting Period was also attributable to (i) the inclement weather in the year 2013; (ii) the price fluctuation of vegetable markets in Hong Kong and Mainland China; and (iii) the increase in costs for agricultural raw materials, labour and administration.

Liquidity and Financial Resources

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

As at 31 December 2013, the Group had bank balances and cash of HK$14.8 million (2012: HK$18.8 million). The Group's current ratio (measured as total current assets to total current liabilities) was approximately 0.6 times (2012: 0.5 times).

As at 31 December 2013, the total borrowings of the Group amounted to HK$75.7 million (2012: HK$25.3 million), of which, HK$33.9 million (2012: HK$20.9 million) and HK$0.4 million (2012: HK$0.8 million) were secured by several properties, guaranteed by a director and his spouse, and guaranteed by another director of the Company and his spouse, respectively. The borrowings in the amount of HK$56.5 million (2012: HK$24.7 million) were repayable within one year.

At the end of the Reporting Period, the Group had capital expenditure commitments of HK$3.9 million (2012: HK$6.5 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$296.1 million (2012: HK$157.8 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 Group will continue to adopt a positive but prudent approach in managing its financial resources. Should other opportunities arise requiring additional funding, management also believes that the Group is in a good position to obtain financing on favorable terms.

Capital Structure & Gearing Ratio

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

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

During the Reporting Period, the Company issued and allotted a total of 715,000,000 Class B preference shares of HK$0.01 each as the balance of the consideration in respect of the Acquisition Agreement 3 (as defined in the circular of the Company dated 30 November 2011). For further details, please refer to the announcements of the Company dated 7 February 2013, 6 March 2013 and 10 June 2013.

During the Reporting Period, the Company issued and allotted a total of (i) 104,333,450 ordinary shares of HK$0.01 each upon conversion of Class B preference shares at the conversion price of HK$0.15 per share; and (ii) 450,000,000 ordinary shares of HK$0.01 each upon conversion of Class A preference shares at the conversion price of HK$0.0482 per share.

At the end of the Reporting Period, the Group's bank and other borrowings amounted to HK$75.7 million (2012: HK$25.3 million). Included in the above amounts, an amount of HK$66.3 million (2012: HK$21.7 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 2013, the net debt to adjusted equity ratio was 0.26 (2012: 0.05). Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements. The Group's gearing ratio as at 31 December 2013 was 0.4 (2012: 0.2), which was measured as total debt to total shareholders' equity.

Significant Investments

During the Reporting Period, the Group expanded its production and processing bases in Ningxia and Zengcheng for a total of approximately 4,300 mu.

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 2013.

Charges On Group's Assets

As at 31 December 2013, leasehold land and buildings with carrying amount of HK$10.1 million (2012: HK$10.3 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 2013, the Group did not have any material contingent liabilities.

Employee and Remuneration Policy

As at 31 December 2013, the Group had 978 (2012: 728) employees in Hong Kong and Mainland China. Total staff costs (including directors' remuneration) for the year ended 31 December 2013 amounted to HK$82.0 million (2012: HK$59.2 million). The employees are remunerated with reference to the qualification, experience, responsibility and performance of the individual, the performance of the Group and the market practices. Apart from the basic remuneration package, the Company also participates in the mandatory provident fund scheme in Hong Kong and the central provident fund scheme in Mainland China. The Company has adopted a share option scheme on 6 June 2013 (the "Scheme"). Pursuant to the Scheme, the Board may, at its discretion, grant options to eligible employees, executive and non-executive directors (including independent non-executive director) of the Group.

Prospects

The Group will certainly take advantage of the No. 1 Central Document of Certain Opinions on Accelerating Agricultural Modernisation by Deepening Rural Reform (關於全面深化農村改革加快推進農業現代化的若干意見) and adjust its overall development strategies timely in response to the market development.

The Group will adopt proactive investment and financing strategies to optimise the business structure. The Group will also establish an efficient management and control system and focus on expanding its business presence in key regional markets to capture business growth. It will strive to enhance the profitability and fulfill the annual operating objectives, so as to lay a solid foundation for the next milestone.

Looking forward, domestic demand in Mainland China will see significant growth attributable to the steady economic growth and accelerated urbanisation. The Group is optimistic towards the prospect of the industry and is confident in overcoming the challenges to achieve sustainable business growth and secure the best interest for shareholders through the measures as follows:

I. *Reinforcing operation management*

- Strategically optimise and consolidate the business structure to enhance its core competitiveness

  a) to expand conventional business with competitive advantages and disposing non-performing asset or business;

  b) to formulate plans to invite investors or conduct mergers and acquisitions to integrate industrial resources, secure supply chain and facilitate industry upgrade.

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

  The Group will promote the core management model of "Hong Kong headquarters + operation and management center in Mainland China" and clarify and specify the division of management duties to construct a highly efficient governance structure.

- Improving liquidity management to ensure adequate working capital

  a) to adopt the principle of strict cost control on the costs of purchases, project fees, administrative and office expenses and cost of human resources while increasing profit source to ensure lawful and reasonable capital flows;

  b) to strengthen the real-time monitoring and collection of receivables;

  c) to strengthen financing capability in the capital market by broadening channels for raising fund.

- Continuing to refine rules and regulations and strengthen human resource system

  a) to take heed of team building and endeavour to nurture corporate culture as well as the sense of belonging among staff;

  b) to improve performance of staff by establishing and implementing performance appraisal system and internal competition mechanism;

  c) the Group will expand the talent pool by strengthening the recruitment of talents and the training system.

II. Strengthening production management

- Putting efforts in meeting the annual production target

  a) to implement the plans of growing other high-end vegetables based on sales orders through scientific arrangement and reasonable allocation of resources in addition to the farming of conventional competitive vegetables;

  b) to conduct scientific research to further improve crop yields and production efficiency, and establish a comprehensive "productivity estimation mechanism".

- Strengthening production management to ensure quality and safety of products

  The Group will further refine the "accountability and management system for safety of agricultural products", and strengthen the monitoring and control on quality of water, air, soil, seeds, pesticides and chemical fertilisers to prevent incidents of food safety and quality throughout the year.

- the Group will farm new species with innovative planting techniques.

III. Market expansion

- Expansion of channels

  a) with Hong Kong, Guangzhou and Shenzhen as the core markets, the Group will expand the sales network in Pearl River Delta and extend to key sales regions such as Beijing and Shanghai;

  b) the Group will strengthen the conventional wholesale channels for agricultural products by refining the "agency system for tier-1 and tier-2 distributors" and "credit rating system";

  c) the Group will focus on building an elite sales team for major customers to further develop business in the high-end market (such as supermarkets, restaurants, units and associations);

d) the Group will set up end-market management and distribution teams, develop direct sales channels in the end market and explore online sales model;

e) the Group will improve pricing system and channel management for customers to improve the service quality for product sales;

f) the Group will strengthen distribution management to minimise wastages.

- Brand building

  a) the Group will enhance brand promotion with focus on maintaining close communication with media to further enhance its brand value;

  b) the Group will take the initiative to organise and participate in public welfare activities to build a positive brand image;

  c) the Group will strictly combat counterfeit "Cypress Jade" products by strengthening market investigations to protect the legal right of the brand.

Despite the impacts on the operating results of the Group from various factors and the challenging operating environment in 2013, looking ahead to 2014, we will implement more professional business management with the refined organisational structure and capture every business opportunity to strive for better returns to shareholders.

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

During the year ended 31 December 2013, 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") 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 2013, the Company has complied with the Code Provisions of the CG Code, save for the followings:

Pursuant to CG Code A.6.7, the non-executive Directors (including independent non-executive Directors) should attend general meetings. Professor Japhet Sebastian LAW was unable to attend the annual general meeting of the Company held on 6 June 2013. However, all other non-executive directors (including independent 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 2013.

AUDIT COMMITTEE

The Audit Committee of the Company, comprising Mr. CHAN Loong Sang, Tommy (Chairman of Committee), Mr. WU Wai Chung, Michael and Mr. YUEN Wai Chung, has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 May 2014 to Tuesday, 3 June 2014, 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 2014 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Registrars, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 28 May 2014.

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 2013 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, 24 March 2014

As at the date of this announcement, the board of directors of the Company comprises seven directors, including four executive directors, namely Mr. SHI Lanjiang, Mr. CHU Yuet Chung, Mr. YANG Jianzun and Ms. YAU Fai San; and three independent non-executive directors, namely Mr. WU Wai Chung, Michael, Mr. CHAN Loong Sang, Tommy and Mr. YUEN Wai Chung.