大成糖業控股有限公司

GLOBAL Sweeteners Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 03889

ANNUAL REPORT 2015

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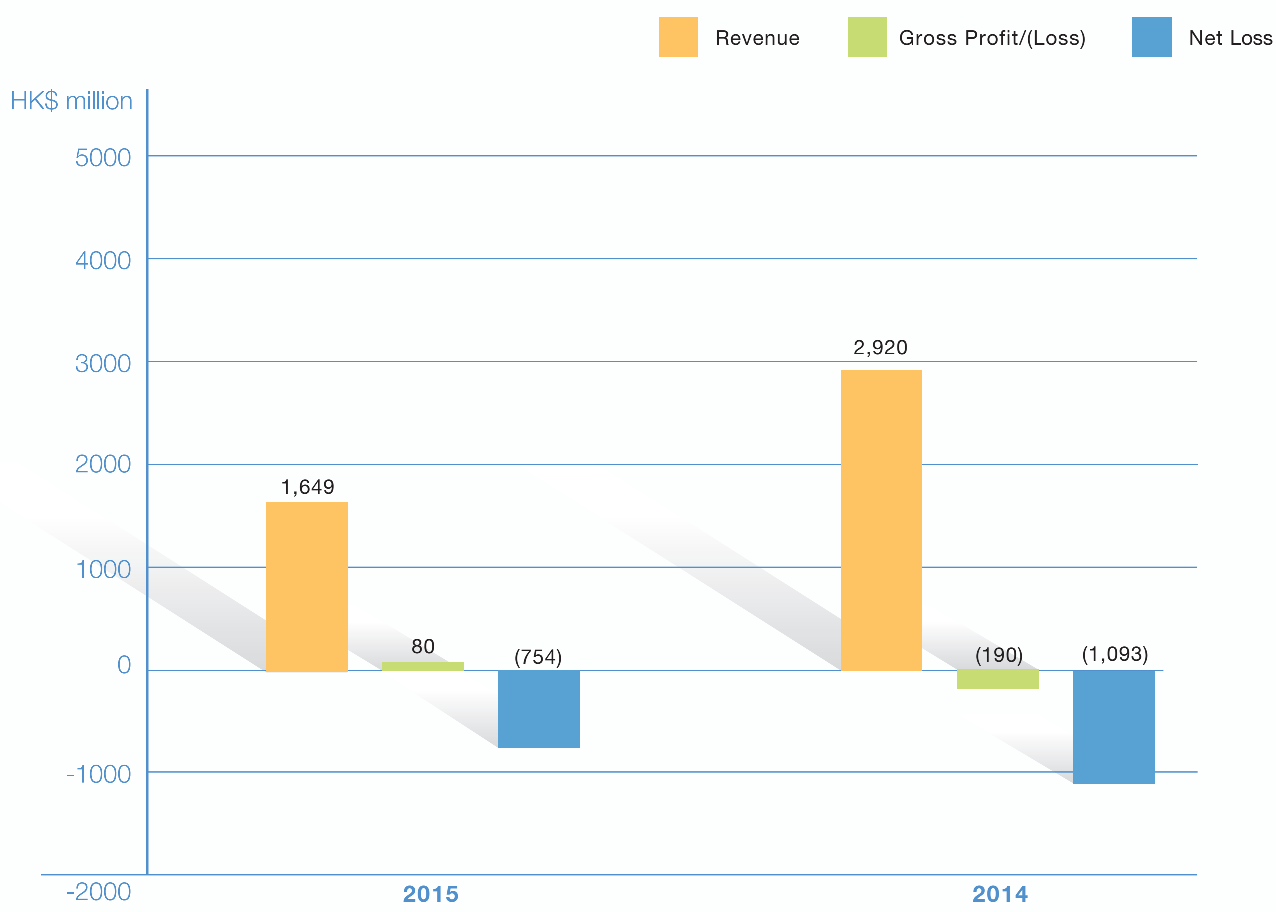
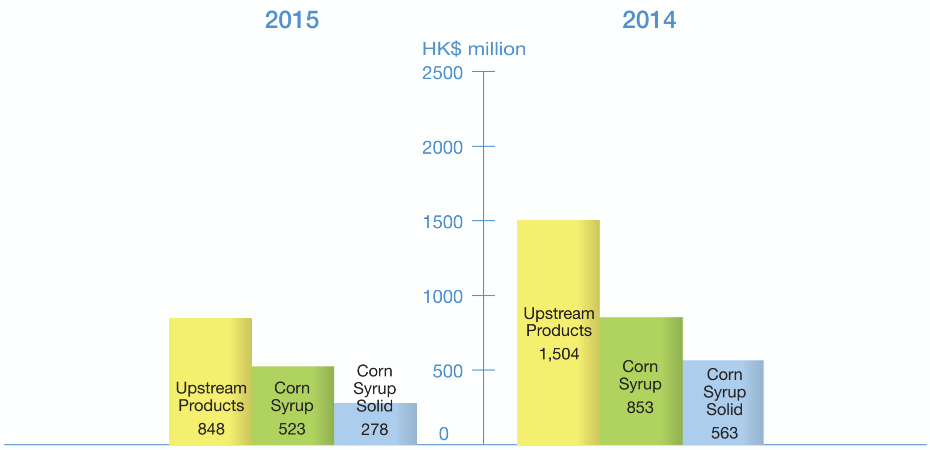
FINANCIAL HIGHLIGHTS

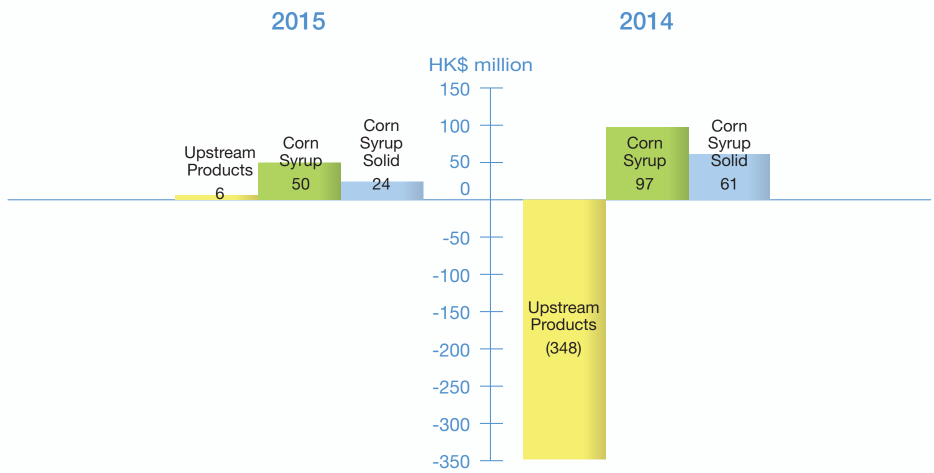
	2015	2014	Change %
Revenue (HK$'Mn)	1,649	2,920	(43.5)
Gross profit/(loss) (HK$'Mn)	80	(190)	N/A
Loss before tax (HK$'Mn)	(747)	(1,082)	N/A
Net loss attributable to owners of the Company (HK$'Mn)	(754)	(1,093)	N/A
Basic loss per share (HK cents)	(49.3)	(71.6)	N/A
Proposed final dividend per share (HK cents)	–	–	N/A



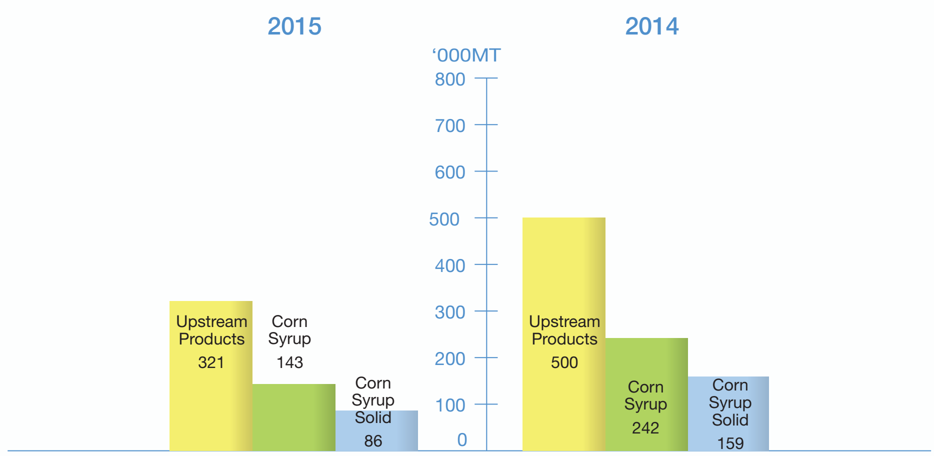
REVENUE DISTRIBUTION



GROSS PROFIT/(LOSS) DISTRIBUTION



SALES VOLUME



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Wang Jian *(Appointed on 15 October 2015)*
Kong Zhanpeng
Lee Chi Yung *(Resigned on 15 October 2015)*
Wang Guifeng *(Retired on 4 June 2015)*
Wen Gang *(Appointed on 4 June 2015 and resigned on 15 October 2015)*
Nie Zhiguo *(Resigned on 15 October 2015)*

Non-executive Directors

Fu Qiang *(Appointed on 15 October 2015)*
Zhang Yaohui *(Appointed on 15 October 2015)*

Independent non-executive Directors

Chan Yuk Tong *(Resigned on 24 December 2015)*
Ho Lic Ki
Lo Kwing Yu
Yuen Tsz Chun *(Appointed on 16 March 2016)*

COMPANY SECRETARY

Lee Chi Yung, ACCA, HKICPA

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1104
Admiralty Centre Tower I
No. 18 Harcourt Road
Hong Kong

AUDITOR

Mazars CPA Limited
42nd Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Chiu & Partners
40th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited
Bank of China Tower
1 Garden Road
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
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STOCK CODE

03889 HK

Dear Shareholders,

This is the first annual report I, as the chairman of Global Sweeteners Holdings Limited, presented to our shareholders.

During the year under review, sluggish domestic consumption and slowdown in economic growth in China have put commodity prices under pressure. Albeit the rebound of international sugar price since the third quarter, significant difference between international and domestic sugar prices has led to dampened export of sugar-related products, aggravating the cut-throat price competition in domestic sugar/sweetener market. As a substitute of sugar, sweetener price and sales volume were also impacted. In face of the severe business environment, many domestic market players have either suspended production or gradually transformed their business.

During the year under review, while the Group's sweeteners production facilities in Changchun have been suspended for most of the year in preparation for relocation, the Group's Shanghai operation, leveraging on its brand recognition and credibility, reported stable sales. Although the high fructose corn syrup market went through intense consolidation during the year under review, the Shanghai operation managed to maintain its sales volume and market share by providing quality product and customised service.

The Shanghai base continued to maintain profitability and provide positive cash inflow for the Group. During the year under review, the Shanghai operation continued to improve its service quality and broaden its customer base. In respect of research and development of new products, Shanghai operation has achieved satisfactory results – the pilot launch of flavoured syrup to restaurants and retail outlets had gained favourable market response.

During the year under review, variation in corn procurement subsidies among different provincial governments has made the Group's Jinzhou operation comparatively disadvantaged. As such, it has been operating at low utilisation rate during the year under review. Encumbered by high production cost and weak product prices, the Group's upstream corn-refined products recorded losses; together with the suspension of the Group's sweeteners' production in Changchun in preparation for the relocation, the Group's overall operations during the year under review continued to report a net loss.

In October 2015, by allotment and issue of subscription shares and convertible bonds, the Group's controlling shareholder, Global Bio-chem Technology Group Company Limited ("GBT"), introduced a major shareholder with profound business and government network. Subsequent to the reshuffle of GBT and GSH boards of directors, the Group has enhanced its corporate management and improved operation efficiency through management restructure and introduction of new management executives. Since the completion of the restructuring in October 2015, the new management team proactively took measures to resolve the issues raised in the Group's 2014 annual report. Such measures included active negotiation with banks to release the supplier guarantees provided by a subsidiary of the Company to 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement, Ltd., "Dajincang"), and resolving the overdue trade receivables and corn inventory. The Group has also restructured its debts successfully, which substantially reduced interest costs and extended the repayment periods, relieving the Group's financial pressure.

At the end of 2015, the Group entered into a memorandum of understanding with a potential buyer in relation to the proposed disposal of certain lands and buildings located in Changchun, the PRC. The completion of the proposed disposal is expected to significantly improve the financial position of the Group. The Group will also take this opportunity of relocation to upgrade its production facilities and integrate its production process.

MESSAGE TO SHAREHOLDERS

OUTLOOK

Slowdown in China's economic growth has led to sluggish demand. Domestic Corn price has begun to soften since the third quarter of 2015. As to the state's corn policy, China's No.1 Central Document for the year 2016 brought forward principles of adopting market pricing mechanism and provide direct subsidy to farmers, to properly carry out the reform of corn procurement and storage system. Such measures were aimed to restore corn price to market approach. It is therefore expected that the central government will have solid plan to introduce specific measures in the coming year to bring corn prices back to a reasonable level. This will help lower the Group's raw material costs.

Prolonged weak sugar prices during the past few years have forced a number of farmers out of the sugarcane farming industry, leading to a drop in domestic cane sugar production. On the other hand, strong US dollar has caused fluctuation in the exchange rates of various currencies, weakening the competitiveness of a number of sugar producing countries and therefore, reduced sugar production. In addition, the extreme weather in 2015 caused severe damage to crops, resulting in a plunge in global sugar production – for the first time in five years, there will be a shortage in cane sugar in 2016. It is reflected by the recovery of sugar prices since the third quarter of last year. The prices and sales of corn sweetener products are expected to benefit from rising cane sugar prices and declined corn costs.

The Group's Changchun plant has gradually resumed production since the beginning of this year. With the huge support from the local government, the Group could benefit from low raw material cost with the corn procurement subsidies on the one hand; it also received direct subsidies from the government for its electricity expenses – all these have lowered the Group's operating cost substantially.

The Shanghai operation has developed into the Group's sales centre, in which we integrate most of the Group's sales and marketing functions, customer relationship management and research and development activities. In 2016, more effort will be put in the research and development of more new products with high added value in the Shanghai base so as to reinforce the brand equity and further penetrate the retail market.

The Group's Jinzhou operation has lost its edge due to discrepancies in local government policies. The management has, therefore, decided to temporarily suspend the production in Jinzhou plant, and is actively reviewing options to turn around the situation of Jinzhou operation. In the long run, the management expects that Jinzhou base to gradually transform into a major production base of the Group, to service the markets nearby and Southern China. That will include feeding the need of upstream raw material from the Shanghai operations.

I believe the Group's business has stepped out of the haze. While we hold on to the steady development of our core business, we are open to explore any business diversification opportunities to identify the stars of the Group that will gradually turn into our cash cows. On the one hand, the management team will leverage on their rich investment experience and extensive connections to swiftly capture market opportunity; to seek diversified and sustainable business development with a prudent approach and innovative mind-set. On the other hand, the new management team has brought a series of reforms and reorganisation to the Company's management system and corporate governance, which in time, will gradually reflect the true value of the Group and prepare the Group to hit its next milestone.

As the chairman of the Group, I would like to express my appreciation to our staff for their dedication, and to our bankers, business associates and shareholders for their faith in the Group. I would also like to extend my gratitude to the local governments for their continued support. In 2016, we will stay diligent and capture any opportunities ahead to maximise value for our shareholders.

Wang Jian
Chairman

25 April 2016

Global Sweeteners Holdings Limited (the "Company" or "GSH") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of corn refined products and corn sweeteners, categorised into upstream and downstream products. The Group's upstream products include corn starch, gluten meal, corn oil and other corn refined products. Corn starch is refined downstream to produce various corn sweeteners such as corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, in which corn kernels are purchased directly from farmers via corn origination silos for cost savings.

BUSINESS REVIEW

The selling prices of the Group's products are affected by the prices of their raw materials (principally corn kernels and corn starch), the demand and supply of each of the products and their respective substitutes in the market and the variety of product specifications.

Global corn harvest in 2015 maintained at approximately 968 million metric tonnes ("MT"). However, global economic slowdown has dragged down international corn price to 406 US cents per bushel (equivalent to Renminbi ("RMB")1,036 per MT) (End of 2014: 521 US cents per bushel, equivalent to RMB1,257 per MT) by the end of 2015. In the People's Republic of China (the "PRC or Mainland China"), corn harvest in 2015/16 increased slightly to about 225 million MT (2014/15: approximately 215 million MT). Despite the protectionist agricultural policy adopted by the PRC government which aims at protecting local farmers and stabilising domestic corn price, the weak market sentiment led to sluggish demand. As a result, the market price of corn kernels dropped to approximately RMB2,023 per MT (end of 2014: RMB2,374 per MT) by the end of 2015.

On the other hand, as observed by the management, the PRC government agricultural policy is under reform. Since early 2015, instead of purchasing certain agricultural products such as cotton at a pre-determined floor price from the farmers, the PRC government has started to subsidise farmers directly for the price discrepancy between the floor price and the prevailing market price for each MT of agricultural products sold. This practice aims to gradually revive market-based mechanism for the pricing of these agricultural products. Although the new scheme adopted by the PRC government does not apply to domestic corn at present, the State Government has expressed the intention to apply the same to domestic corn in its latest official documents subsequent to the finalisation of its thirteenth five-year plan. The management expects this will stabilise the purchasing price of corn in the PRC.

Despite the PRC government's continuous efforts to stimulate economic growth, the depressed property prices and industrial production signified that the pace of economic growth in China would remain slow. Sentiment among buyers and manufacturers stayed conservative. Consequently, the market selling prices of the Group's products were put under pressure. Due to sluggish market demand, the average selling price of upstream products remained weak during the year at approximately RMB2,948 per MT (2014: RMB2,903 per MT).

In respect of sugar price movement, the domestic production of cane sugar, a substitute of the Group's corn sweetener products, dropped from 13.3 million MT to 10.5 million MT in the harvest of the year 2014/15. Domestic sugar price increased to approximately RMB5,373 per MT (2014: RMB4,350 per MT) by the end of the Year. On the other hand, international sugar price volatility was intensified by currency fluctuations and lower-than-expected production volume in Brazil during the Year. As a result, international sugar price increased to 15.24 US cents per pound (equivalent to RMB2,186 per MT) (End of 2014: 14.98 US cents per pound, equivalent to RMB2,047 per MT) by the end of 2015.

The increased sugar price and the decreased cost of corn kernels further widened the cost advantage of corn sweeteners. It is expected that customers will be increasingly convinced to switch to corn sweeteners as a result. While the operating environment of the upstream segment will continue to be challenging, the Group will continue to strengthen its market position leveraging on its brand name and further improve operation efficiency through continuous research and development efforts to lower operating costs.

MANAGEMENT DISCUSSION AND ANALYSIS

UPDATE ON REMEDIAL MEASURES

The consolidated financial statements of the Company for the year ended 31 December 2014 had been subject to the disclaimer of opinion of Ernst & Young, the auditor of the Company for the year ended 31 December 2014, on the basis as set out in the paragraph headed "Basis for disclaimer of opinion" in the independent auditor's report in the Company's annual report for the year ended 31 December 2014 ("2014 Annual Report"). Further to the management response and relevant remedial measures taken and to be taken by the management as set out in the paragraph headed "Management Response and Remedial Measures" in the 2014 Annual Report and the paragraph headed "Update on Remedial Measures" in the Company's interim report for the six months ended 30 June 2015 ("2015 Interim Report"), the management of the Company wishes to provide the latest update on the relevant remedial measures taken or to be taken by the management.

In July 2015, the Company has engaged an independent internal control ("IC") expert ("IC Expert") to conduct a review on the Group's internal controls and systems ("IC Review"). The IC Review has been completed and the management of the Company has formed an IC team to implement the recommendations resulted from the IC Review.

1. Financial guarantees granted for the benefits of a major supplier

As detailed in the 2014 Annual Report, the fair value of certain guarantees ("Dajincang Financial Guarantees") issued by a subsidiary of the Company to a bank (the "Lender Bank") in the Mainland China in connection with facilities granted to 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement Ltd., "Dajincang"), a major supplier of the Company's subsidiaries in Changchun, was not recognised in the Group's consolidated financial statements for the year ended 31 December 2014.

The Company has engaged a professional valuer to perform an independent valuation of the Dajincang Financial Guarantees. However, the professional valuer could not proceed with the valuation as at the date of this report as Dajincang failed to provide reliable financial information to conduct an accurate valuation. Therefore, the fair value of the Dajincang Financial Guarantees was not recognised in the Group's financial statements (the "2015 Financial Statements") for the year ended 31 December 2015 (the "Year"). The amount drawn down by Dajincang as at 31 December 2015 and up to the date of this report amounted to RMB2,490 million (equivalent to Hong Kong Dollars ("HK$") 2,972 million) (2014: RMB2,490 million).

Since 15 October 2015 with the assistance of the new management of the Group, a negotiation process has been initiated between Dajincang, the Lender Bank, the Group and the Global Bio-chem Technology Group Company Limited ("GBT") and together with its subsidiaries (the "GBT Group"). The Lender Bank has expressed its intent to release the Group and the GBT Group from the Dajincang Financial Guarantees by the end 2016 subject to their internal approval. In addition, the IC team is in the process of implementing control system to enhance the current internal controls for the approval and reporting procedures of loans, guarantees and pledges of assets. Subsequent trainings based on the enhanced framework will be provided to all relevant staff.

2. Write-down and sales of substandard and inferior corn kernels

As detailed in the 2015 Interim Report, in respect of the write-down and sales of substandard and inferior corn kernels, the management has implemented control procedures to timely identify, quantify and dispose of substandard and inferior corn kernels on a periodic basis with appropriate supporting control documents being properly kept in writing as audit trail. In respect of the abnormal wastage of corn kernels during production, the management has implemented additional control procedures requiring written records be kept for the quantity of the relevant corn kernels put into the production line, and any abnormal production yield and wastage should be timely investigated and properly accounted for.

Accordingly, write-down of inventories has been properly accounted for as at 31 December 2015 and no disclaimer opinion has been expressed by the external auditor of the Company (the "Auditor") in relation to the Group's inventories as at 31 December 2015. However, the Auditor were unable to verify the inventory write-down as at 31 December 2014 which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

3. Inventories — ownership of certain corn kernels

As detailed in the 2014 Annual Report, certain corn kernels of HK$39 million were kept at nearby locations outside the Group's premises because of the reconstruction of certain warehouse in Jinzhou as at 31 December 2014. Since the management could not timely obtain the necessary written confirmations on the ownership of such corn kernels, Ernst & Young were unable to confirm the Group's ownership of these inventories. And as detailed in the 2015 Interim Report, to avoid recurrence of similar incidences, the Group has adopted internal control procedures with standard not lower than those applicable to the inventories kept at the Group's own premises, including but not limited to keeping independent inventory records for inventories stored in all outside locations, including the transfers between such outside locations and its own warehouses, and obtaining monthly confirmations from external custodians of the Group's inventories.

During the Year, the Group's inventories (except for those reported in the 2014 Annual Report and inventories-in-transit as at 31 December 2015) are under the custody of its own properties and premises except for certain trading inventories amounting to HK$24 million for which the Auditor has obtained confirmations from the custodian. Accordingly, no disclaimer opinion has been expressed by the Auditor in relation to the Group's inventories as at 31 December 2015. However, the Auditor was unable to verify the ownership of certain inventories kept at external locations as at 31 December 2014 which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

4. Other receivable from a major supplier

As detailed in the 2014 Annual Report, receivable arisen from certain returned corn kernels to Dajincang by the Group in December 2014 remained outstanding as at 31 December 2014. As at 31 December 2015, the outstanding receivable from Dajincang amounted to approximately HK$223 million net of impairment (31 December 2014: HK$354 million).

As disclosed in the Company's joint announcement with GBT dated 14 April 2016, two subsidiaries of the Company have entered into an agreement with 吉林省太陽神建築工程有限公司 (Jilin Province Taiyangshen Construction Engineering Co., Ltd) (the "Purchaser") for the sale of certain receivables and inventories, which include the receivable from Dajincang, subject to the approval of shareholders at the extraordinary general meeting to be convened. An impairment of the receivable from Dajincang amounting to HK$109 million has therefore been recognised during the Year with reference to the fair value of the consideration for the disposal. Since the recoverability of the receivable from Dajincang has been properly assessed and appropriate amount of impairment has been provided thereto, no disclaimer opinion has been expressed by the Auditor in relation to the receivable from Dajincang as at 31 December 2015. However, the Auditor was unable to verify the recoverability of the receivable as at 31 December 2014, which may have a consequential impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

5. Amounts due from the immediate holding company and the fellow subsidiaries

As at 31 December 2014, the net amount due from the immediate holding company and the fellow subsidiaries amounted to HK$107 million. As significant losses were sustained by the GBT Group, the recoverability of these current account balances was uncertain as at 31 December 2014. The management noticed that the liquidity of the GBT Group has improved and the recoverability of the amounts due from the GBT Group has been enhanced since the completion of the subscription of shares of GBT by Modern Agricultural Industry Limited (the "Subscription") on 15 October 2015. In addition, subsequent to the reporting date, the amounts due from the immediate holding company and the fellow subsidiaries amounting to approximately HK$41 million has been settled. As a result, no impairment has been provided in this regard for the Year. However, the Auditor was unable to determine whether any adjustments to these balances at 31 December 2014 were necessary, which may have a significant impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

6. Trade payables

As detailed in the 2014 Annual Report, during the audit process for the year ended 31 December 2014, the management noted a low response rate of trade payables confirmations received by Ernst & Young. During the audit for the Year, the response rate of trade payables confirmations was satisfactory. As a result, no disclaimer opinion has been expressed by the Auditor in respect of the trade payables as at 31 December 2015. However, the Auditor was unable to determine whether any adjustments to the trade payables at 31 December 2014 were necessary, which may have a significant impact on the Group's net assets as at 1 January 2015 and its loss for the Year.

7. Impairment of non-current assets

As detailed in the 2014 Annual Report, due to significant losses sustained by the Group, Ernst & Young were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the impairment estimation of the Directors for the year ended 31 December 2014.

During the Year, an impairment assessment on the Group's property, plant and equipment was performed by the Directors based on the current market sentiment. As a result, further impairment loss on property, plant and equipment of HK$359 million was recognised. After the recognition of the impairment, except for buildings which were stated at revalued amounts, the property, plant and equipment in Jinzhou and Changchun were fully impaired. However, the Auditor was unable to obtain sufficient appropriate audit evidence to assess the adequacy and appropriateness of the Directors' impairment assessment at 31 December 2014 and 2015.

As disclosed in the Company's joint announcement with GBT dated 14 April 2016, members of the Group and the GBT Group will, subject to the approval of the respective shareholders of the Company and GBT enter into agreements for the disposal of certain pieces of land situated at the east side of Xihuancheng Road, Lu Yuan District, Changchun, the PRC, and buildings erected thereon. Subsequent to the realisation of this transaction, the Group and the GBT Group will receive an aggregate proceed of RMB2,200 million (equivalent to HK$2,619 million) which will be able to cover the impairment amount of the non-current assets concerned.

With respect to the plant and machinery in the Group's production facilities in Changchun, the relocation will offer an opportunity to upgrade the production facilities as well as the product mix and production capacity that better suit the market needs. The Company's board (the "Board") of directors (the "Directors") expect production will resume at full capacity upon the completion of the relocation. As for the Group's operation in Jinzhou, the Directors is of the view that the suspension in Jinzhou is temporary and will continue to monitor the market sentiment and at the same time, study the feasibility of any options that could ensure the Jinzhou production site to operate on a sustainable basis. As such, the management is of the view that the impairment assessment performed for these non-current assets is sufficient.

The Directors will continue to perform impairment assessment from time to time including but not limited to engaging a professional valuer and performing cash flow forecast to ensure the non-current assets are stated at the lower of the carrying value or fair value less the costs to disposal and value in use.

8. Impairment of investments in subsidiaries and amounts due from subsidiaries and financial guarantee contracts of the Company

As detailed in the 2014 Annual Report, due to significant losses sustained by the subsidiaries of the Company, Ernst & Young was unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the Directors' impairment estimation for the year ended 31 December 2014.

For the preparation of the 2015 Financial Statements, the management has performed impairment assessment, the methodology of which was accepted by the Auditor, on the recoverable values of the investments in subsidiaries and amounts due from subsidiaries as at 31 December 2014 and 31 December 2015. In respect of the financial guarantee contracts of the Company, a professional valuer has been engaged to perform an independent valuation of the fair value of the financial guarantees provided by the Company to its subsidiaries as at 31 December 2014 and 31 December 2015. Accordingly, no disclaimer opinion has been expressed by the Auditor in relation to the investments in subsidiaries, the amounts due from subsidiaries and the financial guarantee contracts appeared in the Company's statement of financial position as at 31 December 2014 and 2015.

9. Fundamental uncertainties relating to going concern

As detailed in the 2014 Annual Report, Ernst & Young have raised fundamental uncertainties relating to going concern of the Group resulting in a disclaimer opinion. The management would like to take this opportunity to provide the below information on the Group's financial and operating plans which form the primary basis that the Directors considered that the Group will be able to continue as a going concern in the foreseeable future.

The completion of the Subscription enhanced the financial position of the GBT Group and gave a significant boost to the members of the GBT Group in Jilin province for processing the extension of the current banking facilities to ensure the continuity of the operation in Changchun. The Group has also received a confirmation from the ultimate holding company of a major shareholder of GBT that it will provide financial support to the Group for its operation on a going concern basis and undertake all liabilities that may arise from the Dajincang Financial Guarantees. Such assistance received by the Group is not secured by any assets of the Group.

Reference is made to the Company's joint announcements with GBT dated 31 December 2015 and 14 April 2016 regarding the proposed disposal of lands and buildings in Changchun, and the disposal of, among others, certain accounts receivables. These proposed transactions are subject to the approval from shareholders of the Company and GBT. If such proposed transactions are materialised, the Group will receive proceeds of about RMB558 million (equivalent to HK$665 million) from the sales of the subjected lands and buildings; and about RMB172 million (equivalent to HK$204 million) from the sales of, among others, accounts receivables. The proceeds received will improve the Group's liquidity.

During the Year, the Group's Shanghai and Jinzhou operations have repaid and renewed bank loans of HK$211 million and HK$179 million respectively. Based on the Group's long-established relationships with the local banks, the management do not foresee any difficulty in renewing its banking facilities due in the coming 12 months.

In addition, as per the understanding of the management, the Lender Bank has expressed its intent to release the Group and the GBT Group from the Dajincang Finance Guarantees by the end 2016 subject to their internal approval. It is expected that the financial position would be improved if the release of the Dajincang Financial Guarantees takes place.

After taking into consideration of the above strategic actions of the Group, the disclaimer of opinion resulting from the material uncertainties relating to going concern has been removed. Instead, an emphasis of matter was stated by the Auditor for the Year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group's consolidated revenue for the Year decreased by approximately 43.5% to approximately HK$1,649 million (2014: HK$2,920 million). Despite this, the Group recorded a gross profit of HK$80 million (2014: gross loss of HK$190 million) during the Year. Net loss attributable to shareholders for the Year narrowed to approximately HK$754 million compared to a net loss of HK$1,093 million for the previous year. The net loss was mainly attributable to the low utilisation rate of the Group's production facilities in Jinzhou as a result of the poor operating environment for the upstream business since 2014 and the suspension of the Group's production facilities in Changchun during the Year. Consequently, the Group's unit production costs remained high during the Year. Combined with the weak market selling prices of the Group's products, the performance of the Group for the Year though improved, was still under pressure.

Upstream products

(Sales amount: HK$848 million (2014: HK$1,504 million))
(Gross profit: HK$6 million (2014: Gross loss: HK$348 million))

During the Year, the revenue and gross loss of corn procurement business amounted to approximately HK$292 million and HK$1 million (2014: HK$201 million and gross profit of HK$2 million) respectively. There is no internal consumption of corn kernels for upstream production during the Year (2014: 55,000 MT).

During the Year, the sales volume of corn starch and other corn refined products were approximately 83,000 MT (2014: 263,000 MT) and 50,000 MT (2014: 157,000 MT) respectively. Internal consumption of corn starch was approximately 30,000 MT (2014: 151,000 MT), which was mainly used as raw material for production in the Group's Jinzhou and Shanghai production sites.

The average selling prices of corn starch increased by approximately 2.9% to HK$3,322 per MT (2014: HK$3,229 per MT) while other corn refined products decreased by approximately 14.7% to HK$2,464 per MT (2014: HK$2,887 per MT) during the Year. As the average selling prices increased during the Year, the corn starch segment recorded a gross profit margin of 5.8% (2014: gross loss margin of 21.2%). However, other corn refined products segment recorded a gross loss margin of 9.3% (2014: 37.6%) as a result of the weak average selling prices during the Year.

The Group's upstream business has been hammered by the slowdown of China's economic growth, weak export and excess supply in the market since the fourth quarter of 2011. This situation continued during the Year and is expected to continue in the 2016. As such, the Group has halted its production of upstream products in Changchun and Jinzhou since 31 March 2014 and 26 February 2016 respectively, until market conditions improve.

Corn syrup

(Sales amount: HK$523 million (2014: HK$853 million))
(Gross profit: HK$50 million (2014: HK$97 million))

During the Year, revenue of corn syrup decreased by 38.8% to approximately HK$523 million (2014: HK$853 million). Such decrease was mainly attributable to the drop in sales volume by 40.9% to approximately 143,000 MT (2014: 242,000 MT) as a result of the suspension of Changchun production facilities since March 2014 and the increased unit production cost by 5.4% from the low utilisation rate of the Jinzhou production facilities. As such, the corn syrup segment recorded a gross profit of approximately HK$50 million (2014: HK$97 million), representing a 48.5% drop compared to the previous year, with a gross profit margin of 9.5% (2014: 11.4%). Internal consumption of corn syrup for downstream production during the Year amounted to approximately 1,000 MT (2014: 13,000 MT), as a result of the decrease in the production volume of corn syrup solid.

During the Year, no corn syrup (2014: 1,000 MT) was sold to the GBT Group.

Corn syrup solid

(Sales amount: HK$278 million (2014: HK$563 million))
(Gross profit: HK$24 million (2014: HK$61 million))

Sales volume of corn syrup solid decreased by approximately 45.9% as a result of the suspension of the Changchun production facilities since 31 March 2014. The average selling price of corn syrup solid dropped by 7.9% to approximately HK$3,245 per MT (2014: HK$3,522 per MT). Consequently, the revenue of corn syrup solid decreased by 50.6% to approximately HK$278 million (2014: HK$563 million). During the Year, corn syrup solid segment recorded a gross profit of approximately HK$24 million (2014: HK$61 million) with a gross profits margin of 8.7% (2014: 10.8%).

During the Year, no corn syrup solid (2014: Nil) was sold to the GBT Group.

Export sales

During the Year, the Group exported approximately 41,000 MT (2014: 35,000 MT) of upstream corn refined products and approximately 200 MT (2014: 14,000 MT) of corn sweeteners; their export sales amounted to approximately HK$90 million (2014: HK$73 million) and HK$1 million (2014: HK$54 million) respectively, together representing approximately 5.5% (2014: 4.3%) of the Group's total revenue.

Other income and gains, operating expenses, finance costs and income tax

Other income and gains

During the Year, other income of the Group decreased to HK$38 million (2014: HK$131 million). The other income recorded in 2014 was mainly attributable to the gain on assets compensation as a result of the relocation of production facilities in Changchun which amounted to approximately HK$103 million.

Selling and distribution expenses

During the Year, the selling and distribution expenses decreased by 58.9% to approximately HK$88 million (2014: HK$214 million), representing 5.3% (2014: 7.3%) of the Group's revenue. Such decrease was mainly attributable to the decrease in the Group's revenue.

Administrative expenses

During the Year, administrative expenses remained at approximately HK$101 million (2014: HK$109 million), representing 6.1% (2014: 3.7%) of the Group's revenue.

Other expenses

During the Year, other expenses of the Group decreased to approximately HK$127 million (2014: HK$131 million) which included expenses reallocated from cost of sales, for instance, depreciation and direct labour cost in Changchun as a result of the idle capacity of the Changchun and Jinzhou production facilities of HK$39 million (2014: HK$112 million) and HK$42 million (2014: Nil), respectively.

Finance costs

During the Year, finance costs of the Group decreased to approximately HK$65 million (2014: HK$79 million) as a result of the reduction in bank borrowings by approximately HK$147 million.

Income tax

Although the Group recorded a net loss during the Year, certain subsidiaries in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expense of approximately HK$7 million was recognised (2014: HK$11 million).

Net loss attributable to shareholders

Notwithstanding the continuous challenging operating environment, by optimising the level of operation and leveraging on the Group's brand name in Shanghai, the Group's net loss was narrowed to approximately HK$754 million (2014: HK$1,093 million) during the Year.

IMPORTANT TRANSACTIONS

Proposed disposal of land

Reference is made to the joint announcement of the Company and GBT dated 14 April 2016 (the "April Announcement"), in relation to, among others, the proposed disposal of lands and buildings in Changchun and the disposal of, among others, certain accounts receivables of the Group. As detailed in the April Announcement, pursuant to a property disposal agreement ("Property Disposal Agreement"), two subsidiaries of the Company have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, five pieces of land situated at the east side of Xuhuancheng Road, Lu Yuan District, Changchun, the PRC and the buildings erected thereon at the aggregate cash consideration of RMB558,390,000.

In addition, pursuant to an asset disposal agreement ("Asset Disposal Agreement"), two subsidiaries of the Company have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the prepayments made by and the trade and other receivables owed to these two subsidiaries at the aggregate cash consideration of RMB171,526,000.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange")) in respect of the disposals under the Property Disposal Agreements and the Asset Disposal Agreements (on an aggregated basis) exceeds 75% for the Company, the Property Disposal Agreements, the Asset Disposal Agreements and the respective transactions contemplated thereunder constitute very substantial disposals for the Company that is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As such disposals also constitute very substantial disposals for GBT, such disposal are also subject to the reporting, announcement and shareholders' approval requirements of GBT under Chapter 14 of the Listing Rules.

Shareholders of the Company and potential investors are advised to read the April Announcement or any relevant subsequent announcements/circular of the Company for more information in this connection.

FINANCIAL RESOURCES AND LIQUIDITY

Structure of interest bearing borrowings and net borrowing position

As at 31 December 2015, the Group's bank borrowings amounted to approximately HK$894 million (31 December 2014: HK$1,041 million), all of which (31 December 2014: 94.2%) was denominated in Renminbi. The average interest rate during the Year decreased to approximately 6.8% (2014: 7.0%) per annum as a result of the decrease in the PRC interest rate. During the Year, the Group was in compliance with the financial covenants as required in its current banking facilities and had no difficulty in renewing its banking facilities.

Turnover days, liquidity ratios and gearing ratios

Credit terms, normally 90 days, are granted to customers, depending on their credit worthiness and business relationships with the Group. During the Year, the trade receivables turnover days decreased to 37 days (31 December 2014: 47 days) which was attributable to the strengthened credit control of the Group.

During the Year, trade payables turnover days increased to approximately 46 days (31 December 2014: 27 days) as part of the cash flow management.

As at 31 December 2015, the inventory level decreased by 23.9% to approximately HK$162 million (31 December 2014: HK$213 million). However, with the decrease in cost of sales to approximately HK$1,569 million, the inventory turnover days increased to approximately 37 days for the Year (31 December 2014: 25 days).

The current ratio as at 31 December 2015 decreased to approximately 0.9 (31 December 2014: 1.2) and the quick ratio decreased to 0.8 (31 December 2014: 1.2), due to the reallocation of long-term borrowings amounted to RMB296 million (equivalent to HK$352 million) to short-term ones. Gearing ratio in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 450.9% (31 December 2014: 92.1%). The increase in gearing ratio was due to the net loss incurred by the Group during the Year. To improve the financial position of the Group, the Company has adopted several strategic actions as mentioned in paragraph 9 under the section headed "Update on remedial measures" in this report.

FOREIGN EXCHANGE EXPOSURE

Since most of the operations of the Group were carried out in the PRC in which transactions were denominated in Renminbi, the Directors consider that there is no material unfavourable exposure to foreign exchange fluctuation. Therefore, the Group does not intend to hedge its exposure to foreign exchange fluctuations in Renminbi. However, the Group will constantly review the economic situation, development of the Group's business segments and its overall foreign exchange risk profile, and will consider appropriate hedging measures in future as and when necessary.

FUTURE PLANS AND PROSPECTS

In order to maintain the competitiveness of the Group, the Group will strive to maintain its market share, diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development efforts and strategic business alliance with prominent international market leaders.

In the short run, the Group will take opportunity of the relocation of its production facilities to the productions site of the Group in Xinglongshan, Changchun (the "Xinglongshan Site") to re-adjust its product mix and capacity to adapt to market changes, and at the same time, enhance operation efficiency through continuous research and development efforts to lower operating costs. The relocation plan of the Group will be financed by the Group's internal resources, and the Directors are of the view that the existing technology know-how of the Group is sufficient for the relocation of production facilities.

In the long run, the Group will continue to strengthen its market position leveraging on its brand name and add value to the current product mix through the introduction of new high value-added products. The Group will also consider the possibility of diversification of business to ensure sustainable development of the Group in longer term.

With respect to the financial position of the Group, the management will endeavor to overcome the challenges and adopt a prudent approach in face of the current market condition.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2015, the Group has approximately 1,250 (31 December 2014: 1,350) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, and recognises the value of human resources management as a source of competitive advantage in the increasing turbulent environment. The Group places great emphasis on the selection and recruitment of new staff, on-the-job training, appraisal and rewards of its employees to align employees' performance with the Group's strategies. The Company also acknowledges the contribution of its employees and strives to maintain remuneration packages and career development opportunities to retain current employees. Remuneration packages include discretionary bonuses payable on a merit basis, which are in line with industrial practice. Staff benefits provided by the Group include mandatory funds, insurance schemes and performance related commissions.

EXECUTIVE DIRECTORS

Mr. Wang Jian, aged 42, is an executive Director, chairman and chief executive officer of the Group, and director of various subsidiaries of the Company. He is the deputy general manager of Jilin Province Communication Investment Group Co., Ltd.*) (吉林省交通投資集團有限公司) ("Jiaotou"). Mr. Wang had held various positions in Jilin Province Communication Investment and Development Company (吉林省交通投資開發公司) from 1996 to 2012, including as the deputy head of the Corporate Planning Department, deputy director of the General Office, deputy director of the Office of the Party Committee and head of Asset Operation Department. Mr. Wang holds a Bachelor degree in economics from Jilin University. Mr. Wang is also an executive director of GBT.

Mr. Kong Zhanpeng, aged 52, is an executive Director of the Company and is responsible for the Group's overall corporate development and management. Mr. Kong is one of the founders of GBT (a substantial shareholder of the Company) in 1994. He has over 20 years of extensive experience in industry, corporate development and management. Mr. Kong holds a Bachelor's degree in textile engineering and a diploma in international trade from the China Textile University. Mr. Kong was previous a chairman and the chief executive officer of the Group. He was previous an executive director of GBT. On 24 October 2015, Mr. Kong has been appointed as chief executive officer of GBT.

NON-EXECUTIVE DIRECTORS

Mr. Fu Qiang, aged 58, is a non-executive Director of the Company. He is also the general manager and deputy secretary of the Party Committee of Jiaotou. Mr. Fu had held various positions in Jilin Province Communication Investment and Development Company (吉林省交通投資開發公司) from 2000 to 2011, such as deputy general manager and general manager. Mr. Fu graduated from Party School of the Central Committee of CPC, majoring in economics. Mr. Fu received a senior accountant certificate in 2000 issued by the Jilin Province Department of Finance.

Ms. Zhang Yaohui, aged 43, is a non-executive Director of the Company. She is also the head of Asset Operation Department of Jiaotou. From 1995 to 2011, Ms. Zhang was the treasurer of Jilin Province Communication Investment and Development Company (吉林省交通投資開發公司). Ms. Zhang graduated from the Central Radio and Television University majoring in accounting. Ms. Zhang received an intermediate accountant certificate in 2004 issued by the People's Republic of China Ministry of Finance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ho Lic Ki, aged 67, completed the Chinese Senior Bankers Program offered by the University of Washington, Seattle, the USA. It was an in-house training programme in cooperation with the Bank of China (Hong Kong) in 1991 and obtained a Foundation Diploma in Management from the University of Hong Kong in 1994. He is also a holder of a Bachelor's Degree in Chinese Medicine (Dispensing), Hubei University of Chinese Medicine. Mr. Ho is a fellow member of Hong Kong Securities Institute ("HKSI") and was awarded as "Professional Manager" by the Hong Kong Management Association in 2008. Mr. Ho has about 40 years of experience in banking, finance and asset management. Mr. Ho was appointed as an independent non-executive Director in August 2007.

Mr. Lo Kwing Yu, aged 52, holds a Bachelor's degree in law and economics from the University of Keele, United Kingdom. Mr. Lo is a solicitor and has been in private practice in Hong Kong since 1995. He was first admitted as a solicitor in England and Wales and then admitted as solicitor of the Supreme Court of Hong Kong and of the Eastern Caribbean Supreme Court in the Territory in the Virgin Islands. Mr. Lo is a consultant of Messrs. Y. T. Chan & Co. Mr. Lo was appointed as an independent non-executive Director in March 2014.

Mr. Yuen Tsz Chun, aged 45, was appointed as independent non-executive Director of the Company in March 2016. He is a partner of Messrs. KLC Kennic Lui & Co.. He graduated from Queen's University of Belfast of United Kingdom in 1994 with a Bachelor of Science degree in accounting. Mr. Yuen has also obtained a Master of Laws degree from the Chinese University of Hong Kong. He is a registered Appointment Taker and Insolvency Practitioner of the Administrative Panel of Insolvency Practitioners for Court Winding-Up of the Official Receiver's Office. Mr. Yuen is a member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Mr. Yuen is also a Certified Fraud Examiners in Texas, the United States of America. He has been awarded Specialist Designation in Insolvency by the HKICPA. He is also a member of the Restructuring and Insolvency Faculty Executive Committee of HKICPA. Mr. Yuen has over 21 years of experience in accounting, auditing, forensic accounting, bankruptcy, liquidation and receivership.

SENIOR MANAGEMENT

Mr. Lee Chi Yung, aged 41, is a company secretary and financial controller of the Company. Mr. Lee has over 15 years of experience in the related fields of finance, auditing, accounting and corporate governance practices. He graduated from the City University of Hong Kong with a Bachelor's degree with honors in accountancy in 1996. He is a member of the Association of Chartered Certified Accountants and Hong Kong Institute of Certified Public Accountants. Mr. Lee joined the GBT Group in September 2000 and then the GSH group in August 2007. Mr. Lee was an executive director of the Company from December 2009 to October 2015. Mr. Lee was appointed as company secretary and a financial controller of GBT on 15 October 2015 and 24 October 2015 respectively.

Mr. Wen Gang, aged 44, is the general manager of the Group's Shanghai production site. Mr. Wen graduated from Jilin Grain College in 1996, and is now attending a course for the Master's degree in Business Administration organised by Jilin University. He joined the Group in August 1999 and served as the general manager of certain subsidiaries of the Group and GBT. He has over 17 years of experience in corn refinery and sweeteners industries. Since February 2014 Mr. Wen took the position of general manager of the Group's Shanghai production site. Mr. Wen Gang acted as an executive Director and a member of the continuing connected transactions executive committee of the Company.

Mr. Yu Quanhe, aged 49, is the general manager of the Group's Changchun production site. Mr. Yu graduated from Jilin Grain College in 1990, and obtained a Master's degree in Business Administration from Jilin University in 2012. He has also obtained the professional qualification in food engineering and he is a certified senior economist in economic management. Mr. Yu joined GBT in 1997 and served as the general manager of certain subsidiaries of GBT. He has over 24 years of experience in corn refinery and sweeteners industries. Mr. Yu was appointed as the general manager of the Group's Changchun production site in December 2012 and has been serving the Group since then.

CORPORATE GOVERNANCE REPORT

The Company is committed to ensuring high standards of corporate governance in the interests of its shareholders (the "Shareholders") and devoting considerable effort to identify and formalise best practices.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE AND MODEL CODE

Save as disclosed below, in the opinion of the Directors, the Company has complied with all code provisions in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. On 24 October 2015, Mr. Kong Zhanpeng ceased to be the chief executive officer ("CEO") and chairman ("Chairman") of the Company and Mr. Wang Jian was appointed as the Chairman and CEO of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person has the benefit of ensuring effective and efficient decision making and management control.

Mr. Chan Yuk Tong resigned as an independent non-executive Director with effect from 24 December 2015 as he wished to focus on other business and personal affairs. Following his resignation as an independent non-executive Director, Mr. Chan also ceased to act as, among others, a member and the chairman of the audit committee of the Company (the "Audit Committee"), a member and the chairman of the corporate governance committee (the "Corporate Governance Committee") and a member of the continuing connected transactions ("CCT") supervisory committee (the "CCT Supervisory Committee"). Following Mr. Chan's resignation, the Company only had two independent non-executive Directors and the Audit Committee had only two members, which fell below the minimum number required under the Listing Rules. The Company subsequently appointed Mr. Yuen Tsz Chun as an independent non-executive Director and, among others, a member and chairman of the Audit Committee, a member and chairman of the Corporate Governance Committee, and a member and chairman of the CCT Supervisory Committee on 16 March 2016.

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Directors, all Directors have confirmed to the Company that they have complied with the required standard set out in the Model Code and the Company's code of conduct during the Year.

BOARD OF DIRECTORS

The individual attendance record of the Directors at board meetings, board committee meetings and general meetings during the Year are as follows:

	Meetings held and attended							
	Board meetings	Written Resolutions	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Continuing connected transactions executive committee meetings	Corporate governance committee meetings	Annual general meeting
Executive Directors								
Wang Jian *(note 2)*	2/2	1/1		2/2	2/2			N/A
Kong Zhanpeng	11/11	1/1		2/2	3/3		1/1	1/1
Lee Chi Yung *(note 2)*	9/9	N/A				9/9		1/1
Wang Guifeng *(note 1)*	0/3	N/A				3/3		0/1
Nie Zhiguo *(note 2)*	4/9	N/A						1/1
Wen Gang *(note 1 and note 2)*	3/6	N/A				5/5		N/A
Non-executive Directors								
Fu Qiang *(note 2)*	2/2	1/1						N/A
Zhang Yaohui *(note 2)*	2/2	1/1						N/A
Independent Non-executive Directors								
Chan Yuk Tong *(note 3)*	6/10	N/A	5/5	2/2			1/1	1/1
Ho Lic Ki	7/11	1/1	5/5	4/4	6/6		2/2	0/1
Lo Kwing Yu	6/11	1/1	5/5	2/2	6/6			1/1

Notes:

1. Ms. Wang Guifeng has retired as executive director and member of the continuing connected transactions executive committee ("CCT Executive Committee") from 4 June 2015 and Mr. Wen Gang has been appointed as executive director and member of the CCT from 4 June 2015.

2. Mr. Lee Chi Yung, Mr. Nie Zhiquo and Mr. Wen Gang have resigned as executive director of the Company from 15 October 2015. Both of Mr. Lee Chi Yung and Mr. Wen Gang has resigned as a member of CCT Executive Committee on the same date. Mr. Wang Jian has been appointed as executive director and a member of remuneration committee of the Company (the "Remuneration Committee") and nomination committee of the Company (the "Nomination Committee") from 15 October 2015. Mr. Fu Qiang and Ms. Zhang Yaohui have been appointed as non-executive Director and a member of CCT Executive Committee of the Company from 15 October 2015.

3. Mr. Chan Yuk Tong has resigned as an independent non-executive Director on 24 December 2015.

As of the date of this report, following the appointment of Mr. Yuen Tsz Chun as an independent non-executive Director of the Company, the Board comprises seven Directors, being two executive Directors, two non-executive Directors and three independent non-executive Directors. There is no relationship (including financial, business, family or other material/ relevant relationship) between any of the Directors. Details of the biographies of individual Directors and their range of specialist experience and expertise are set out on page 17 to page 18 of this report.

The Company believes its independent non-executive Directors comprise a synergy of financial management, accounting and legal experts. The Board believes such composition is ideally qualified to advise the management team on future strategic development, financial and other statutory requirements, and to guard Shareholders' interest. The Board evaluates the independence of all independent non-executive Directors on an annual basis and has received written confirmation from each independent non-executive Director regarding his independence. As of the date of this report, the Board considers all independent non-executive Directors to be independent.

Board diversity

The Company recognises and embraces the benefits of building a diverse and inclusive Board, and agrees to increase diversity at Board level continuously, in order to achieve and maintain a sustainable development and a competitive advantage.

Board diversity has been considered from a range of diversity perspectives, including but not limited to gender, age, ethnicity, educational background, professional expertise, industry experience, management function and length of service. These aspects will be considered in determining the optimum composition of the Board and should be balanced appropriately when possible and necessary.

Underpinned by meritocracy, all Board appointments will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

The Board annually discusses and establishes measurable objectives for achieving diversity on the Board. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

During the Year, the Board has adopted and the Company has achieved the following measurable objectives:

(1) at least one Director to be of an age below 56 and at least one Director to be of an age above 56;

(2) at least one-third of the Board is composed of independent non-executive Directors;

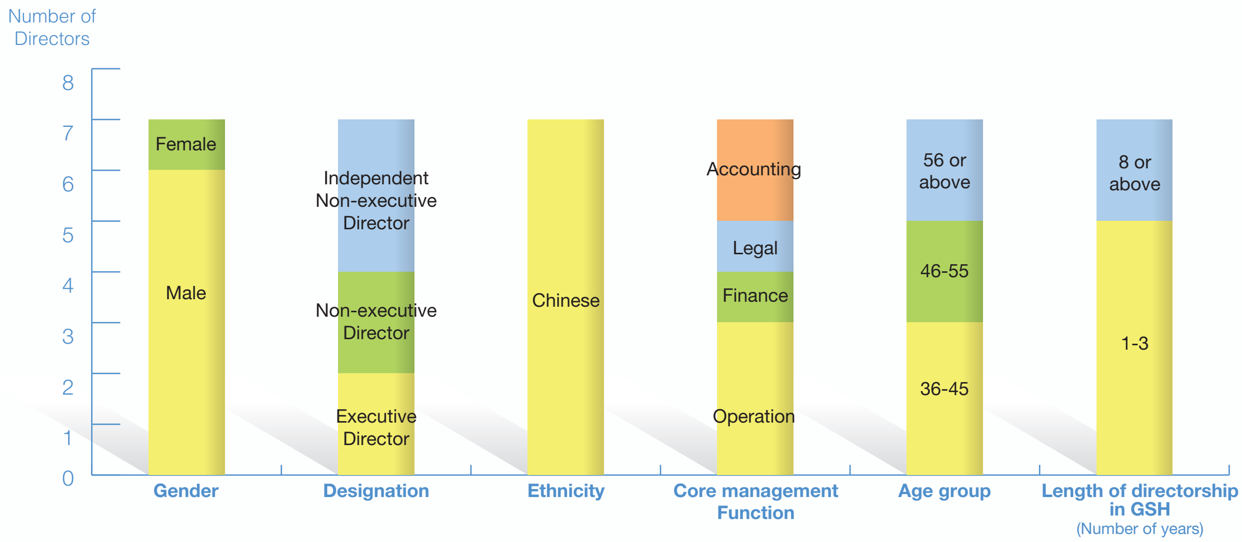
(3) at least one-third of the Board are holders of a Bachelor's degree or above;

(4) at least one Director is a qualified accountant;

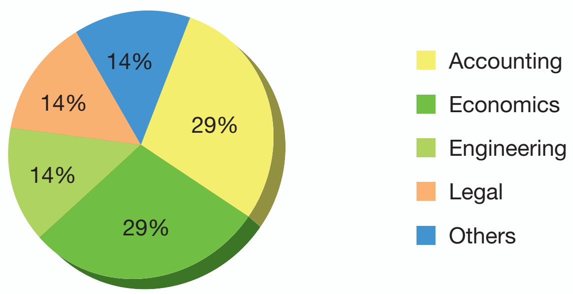
(5) at least one Director has relevant experience in the corn processing industry; and

(6) at least one Director has relevant experience in finance.

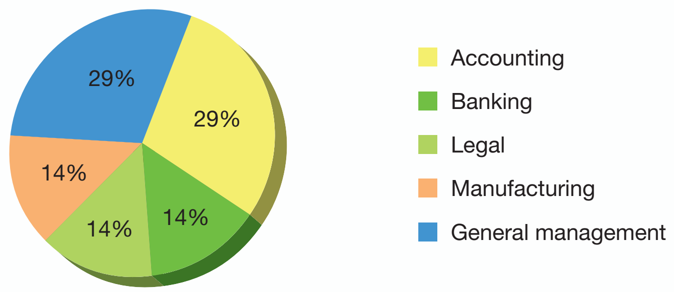
Up to the date of this report, composition of the Board is disclosed as below:



ACADEMIC BACKGROUND



BUSINESS EXPERIENCE



The Board meets at least four times each year at approximately quarterly intervals to discuss the Group's overall strategy, operation and financial performance. Measures have been taken to ensure the Board receives all necessary and up to standard information in a timely manner in order to effectively discharge its duties. All Board meetings adhere to a formal agenda in which a schedule of matters is specifically addressed to the Board for its decision. Topics discussed at these quarterly Board meetings include: overall strategies; enterprise risk management and internal control; major acquisitions and disposals, annual budgets, interim and annual results, recommendations on Directors' appointment(s) or reappointment(s), matters relating to share capital, approval of major capital projects, dividend policies, and other significant operational and financial matters. All businesses transacted at individual Board meetings are recorded in the minutes of the respective meeting. All Board members have access to the advice and services of the company secretary. If necessary, Directors also have resource to external professional advice at the Group's expense. During the intervals between Board meetings, individual Directors are provided with appraisals of all major changes that may affect the Group's businesses.

All new Directors, if any, will be briefed about their duties, responsibilities and obligations as a director of a listed company. Newly-appointed Directors are also encouraged to discuss with the chairman any additional information or training they may require, in order to discharge their duties in a more effective manner. Mr. Yuen Tsz Chun has taken the relevant director's training on 22 March 2016 after his appointment.

In accordance with the articles of association of the Company ("Articles of Association"), every member of the Board shall retire by rotation at the annual general meeting of the Company at least once every three years. The retiring Directors shall be eligible for re-election at the same annual general meeting.

The Board considers that the Group has sufficient and appropriate liability insurance to cover its Directors and senior management team against any legal liability arising from their performance of their duties.

Directors' Training

Pursuant to the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

During the Year, all Directors concerned have participated in four one-hour in-house workshops on the Listing Rules organised by the Company. The Directors also attended seminars, conferences and forums and reviewed journals and updates relating to the economy, general business and director's duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE

Mr. Wang Jian, an executive Director of the Company, has been appointed as the chief executive officer and chairman of the Group with effect from 24 October 2015. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring effective and efficient decision making and management control.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Fu Qiang and Ms. Zhang Yaohui have entered into appointment letters with the Company for an initial term of three years which commenced on 15 October 2015 and renewable automatically for successive term of one year. Each of the above appointment letters may be terminated by either party by giving not less than three months' written notice.

Mr. Ho Lic Ki, Mr. Lo Kwing Yu and Mr. Yuen Tsz Chun have been appointed for an initial term of two years. The terms of all independent non-executive Directors are renewable automatically for successive term of two years each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either party at any time during the then existing term.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

During the Year, Directors' remuneration is as follows:

	2015 HK$'000	2014 HK$'000
Fees	**1,386**	1,130
Other emoluments:		
Salaries, allowances and benefits in kind	**6,515**	7,107
Performance-related bonuses *(Note)*	**450**	—
Payment in lieu of notice	**600**	—
Pension scheme contributions	**32**	34
	8,983	8,271

Note:

According to the Directors' service contracts and the supplemental agreements entered into between the Company and the executive Directors, each of the executive Directors is entitled to a basic salary, and the increase in salary of the executive Directors shall be determined by the Remuneration Committee or the Board. In addition, the management bonus of the executive Directors in respect of each financial year of the Company shall be determined pursuant to the mechanism adopted by the Board from time to time, or to be determined by the Board in its absolute discretion. Each Director will assess the performance of the Board by completing an annual questionnaire, and will perform reviews on the performance of other Directors against a set of key performance indicators. During the year, discretionary bonuses of HK$250,000 and HK$200,000 were approved and paid to an executive Director in respect of the years ended 31 December 2015 and 2014 respectively.

(a) Independent non-executive Directors

The fees paid to independent non-executive Directors during the Year were as follows:

	2015 HK$'000	2014 HK$'000
Chan Yuk Tong[(1)]	456	380
Gao Yunchun[(2)]	—	40
Ho Lic Ki	465	380
Lo Kwing Yu[(3)]	465	330
	1,386	1,130

Notes:

1. Mr. Chan Yuk Tong resigned as an independent non-executive Director on 24 December 2015.
2. Mr. Gao Yunchun has ceased to be an independent non-executive Director since 3 March 2014.
3. Mr. Lo Kwing Yu was appointed as an independent non-executive Director on 3 March 2014.

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

(b) Executive Directors

The amount of remuneration paid to the executive Directors during the Year was as follows:

	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Payment in lieu of notice HK$'000	Pension scheme contributions HK$'000	Total HK$'000
2015					
Wang Jian[(5)]	—	—	—	—	—
Kong Zhanpeng	3,600	—	—	18	3,618
Lee Chi Yung[(6)]	1,802	450	450	14	2,716
Nie Zhiguo[(2)]	238	—	75	—	313
Wen Gang[(4)]	110	—	75	—	185
Wang Guifeng[(3)]	765	—	—	—	765
	6,515	450	600	32	7,597
2014					
Kong Zhanpeng	3,600	—	—	17	3,617
Zhang Fazheng[(1)]	557	—	—	—	557
Lee Chi Yung[(6)]	1,200	—	—	17	1,217
Nie Zhiguo[(2)]	250	—	—	—	250
Wang Guifeng[(3)]	1,500	—	—	—	1,500
	7,107	—	—	34	7,141

Notes:

1. Mr. Zhang Fazheng retired on 20 May 2014.
2. Mr. Nie Zhiguo was appointed as an executive Director on 3 March 2014 and resigned on 15 October 2015.
3. Ms. Wang Guifeng was appointed as an executive Director on 3 March 2014 and resigned on 4 June 2015.
4. Mr. Wen Gang was appointed as an executive Director on 4 June 2015 and resigned on 15 October 2015.
5. Mr. Wang Jian was appointed as an executive Director on 15 October 2015.
6. Mr. Lee Chi Yung resigned as an executive Director on 15 October 2015.

(c) Senior Management

The band of the remuneration of senior management personal and related number of members of senior management personnel are as follows:

	2015 Number of individuals	2014 Number of individuals
Nil to HK$1,000,000	3	4

ACCOUNTABILITY AND AUDIT

The management of the Company is responsible for providing all relevant information to the Board, giving members with sufficient explanation and information they need to discharge their responsibilities. Board members are provided with monthly updates, including sales updates, projects launched, upcoming projects and financial position, which give the Board members a balanced and understandable assessment of the performance, position and prospects of the Group.

The Directors are responsible for overseeing the preparation of financial statements of each financial year. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, approved adoption of all applicable Hong Kong Financial Reporting Standards in effect, made judgments and estimates that are appropriate, and prepared the financial statements on a going concern basis. The management is of the view that the Group will continue as a going concern for the reasons stated as set out in point 9 under the section "Management Discussion and Analysis" on page 11 of this report.

The Group has announced in its interim results in a timely manner within two months after the end of the relevant period, as required under the Listing Rules. As announced by the Company on 1 April 2016, pursuant to Rule 13.49(1) of the Listing Rules, the Company is required to publish the announcement in relation to its preliminary annual results for the year ended 31 December 2015 (the "2015 Annual Results") on a date not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2016. However, the Company has failed to comply with the Rule 13.49(1) to publish the 2015 Annual Results because additional time is required for the Company to finalise certain information to be included in the 2015 Annual Results.

MANAGEMENT FUNCTIONS

The Board decides on corporate strategies, establishes and maintains appropriate and effective risk management and internal control systems, approves overall business plans and supervises the Group's financial performance, management and organisation on behalf of the Shareholders. Specific tasks that the Board delegates to the Group's management include the preparation of annual and interim accounts for the Board's approval, implementation of strategies approved by the Board, monitoring of operating budgets, implementation of internal controls procedures, and ensuring of compliance with relevant statutory requirements and other rules and regulations.

BOARD COMMITTEES

In compliance with the CG Code, the Company has set up its Audit Committee, Nomination Committee, Remuneration Committee and Corporate Governance Committee with clearly defined written terms of reference adopted in compliance with the CG Code. The Company has also set up its CCT Executive Committee and CCT Supervisory Committee to monitor the continuing connected transactions between the Group and the GBT Group.

AUDIT COMMITTEE

Reference is also made to the announcements of the Company dated 24 December 2015. On 24 December 2015, Mr. Chan Yuk Tong has resigned as an independent non-executive Director with effect from 24 December 2015 due to his personal reasons. Following Mr. Chan resignation, the Company only had two independent non-executive Directors ("INEDs") and the Audit Committee of the Company had only two members, which fell below the minimum number required Rules 3.10(1) and 3.21 of the Listing Rules.

Following the appointment of Mr. Yuen Tsz Chun on 16 March 2016, Mr. Yuen is the chairman of the Audit Committee, then, there is at least one INED with appropriate professional qualifications or accounting or related financial management expertise, which fulfills the requirements under Rules 3.10 of the Listing Rules; and the Audit Committee comprises three INEDs, which fulfills the requirements under Rule 3.21 of the Listing Rules and the Audit Committee's terms of reference.

The Audit Committee of the Company was established in accordance with the requirements of the CG Code for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls systems. The Audit Committee comprises all three independent non-executive Directors. As at the date of this report, the members of the Audit Committee are Mr. Yuen Tsz Chun (the chairman), Mr. Ho Lic Ki and Mr. Lo Kwing Yu.

The Audit Committee meets regularly with the Company's senior management and the Company's auditors to review the Company's financial reporting process, the effectiveness of internal controls, audit process and risk management.

The Audit Committee held five meetings during the Year.

The Audit Committee operates pursuant to written terms of reference which are available on the websites of the Stock Exchange and the Company. Set out below is a summary of the work performed by the Audit Committee during Year:

1. The Audit Committee reviewed the draft annual and interim financial statements and the draft results announcements of the Company, focusing on main areas of judgement, consistency of and changes in accounting policies and adequacy of information disclosure prior to recommending them to the Board for approval. Details of the disclaimer opinions and remedial measures are disclosed in the section headed "Update on remedial measures" on page 8 to page 11;

2. The Audit Committee reviewed, in conjunction with the external auditor, the developments of accounting standards and assessed their potential impacts on the Group's financial statements;

3. The Audit Committee reviewed and monitored the external auditor's independence and objectivity and the effectiveness of audit process in accordance with applicable standards;

4. The Audit Committee assessed the independence of the Company's external auditor, prior to formally engaging the external auditor to carry out the audit for the Company's financial statements for the Year;

5. Prior to the actual commencement of the audit, the Audit Committee discussed the proposed scope of work and approach of the audit with the external auditor. Upon completion of the audit, the Audit Committee reviewed the results of the external audit, and discussed with the external auditor on any significant findings and audit issues;

6. The Audit Committee recommended to the Board regarding the appointment and remuneration of the external auditor;

7. The Audit Committee reviewed and approved the internal audit planning, and discussed any significant issues with the newly established internal audit team and the Group's senior management;

8. The Audit Committee reviewed the independence of the internal audit function and the level of support and co-operation given by the Group's management to the internal audit team, as well as the resources of the internal audit team when undertaking its duties and responsibilities;

9. The Audit Committee reviewed the adequacy and effectiveness of the Group's systems of internal controls through a review of the work undertaken by the Group's external auditor and external internal control expert and discussions with the Board;

10. The Audit Committee reviewed the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget through a review of the work undertaken by the Group's senior financial management and internal audit, and discussions with the Board.

The revised term of reference of Audit Committee was published on the respective websites of the Stock Exchange and the Company on 14 March 2016.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established the Nomination Committee on 1 April 2012 with a majority of the members thereof being independent non-executive Directors. The Nomination Committee comprises of an executive Director, Mr. Wang Jian, and two independent non-executive Directors, Mr. Ho Lic Ki and Mr. Lo Kwing Yu. Mr. Ho Lic Ki is the chairman of the Nomination Committee. The duties of the Nomination Committee are, among others, determining policy for the nomination of directors, including the nomination procedures, processes and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the Year. The Nomination Committee also reviews the structure, size and composition of the Board and to makes recommendations on any proposed changes to the Board and on the selection of individuals nominated for directorships, and reviews the board diversity policy adopted by the Company. For more information on the Company's policy on board diversity, please refer to the section headed "Board diversity" in this report. On 15 October 2015, Mr. Kong Zhanpeng ceased to be the chairman of the Nomination Committee, and Mr. Wang Jian was appointed as a member of the Nomination Committee and Mr. Ho Lic Ki has been designated as chairman of the Nomination Committee.

On 16 March 2016, Mr. Wang Jian has been re-designated as a chairman of the Nomination Committee and Mr. Ho Lic Ki has been re-designated as a member of the Nomination Committee.

The Nomination Committee held four meetings in 2015.

The Nomination Committee has reviewed the structure, size and composition of the Board, assessed the independence of independent non-executive Directors and made recommendation to the Board on the appointment of directors in the forthcoming annual general meeting ("AGM").

REMUNERATION COMMITTEE

At the date of this report, the members of the Remuneration Committee include an executive Director, Mr. Wang Jian, and two independent non-executive Directors, Mr. Ho Lic Ki and Mr. Lo Kwing Yu. Mr. Ho Lic Ki is the chairman of the Remuneration Committee. The duties of the Remuneration Committee are, among others, to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, as well as on Group's policy and structure for the remuneration of Directors and senior management. The Remuneration Committee also assesses performance of executive Directors and approves the terms of executive Directors' service contracts. On 15 October 2015, Mr. Kong Zhanpeng ceased to be a member of the Remuneration Committee, and Mr. Wang Jian was appointed as a member of the Remuneration Committee.

In 2015, the Remuneration Committee held six meetings to review and make recommendations to the Board remuneration packages of the individual executive Directors and the senior management.

CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee was established in accordance with the requirements of the CG Code for the purposes of reviewing the Company's policies and practices on corporate governance, and providing supervision over the Board and its committees' compliance with their respective terms of reference and relevant requirements under the CG Code, or other applicable laws, regulations, rules and codes. The Corporate Governance Committee comprises of an executive Director, Mr. Kong Zhanpeng and one independent non-executive Director, Mr. Ho Lic Ki. Mr. Lee Chi Yung and Mr. Chan Yuk Tong have ceased as member on 15 October 2015 and 24 December 2015 respectively and Mr. Kong Zhanpeng has been appointed as member of Corporate Governance Committee on 15 October 2015.

On 16 March 2016, Mr. Yuen Tsz Chun has been appointed as a member and a chairman of the Corporate Governance Committee. The Corporate Governance Committee currently comprises of one executive Director and two independent non-executive Directors.

The Corporate Governance Committee held two meetings in 2015.

During the Year, the Corporate Governance Committee did the following work:

1. Reviewed the Company's policies and practices on corporate governance and made recommendations to the Board.

2. Reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements.

3. Reviewed the Company's compliance with the code provisions of the Corporate Governance Code and Corporate Governance Report issued by the Stock Exchange.

4. Ensured that good corporate governance practices and procedures are established.

Save as the provision of the Dajincang Financial Guarantees and the financial assistance to the GBT Group by the Group as outlined in the "Report of the Directors" on page 48 to page 49 of this report, the Corporate Governance Committee considered that the Company has complied with all code provisions in the CG Code during the Year.

CONTINUING CONNECTED TRANSACTIONS EXECUTIVE COMMITTEE

The CCT Executive Committee is responsible for monitoring, reviewing and managing the CCT between the Group on one part and the GBT Group on the other part. The main duties of the CCT Executive Committee are to prepare the CCT reports and submitting the same to the CCT Supervisory Committee on regular basis. As at the date of this report, the members of the CCT Executive Committee are Mr. Fu Wiang and Ms. Zhang Yaohui, both being non-executive Directors. Mr. Lee Chi Yung and Mr. Wen Gang have ceased as member of CCT on 15 October 2015.

During the Year, the CCT Executive Committee held thirteen meetings.

CCT SUPERVISORY COMMITTEE

The CCT Supervisory Committee that comprises all independent non-executive Directors was established by the Board to supervise the CCT Executive Committee. The main responsibilities of the CCT Supervisory Committee, among others, are:

(1) to devise and revise detailed rules and guidelines ("Prescribed Guidelines") from time to time for the CCT Executive Committee to follow in order to ensure that the CCT with the GBT Group, which are not qualified for exemptions or waivers from all or some of the shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules ("Non-exempt CCT"), will be entered into in accordance with the respective agreements ("Master Agreement") entered into between the Group and the GBT Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(2) to review, on a quarterly basis, the quarterly reports submitted by the CCT Executive Committee in relation to purchase of corn starch from the GBT Group by the Group and the sale of corn sweeteners, corn starch and by-products (such as corn oil and corn steep liquor) ("By-products") by the Group to the GBT Group ("Proposed Sale and Purchase") as to whether they have been proceeded in accordance with the Prescribed Guidelines (the "CCT Quarterly Reports");

(3) in respect of the provision of utility services (the "Utility Services") by the GBT Group to the Group, to review the CCT Quarterly Reports from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the previous quarter, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group, and to recommend the Board to take action in recovering any excessive fees charged by the GBT Group;

(4) in respect of the sales agency services (the "Sales Agency Services") by the GBT Group to the Group, to review the CCT Quarterly Reports from the CCT Executive Committee as to how the fees have been charged by the GBT Group during the half-year period ended 30 June or 31 December, with evidence and detailed calculations as to the amount of costs and expenses actually incurred by the GBT Group; and

(5) to report its findings on review of the CCT Quarterly Reports to the Board and give recommendations to the Board to ensure the transactions will be entered into in the interests of the Group and the Shareholders as a whole.

The principal terms of the prevailing Prescribed Guidelines are set out below:

(1) the Group shall not purchase corn starch from the GBT Group, or sell corn starch, By-products and corn sweeteners to the GBT Group, or obtain the Utility Services or Sales Agency Services from the GBT Group, unless the GBT Group shall agree that the purchase/selling prices and fees payable and other commercial terms for these transactions shall be determined in the manner as prescribed under the Prescribed Guidelines.

(2) in respect of the purchase of corn starch from the GBT Group in slurry form:

    (i) for the Group's purchase of corn starch in slurry form from the GBT Group for any particular calendar month (the "Relevant Month"), the CCT Executive Committee shall obtain the then quotations and other major commercial terms (including credit terms offered) for the supply of corn starch of comparable specifications and quantities in slurry form from at least one (or such number as may be required by the CCT Supervisory Committee from time to time) independent supplier by the end of the month immediately prior to the Relevant Month. The CCT Executive Committee shall, prior to the end of the Relevant Month and in any event on or before the price determination date as referred to in paragraph (iv) below, obtain the then quotations and major commercial terms from independent supplier(s) for supply of corn starch;

(ii) if the quotations for supply of corn starch in slurry form obtained from the independent supplier(s) are exclusive of any of transportation, storage and/or insurance cost, the CCT Executive Committee shall estimate the additional unit cost to be incurred by the Group (whether by itself or through independent service provider(s)) in order for the Group to purchase the corn starch from such independent supplier(s) with supporting evidence ("Estimated Cost");

(iii) the CCT Executive Committee shall obtain from the GBT Group the average unit selling price and other major commercial terms (including credit terms offered) for supply of corn starch of comparable quantities and specifications by the GBT Group to its independent customers during the Relevant Month up to the price determination date as referred to in paragraph (iv) below; and

(iv) the total purchase price and the commercial terms in respect of corn starch supplied by the GBT Group in slurry form to the Group during the Relevant Month shall be calculated within five business days prior to the end of the Relevant Month, which shall be determined by the CCT Executive Committee by using the lower of (a) the average unit selling price as referred to in paragraph (iii) above, less the unit transportation, storage, insurance, dehydration and/or packaging costs saved by reason of the supply of corn starch in slurry form which would otherwise be payable to the GBT Group by its independent customers; and (b) the quotations from independent supplier(s) as referred to in paragraph (i) above plus the Estimated Cost (where applicable) for the Relevant Month, as the unit purchase prices; and the most favourable terms to the Group among the commercial terms as referred to in paragraphs (i) and (iii) above as the terms of the purchase of corn starch from the GBT Group in slurry form for the Relevant Month respectively.

(3) in respect of sales of corn sweeteners to the GBT Group for the Relevant Month, the unit selling price and other commercial terms in respect of corn sweeteners supplied by the Group to the GBT Group during the Relevant Month shall be determined by the CCT Executive Committee within five business days prior to the end of the Relevant Month in the following manner:

(i) the CCT Executive Committee shall obtain market information regarding the market unit price of corn sweeteners of comparable specifications and quantities for the Relevant Month;

(ii) if there is insufficient information on market unit price available, the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by the Group to independent customers for sales of corn sweeteners of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below; and

(iii) where the above market unit pricing information or the unit selling price offered to independent customers relate to corn sweeteners are of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined with reference to the above market unit pricing information or the unit selling price offered by the Group to independent customers to ensure that the proposed selling price of corn sweeteners with such particular specifications is fair and reasonable and on normal commercial terms.

(4) in respect of sales of corn starch (in powder or slurry form) and By-products to the GBT Group for the Relevant Month, the unit selling price and other commercial terms in respect of corn starch (in powder or slurry form) and By-products supplied by the Group to the GBT Group during the Relevant Month shall be determined by the CCT Executive Committee within five business days prior to the end of the Relevant Month in the following manner:

(i) if the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by the Group to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for sales of corn starch and By-products of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below;

(ii) if the Group has not sold corn starch and By-products of comparable specifications and quantities to at least one (or such other number as shall be determined by the CCT Supervisory Committee from time to time) independent customer for the Relevant Month, the CCT Executive Committee shall obtain the average unit selling price and other major commercial terms offered by independent suppliers to the Group for purchase of corn starch and By-products of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (iii) below; and

(iii) where the unit selling price offered to independent customers or unit selling price offered by independent suppliers relate to corn starch and By-products of different specifications, the CCT Executive Committee shall make a detailed analysis as to how the unit selling prices should be determined with reference to the above market unit pricing information or the unit selling price offered by the Group to independent customers or the unit selling price offered by independent suppliers to the Group to ensure that the proposed selling price of corn starch and By-products with such particular specifications is fair and reasonable and on normal commercial terms.

(5) the CCT Executive Committee shall submit to the CCT Supervisory Committee a quarterly report within 15 days from the end of each quarter in relation to the purchase of corn starch from, and the sales of corn sweeteners, corn starch (in powder or slurry form) and By-products to, the GBT Group during the quarter.

(6) in the event that there is any deviation from the terms of the relevant Master Agreements and/or any non—compliance with the Prescribed Guidelines in respect of any Non-exempt CCT entered into by any member of the Group during the period covered by the quarterly or, in respect of the Sales Agency Services from the GBT Group only, half-yearly report (including but not limited to non-compliance of the pricing basis), the CCT Supervisory Committee may request the Group to take such procedures (including price adjustments) as the CCT Supervisory Committee may consider appropriate to rectify such deviation or non-compliance.

(7) the auditors of the Group will be engaged to review the Non-exempt CCT (other than the Sales Agency Services from the GBT Group) on a quarterly basis, and the Sales Agency Services from the GBT Group on a semi-annual basis, and shall report to the CCT Supervisory Committee the result of their review. Such report shall be in compliance with the requirements under Rule 14A.56 of the Listing Rules.

Four meetings were held by the CCT Supervisory Committee to review the CCT Quarterly Reports submitted by the CCT Executive Committee in respect of the Proposed Sale and Purchase, the Utility Services and the Sales Agency Services entered into by the Group with the GBT Group during the Year. Details of findings have been published on 27 July 2015, 14 August 2015, 4 February 2016 and 30 March 2016. As reported by the CCT Supervisory Committee, (i) the Proposed Sale and Purchase conducted during the Year were in line with the Prescribed Guidelines; (ii) the fees charged by the GBT Group in respect of the Utility Services and the Sales Agency Services rendered during the Year had been charged in accordance with the relevant Master Agreements; and (iii) there was no other matter that needs to be brought to the attention of the Shareholders.

On 16 March 2016. Mr. Yuen has been appointed as a member and a chairman of CCT Supervisory Committee. The CCT Supervisory Committee currently comprises three independent non-executive Directors.

Auditor's Remuneration

Ernst & Young has been removed as auditor of the Company with effect from 16 February 2016 and Mazars CPA Limited has been appointed on even date to fill the vacancy caused by Ernst & Young.

Auditor's remuneration of HK$3,500,000 was incurred for the audit of the Group's consolidated financial statements for the year ended 31 December 2015 and HK$81,250 was paid for the provision of audit and audited related services of the subsidiaries of the Company located in Hong Kong and the PRC.

During the Year, the following amounts were paid as professional fee to Mazars CPA Limited and other certified public accountant firms for the provision of non-audit related services to the Group:

	HK$'000
Taxation compliance	—
Others	100
Total	100

COMPANY SECRETARY

The company secretary of the Company, Mr. Lee Chi Yung, is responsible for supporting the Board, ensuring good information flow within the Board and Board policies and procedures are followed, advising the Board on corporate governance matters, facilitating induction, and monitoring the training and continuous professional development of Directors. He has attained no less than 15 hours of relevant professional training during the Year. Mr. Lee's biography is set out on page 19 of this report.

INVESTOR RELATIONS

The Group establishes and maintains different communication channels with its Shareholders through the publication of annual and interim reports, information on the Stock Exchange, a corporate website, and general and investor meetings held either face-to-face or via telephone conference calls. The Group reports to its shareholders twice a year and maintains a regular dialogue with investors.

The annual general meetings provide a useful forum for Shareholders to exchange views with the Board. Members of the Audit, Remuneration and Nomination Committees and the external auditors will also attend the annual general meetings to answer questions from the Shareholders.

The notice of annual general meeting will be distributed to all Shareholders at least 20 clear business days prior to the annual general meetings. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of Directors. Details of the proposed resolutions will be contained, where necessary, in circulars of the Company. The chairman of the annual general meeting shall exercises his/her power under the Articles of Association of the Company to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll will be explained at the meeting. Poll results will be posted on the websites of the Company and the Stock Exchange after the meeting.

A Shareholders' communication policy (the "Policy") was adopted by the Company to maintain an on-going dialogue with the Shareholders and encourage them to communicate actively with the Company. The Company will review the Policy on a regular basis to ensure its effectiveness.

As of 31 December 2015, details of Shareholders by type and aggregate shareholding are as follow:

	Number of shares held	**Percentage of shareholding**	**Market capitalisation (HK$million)**
GBT	978,278,000	64.04	172.18
Kong Zhanpeng *(Note 1)*	1,984,000	0.13	0.35
Nie Zhiguo *(Note 2)*	44,400	0.00	0.00
Public float in Hong Kong	547,279,600	35.96	96.33
Total	1,527,586,000	100.00	268.86

Notes:

1. The shares held by Mr. Kong Zhanpeng were not counted as part of public float by virtue of him being an executive Director.

2. The shares held by Mr. Nie Zhiguo were not counted as part of public float by virtue of him being a former executive Director within 12 months immediately before 31 December 2015.

The 2015 AGM was held on 4 June 2015 to approve the 2014 audited financial statements, grant of the new issue mandate and the repurchase mandate and the re-election of Directors. All resolutions proposed were passed by way of poll.

The 2016 AGM will be held on 6 June 2016 to approve, among others, the 2015 audited financial statements, grant of the new issue mandate and the repurchase mandate and the re-election of Directors.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is entrusted with the overall responsibility of establishing, maintaining and assessing the Group's internal control and risk management systems and its effectiveness. The role of the Group's management is to implement all policies on risk and control laid down by the Board.

The Group's internal control and risk management systems are designed to provide reasonable protection to the Group's assets, and to safeguard these assets from unauthorised use or disposition by ensuring that all such transactions are executed in accordance with management's authorisation. The systems also ensure accounting records are sufficiently accurate for the preparation of financial information used for operation and reporting purposes.

The Group's internal control framework covers (i) the setting of objectives, budgets and targets; (ii) the establishment of regular reporting of financial information, in particular, the tracking of deviations between actual performances and budgets/targets; (iii) the delegation of authority; and (iv) the establishment of clear lines of accountability.

Monthly financial information and variance analysis are provided to Directors and quarterly financial review are discussed at Board meetings for any material variances and deviations between actual performances and budgets/targets. This helps the Board and the Group's management to monitor the Group's business operations and to plan on a prudent and timely basis. Other regular and ad hoc reports will also be prepared for the Board to ensure that the Directors are supplied with all the requested information in a timely and appropriate manner.

To allow for delegation of authority as well as to enhance segregation of duties and accountability, a clear organisation structure exists which details different levels of authority and control responsibilities within each business unit of the Group. Certain specific matters are reserved for the Board's decision and are not delegated. These include, amongst others, the approval of annual and interim results, annual budgets, capital structure, declaration of dividends, material acquisitions, disposals and capital expenditure, Board structure and its composition and succession.

The role of the Audit Committee is, through discussion with management and engagement of external consultants, to review the effectiveness of internal control and risk management systems, including financial, operational and compliance controls and risk management functions, and to report to the Board any significant risk issues.

In July 2015, the Board engaged PKF Consulting Inc Limited ("PKF") to conduct a review on the effectiveness of the internal control systems of the Group, and where weaknesses are identified, to recommend means for improvement to the Audit Committee. The Board has reviewed the effectiveness of the Group's internal control systems based on the assessment of the Audit Committee and PKF. The Company has complied with the CG Code on internal controls and risk management during the Year.

As disclosed in the results announcement and an announcement dated 30 March 2015 of the Company regarding, among others, the provision of financial assistance to a supplier and the GBT Group, the Board has identified a number of internal control weaknesses during the audit of 2015. The Company has formulated the relevant action plan to address these weaknesses, details of which have been outlined in the section headed 'Update on remedial measures' on page 8 to page 11 of this report. An internal control team has been formed to implement the recommendations from PKF. In addition, an internal audit team has also been formed which reports directly to the Audit Committee. Accordingly, regular internal audit reports will be circulated to the Audit Committee members, the financial controller of the Company and the external auditor for their review in accordance with the approved internal audit planning.

PRINCIPAL RISKS AND UNCERTAINTIES

Risk is inherent in the Group's business and the markets in which it operates. It is of utmost importance for the management to identify, understand and manage these risks in order to minimise, transfer and avoid them. This demands a proactive approach to risk management and an effective risk management framework.

The Company is currently reviewing its enterprise risk management and will establish its risk profiling criteria in the form of a risk matrix to help assess and prioritise risks at the Group level. Business units will be required to adopt the same risk matrix structure in order to establish their own risk profiling criteria in determining consequence and likelihood of identified risks with reference to their own materiality and circumstances.

In March 2016, the Company has engaged a professional firm to assist the management to establish the enterprise risk management systems and it is expected that relevant works will be completed by the end of 2016.

The Group's overall risk management is overseen by the Board. The Company recognises that risk management is the responsibility of everyone within the Group. Rather than being a separate and standalone process, risk management has been or will be integrated into business processes including strategy development, business planning, capital allocation, investment decisions, internal control and day-to-day operations.

The Group's risk management objectives:

- Strategic level: the Company focuses on the identification and management of material risks at different levels – the Group, business units and functional units so as to better position the Company in pursuing its strategic and business objectives. In seeking growth opportunities, the Company strives to optimise risk/return tradeoffs while establishing strong and independent review and challenge processes.

- Operational level: the Company aims to identify, assess, evaluate and minimise operational hazards and risks to create a safe, healthy and efficient workplace for its employees while respecting our community and neighborhood to ensure public safety and health, and minimising our environmental footprint.

The Company's risk appetite represents the amount of risk the Group is willing to undertake in pursuit of its strategic and business objectives. In line with the Company's value and expectations of its stakeholders, the Company will only take reasonable risks that fit its strategy and have been assessed, understood and therefore manageable; and such risks should not expose the Group to:

- material financial loss that substantially impacts the Group's ability to execute its business strategy

- ongoing financial viability,

- consequence that affects the safety and health of our staff and the public,

- material breach of regulations deterioration of the Group's reputation and brand name,

- business/supply interruption leading to severe impact on the community, and severe environmental incidents.

The Board has identified a number of risks and uncertainties for the Group to deal with:

Risk Description	Changes in 2015	Key Risk Mitigations
Regulatory Risks:		
Regulatory & political risk of PRC business		Implement comprehensive stakeholder engagement plan to facilitate sensible and informed discussion on the regulatory regime in PRC
Minimum corn purchase price in PRC	The minimum corn purchase price in PRC has been reduced to RMB2,000 in Jilin province	Focus on brand building, customer service and operating performance to reinforce the Group's performance and commitment to the community and our customers
Market Risks:		
Over supply of corn starch segment	Market sentiment continues to stay low	Engage in research and development for product diversification Minimise production capacity to reduce losses
Financial Risks:		
Group's liquidity risk of inadequate funding	The Group continues to negotiate with bankers not to withdraw its facilities	Solicit adequate and cost-effective funding in advance and maintain an appropriate mix of committed credit facilities.
Inability to obtain adequate and cost effective funding on time	The Group together with GBT negotiate with local government to dispose of land and building and current assets in order to strengthen its liquidity	Ensure funding diversification (sources, instruments and tenor). Maintain good, long-lasting relationship with lenders.
Industrial/Operational Risks:		
Major accident at construction or operating plants	No fatal events occur during the Year	Provide training on health and safety guidelines
Compliance Risks:		
Non-compliance with Listing Rules and other ordinances	External internal control expert employed to review the weaknesses of 2014 annual audit report	Set up internal control department and internal audit department Provide training to staff

Environmental, Social and Governance Report

The Company has published the Environmental, Social and Governance reports on the website of the Company at www.global-sweeteners.com under the heading "Investor Relations".

OTHER SUPPLEMENTARY INFORMATION IN RELATION TO THE YEAR UNDER REVIEW

Provision of financial assistance by the Group to the GBT Group and provision of financial assistance to a supplier

Reference is made to the announcement of the Company dated 31 March 2015 in relation to, among others, the provision of financial assistance by the Group to the GBT Group ("March Announcement"). In December 2014 and February 2015, certain members of the Group entered into mortgages for the provision of mortgage security in favour of certain banks in the PRC for the benefit of certain members of the GBT Group. GBT is a controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. The provision of financial assistance by the Group to the GBT Group constituted connected transactions for the Company under Chapter 14A of the Listing Rules. The failure by the Company to comply with the reporting, announcement and independent shareholders' approval requirements in respect of the mortgages constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules.

In addition, during November 2010 to March 2015, certain members of the Group entered into the Supplier Guarantees for the benefit of Dajincang in respect of its certain bank borrowings. Dajincang was one of the main suppliers to the Group. Dajincang is beneficially majority-owned by the labour union of the PRC employees of the GBT Group and the Group and is independent of the Company. As the applicable percentage ratios in respect of the Supplier Guarantees exceeded 25%, the Supplier Guarantees constituted a major transaction of the Company and were therefore subject to the notification, announcement and shareholders' approval requirements under the Listing Rules. In addition, as the provision of guarantees under the Supplier Guarantees constituted advances to an entity under Rule 13.13 of the Listing Rules, and since the assets ratio of the guarantees provided by the Group was more than 8%, the Company was under a general disclosure obligation to disclose such financial assistance under Rules 13.13 of the Listing Rules and to comply with Rule 13.14 of the Listing Rules when there occurred a 3% or more increase in the assets ratio. The Company was also under a continuing disclosure requirement under Rule 13.20 of the Listing Rules to disclose the Supplier Guarantees in its reports and annual reports during the relevant periods when the Supplier Guarantees were in effect. As such, the failures by the Company to comply with the above requirements constituted non-compliance with Rules 13.13, 13.14, 13.20 and Chapter 14 of the Listing Rules.

For further information in relation to the above mentioned matters, please refer to the March Announcement for details.

Completion of subscription of shares and convertible bonds of GBT

Reference is made to the announcements of the Company dated 10 June 2015, 10 July 2015 and 14 August 2015 regarding the Subscription. As set out in the announcement of GBT dated 15 October 2015, the Subscription had completed on even date and Modern Agricultural Industry Investment Limited became the controlling shareholder (as defined in the Listing Rules) of GBT.

Delisting of Taiwan Depository Receipts of the Company

Reference is made to the announcements of the Company dated 3 November 2015 and 18 November 2015 in relation to the delisting of the Taiwan Depositary Receipts (the "TDR") of the Company. The board of directors of the Taiwan Stock Exchange (the "TWSE") has resolved on 17 November 2015 that the TDR shall be delisted with effect from 29 December 2015 whereas the listing contracts for securities signed with TWSE will terminate at the same time. The last trading day of the TDR fell on 28 December 2015. Please refer to the announcements of the Company dated 3 November 2015 and 18 November 2015 for further information.

SHAREHOLDERS' RIGHTS

1. Procedures for Shareholders to convene an extraordinary general meeting

1.1 The following procedures for Shareholders to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with article 64 of the Articles of Association:

(1) One or more Shareholders (the "Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.

(2) Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at contact@global-sweeteners.com.

(3) The EGM shall be held within two months after the deposit of such Requisition.

(4) If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

2. Procedures for raising enquiries

2.1 Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this annual report.

2.2 Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at contact@global-sweeteners.com.

2.3 Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

3. Procedures and contact details for putting forward proposals at Shareholders' meetings

3.1 To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at contact@global-sweeteners.com.

3.2 The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will determine in its sole discretion whether the Proposal may be included in the agenda for the general meeting to be set out in the notice of meeting.

3.3 The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

(1) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company;

(2) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

REPORT OF THE DIRECTORS

The Directors hereby present their report and the audited financial statements of Global Sweeteners Holdings Limited and its subsidiaries for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is involved in the manufacture and sale of corn refined products and corn based sweetener products. Details of the principal activities of the principal subsidiaries are set out in note 32 to the financial statements.

BUSINESS REVIEW

A business review of the Group and an analysis of the Group's performance using financial key performance indicators during the year are provided in the Message to Shareholders, and Management Discussion & Analysis on pages 5 and 7 of this report. In addition, discussions on the Group's environmental policies and performance and an account of the Group's key relationships with its employees, customers, suppliers and others that have a significant impact on the Group and on which the Group's success depends are provided in the ESG Reports disclosed in the Company's website.

The principal risks and uncertainties are disclosed in Corporate Governance Report under section headed "Risk Management and Internal Control" on page 34 on this report. Particulars of important events affecting the reporting entity that have occurred since the end of the financial year are disclosed in Management Discussion & Analysis under section headed "Important Transaction" on page 14 of this report. An indication of likely future development of the Group is disclosed in Management Discussion & Analysis under section headed "Future Plans and Prospects" on page 15 of this report.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2015 and the state of affairs of the Company and the Group at that date are set out in the financial statements on page 55 to page 119.

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

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the year ended 31 December 2015 and the published combined financial information of the Group for the four years ended 31 December 2011, 2012, 2013 and 2014, as extracted from the audited financial statements and restated as appropriate, is set out on page 120. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in note 26 and note 27 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the shareholders of the Company by reason of their holding of the Company's securities.

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

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

RESERVES

Details of movements in the reserves of the Company and the Group during the Year are set out in note 33 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2015, the Company does not have reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) (the "Companies Law") of the Cayman Islands. Under the Companies Law of the Cayman Islands, the share premium account of the Company of approximately HK$1,074,879,000 as at 31 December 2015 is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The Company's share premium account may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, sales to the Group's five largest customers accounted for approximately 37.4% of the total sales for the Year and sales to the largest customer included therein accounted for approximately 19.8% of the total sales of the Year. Purchases from the Group's five largest suppliers accounted for approximately 51.7% of the total purchases for the Year, and purchases from the largest supplier included therein accounted for approximately 15.5% of the total purchases of the Year.

Except for the GBT Group and Mr. Kong Zhanpeng (an executive Director), no other Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were:

Executive Directors:

Wang Jian	*(appointed on 15 October 2015)*
Kong Zhanpeng	
Lee Chi Yung	*(resigned on 15 October 2015)*
Wang Guifeng	*(retired on 4 June 2015)*
Nie Zhiguo	*(resigned on 15 October 2015)*
Wen Gang	*(appointed on 4 June 2015 and resigned on 15 October 2015)*

Non-executive Directors:

Fu Qiang	*(appointed on 15 October 2015)*
Zhang Yaohui	*(appointed on 15 October 2015)*

Independent non-executive Directors:

Chan Yuk Tong	*(resigned on 24 December 2015)*
Ho Lic Ki	
Lo Kwing Yu	
Yuen Tsz Chun	*(appointed on 16 March 2015)*

In accordance with article 108(A) of the Articles of Association, Mr. Kong Zhanpeng, an executive Director, and Mr. Ho Lic Ki and Mr. Lo Kwing Yu, both independent non-executive Directors, will retire by rotation at the AGM.

Mr. Kong Zhanpeng, Mr. Ho Lic Ki and Mr. Lo Kwing Yu, being eligible, will offer themselves for re-election at the AGM.

The Company has received annual confirmations on 2 January 2016 from each of Mr. Ho Lic Ki and Mr. Lo Kwing Yu of their independence during the Year. Mr. Yuen Tsz Chun has signed an independent confirmation letter on 16 March 2016. As at the date of this report, the Company still considers all independent non-executive Directors to be independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on page 17 to page 19 of the annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Kong Zhanpeng and Mr. Wang Jian have entered into service contracts with the Company for an initial term of three years which commenced on 1 September 2007 and 15 October 2015, respectively and renewable automatically for successive term of one year. Mr. Fu Qiang and Ms. Zhang Yaohui have entered into appointment letters with the Company for an initial term of three years which commenced on 15 October 2015 and renewable automatically for successive term of one year. Each of the above service contracts and appointment letters may be terminated by either party by giving not less than three months' written notice.

The independent non-executive Directors, Mr. Ho Lic Ki, Mr. Lo Kwing Yu and Mr. Yuen Tsz Chun have entered into appointment letters with the Company for an initial term of two years which commenced on 1 September 2009, 3 March 2014 and 16 March 2016 respectively, and are renewable automatically for successive term of two years. Each of the above appointment letters may be terminated by either party by giving not less than three months' written notice.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Company's board of Directors with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Save that Mr. Kong Zhanpeng, being an executive Director, was indirectly interested in the contracts made between the Group and the GBT Group as disclosed in the paragraph headed "Continuing Connected Transactions" of this report, and Mr. Wang Jian, by virtue of him being an executive Director of the Company and GBT, was deemed to have a material interest in the transaction, save as above, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2015 and up to the date of this report, there was or is permitted indemnity provision (within the meaning in Section 469 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) in the articles of association of the Company being in force. The Company has maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover certain legal actions brought against its directors and officers arising out of corporate activities.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or were in existence during the Year.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme became effective since 3 September 2007 and, unless otherwise cancelled or amended, will remain in force 10 years from that date.

The following share options were outstanding under the Scheme of the Company during the Year:

Participants	Outstanding as at 1 January 2015	Granted during the Year	Cancelled or lapsed during the Year	Exercised during the Year	Outstanding as at 31 December 2015	Date of grant of share options	Exercise period of share options	Vesting period of share option	Exercise price of share options HK$ per share	Closing price immediately before the grant date HK$ per share
Kong Zhanpeng	6,000,000	–	–	–	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Zhang Fazheng#	2,000,000	–	(2,000,000)	–	–	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Lee Chi Yung	4,000,000	–	–	–	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Chan Yuk Tong*	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Ho Lic Ki	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Employees	2,900,000	–	(900,000)	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
Other participants	6,000,000	–	(6,000,000)	–	–	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67
	24,900,000	–	(8,900,000)	–	16,000,000					

* Mr. Chan Yuk Tong has resigned as independent non-executive Director on 24 December 2015.

Mr. Zhang Fazheng retired as an executive Director on 20 May 2014.

As at 31 December 2015, the options granted to subscribe for 16,000,000 shares (the "Shares") remained outstanding, representing approximately 1.05% of the issued share capital of the Company at that date.

As at the date of this annual report, 16,000,000 Shares were available for issue under the Scheme, representing approximately 1.05% of the issued share capital of the Company at that date.

Further details of the Scheme are disclosed in note 27 to the financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the interests and short positions in the Share, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Directors and chief executive of the Company as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, were as follows:

Name of Director	The Company/ name of associated corporation	Capacity/Nature of interest	Number and class of securities held *(Note 1)*	Percentage of the relevant class of issued share capital of the Company/ associated corporation
Kong Zhanpeng	The Company	Interest of a controlled corporation	1,984,000 Shares (L) *(Note 2)*	0.13
	The Company	Beneficial owner	6,000,000 Shares (L) *(Note 3)*	0.39
	GBT	Beneficial owner	18,256,000 ordinary shares of HK$0.10 each (L)	0.29
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK$0.10 each (L) *(Note 4)*	3.78
Ho Lic Ki	The Company	Beneficial owner	2,000,000 Shares (L) *(Note 5)*	0.13

Notes:

1. The letter "L" represents the Director's interests in the shares and underlying shares of the Company or its associated corporation.

2. These shares are held by Hartington Profits Limited.

3. These shares are underlying shares comprised in the options granted to Mr. Kong Zhanpeng pursuant to the Scheme.

4. These 241,920,000 shares are held by Hartington Profits Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Kong Zhanpeng.

5. These shares are underlying shares comprised in the options granted to Mr. Ho Lic Ki pursuant to the Scheme.

Saved as disclosed above, as at 31 December 2015, none of the Directors and the chief executive of the Company has any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the paragraph headed "Directors Interest and Short Positions in Shares and Underlying Shares" above, at no time during the Year were rights to acquired benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or any person in whose shares and debentures any Directors is deemed to be interested under Part XV of the SFO, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	**Capacity/nature of interest**	**Number of Shares held** *(Note 1)*	**Percentage of Company's issued share capital**
Global Corn Bio-chem Technology Company Limited ("Global Corn Bio-chem")	Beneficial owner	977,778,000 Shares (L)	64.01
GBT	Interest of a controlled corporation *(Note 2)*	977,778,000 Shares (L)	64.01
	Beneficial owner	500,000 Shares (L)	0.03
Modern Agricultural Industry Investment Limited	Interest of a controlled corporation *(Note 3)*	978,278,000 Shares (L)	64.04

Notes:

1. The letter "L" denotes the person's interest in the share capital of the Company.

2. These Shares are registered in the name of Global Corn Bio-chem, which is a wholly-owned subsidiary of GBT. Therefore, GBT is deemed to be interested in all the shares in which Global Corn Bio-chem is interested according to the SFO.

3. These Shares are registered in the name of or deemed to be interested by GBT, which is owned as to approximately 49% by Modern Agricultural Industry Investment Limited. The entire issued capital of Modern Agricultural Industry Investment Limited is held by Modern Agricultural Industry Investment Holdings Limited which is in turn wholly owned by PRC LLP. The sole general partner of PRC LLP is Jilin Province Modern Agricultural Industry Fund Limited, and the sole limited partner of PRC LLP is Jiaotou. Jilin Province Modern Agricultural Industry Fund Limited is wholly owned by Jilin Changjitu Investment Co., Ltd. whose 91.11% of its interest is owned by Jiaotou. Jiaotou is 71.43% owned by 吉林省人民政府國有資產監督管理委員會 (Stated-owned Assets Supervision & Administration Commission of the People's Government of Jilin Province). Each of Modern Agricultural Industry Investment Limited, Modern Agricultural Industry Investment Holdings Limited, PRC LLP, Jilin Province Modern Agricultural Industry Fund Limited, Jilin Changjitu Investment Co., Ltd., Jiaotou and 吉林省人民政府國有資產監督管理委員會 (Stated-owned Assets Supervision & Administration Commission of the People's Government of Jilin Province) are deemed to be interested in the interest held by GBT.

Saved as disclosed above, no person, other than the Directors and chief executive of the Company has, as of 31 December 2015, had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

PROVISION OF FINANCIAL ASSISTANCE BY THE GROUP TO THE GBT GROUP

Reference is made to the March Announcement, in relation to (1) the provision of financial assistance by the Group to the GBT Group, (2) provision of financial assistance by the Group to a supplier to the Group, (3) suspension and relocation of production operations at Luyuan District, Changchun, and (4) possible disposal of lands and buildings by the Group. In December 2014 and February 2015, certain members of the Group entered into a mortgage in favour of Bank A ("Mortgage A") and a mortgage in favor of Bank B ("Mortgage B") for the provision of mortgage security in favour of certain banks in the PRC for the benefit of certain members of the GBT Group, namely, 長春大合生物技術開發有限公司 (Changchun Dahe Bio Technology Development Co., Ltd.) ("Changchun Dahe") and 長春大成生物科技開發有限公司 (Changchun Dacheng Bio-tech Development Co., Ltd.) ("Changchun Dacheng Bio-tech").

As at the date of this report, GBT is a controlling shareholder of the Company holding approximately 64.04% of the entire issued share capital of the Company. Changchun Dahe and Changchun Dacheng Bio-tech are wholly-owned by GBT and hence are associates of GBT. Accordingly, the financial assistance provided to Changchun Dahe by Changchun Dihao under Mortgage A and to Changchun Dacheng Bio-Tech by 長春帝豪食品發展有限公司 (Changchun Dihao Foodstuff Development Co., Ltd, "Changchun Dihao") and 長春帝豪結晶糖開發實業有限公司 (Changchun Dihao Crystal Sugar Industry Development Co., Ltd., "Dihao Crystal Sugar") under Mortgage B constituted connected transactions for the Company under Chapter 14A of the Listing Rules. Mortgage A and Mortgage B are aggregated as a single transaction pursuant to Rules 14.22 and 14A.81 of the Listing Rules as these financial assistance were provided for the benefit of the same party within a 12-month period. As the applicable percentage ratios (other than the profits ratio) either alone or on an aggregate basis, are more than 25%, the financial assistance provided under Mortgage A and Mortgage B both constituted a major transaction of the Company under Chapter 14 of the Listing Rules and a non-exempted connected transaction of the Company under Rule 14A of the Listing Rules.

In addition, as the assets ratio of the financial assistance provided by Changchun Dihao and Dihao Crystal Sugar under both Mortgage A and Mortgage B was more than 8%, the Company was under a general disclosure obligation to disclose such financial assistance under Rule 13.16 of the Listing Rules.

As such, the failure by the Company to comply with the reporting, announcement and independent shareholders' approval requirements in respect of Mortgage A and Mortgage B constituted non-compliance with Rule 13.16 and Chapters 14 and 14A of the Listing Rules.

As at the date of this report, all outstanding amounts drawn under the banking facilities secured by Mortgage A have been fully repaid and the banking facilities secured by Mortgage B have not been utilised.

CONTINUING CONNECTED TRANSACTIONS

During the Year, save as disclosed in this report, the Group had the following connected transactions or continuing connected transactions with the GBT Group. Save as disclosed below and in this report, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules:

Sourcing of utilities services

Pursuant to the utilities master supply agreement dated 30 August 2012, the GBT Group provided utility services including electricity, water, steam and wastewater treatment services to all of its subsidiaries at Changchun, including the Group's production plants at Changchun on arm's length basis and with reference to the actual cost incurred by the GBT Group for its provision of such services. Under the utilities service master supply agreement, the fees payable by the Group shall be settled on a monthly basis and shall be payable by the Group within 90 days after the date of the relevant invoice issued by the GBT Group. During the Year, the GBT Group charged the Group for HK$3 million for the provision of these utilities services.

Purchase of corn starch

Pursuant to the corn starch master purchase agreement dated 30 August 2012, the Group has been sourcing corn starch either in the form of starch powder or starch slurry, from the GBT Group as one of the principal production materials for the Group's production. Under the corn starch master purchase agreement, the prices shall be from time to time determined by the relevant members of the GBT Group and the Group on arm's length basis and with reference to the prevailing market rates of corn starch powder, with adjustments to be made to the purchase price with reference to the delivery arrangement between the Group and the GBT Group. The payment terms for the products would be set out in the purchase order for each order to be placed under the corn starch master purchase agreement, provided that the purchase price shall be payable by the relevant member of the Group within 60 days after the date of the relevant invoice issued by the relevant member of the GBT Group. During the Year, purchase of corn starch from the GBT Group by the Group amounted to HK$55 million.

Supply of corn sweeteners

Pursuant to the corn sweeteners master sales agreement dated 30 August 2012, the GBT Group has been sourcing corn sweeteners, including sorbitol, from the Group as one of the principal production materials for the GBT Group's production of amino acid and polyol products on arm's length basis and with reference to the prevailing market rates of the relevant corn sweeteners and on such other standard terms of sale and purchase from time to time, provided that such terms are on normal and usual commercial terms and are no more favourable as those applicable to the sales of the same type and quality of corn sweeteners for comparable quantity by the Group to independent third parties. Under the corn sweeteners master sales agreement, the payment terms for the products would be set out in the purchase order for each order to be placed under the agreement, provided that the purchase price shall be payable by the relevant member of the GBT Group within 60 days after the date of the relevant invoice issued by the Group. During the Year, there was no sales of corn sweeteners by the Group to the GBT Group.

Supply of corn starch and by-products

Pursuant to the upstream products master sales agreement dated 30 August 2012, the GBT Group has been sourcing corn starch either in the form of corn steep liquor or starch slurry, from the Group as one of the principal production materials for the GBT Group's production. Under the upstream products master sales agreement, the prices shall be from time to time determined by the relevant members of the GBT Group and the Group on arm's length basis and with reference to the prevailing market rates of corn starch powder, with adjustments to be made to the purchase price with reference to the delivery arrangement between the Group and the GBT Group. The payment terms for the products would be set out in the purchase order for each order to be placed under the upstream products master sales agreement, provided that the purchase price shall be payable by the relevant member of the Group within 60 days after the date of the relevant invoice issued by the relevant member of the GBT Group. Upon the entering into of corn starch and by-products master sales agreement dated 3 March 2014, the upstream products master sales agreement was terminated contemporaneously. The terms under the upstream products master sales agreement and the corn starch and by-products master sales agreement are substantially the same, except that pursuant to the corn starch and by-products master sales agreement, corn starch powder and by-products such as corn oil will also be supplied to the GBT Group. During the Year, there was no sales of corn starch from the Group to the GBT Group.

Sales agency service

Pursuant to the sales agency agreement dated 12 December 2013, the Group has appointed the GBT Group as exclusive agent for the sale of corn starch, corn steep liquor, corn oil, germ cake, corn fiber feed, corn gluten meal, corn gluten feed pellets and such other products that are sold by the Group which are not required by the Group or in excess of the internal consumption of the Group from time to time. The Group shall reimburse the GBT Group for its costs for the performance of its obligations under the sales agency agreement on a semi-annual basis and there will not be any other agency fee being charged by the GBT Group for the services rendered. During the Year, there was no fee paid by the Group to the GBT Group for the sales agency.

The GBT Group holds in aggregate 64.04% interest in the share capital of the Company. The above transactions constituted continuing connected transactions under Chapter 14A of the Listing Rules.

The independent non-executive Directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole; and (iv) the aggregate consideration charged by or to the Group in respect of the continuing connected transactions during the Year had not exceeded the respective caps as set out in the relevant announcements. The auditors of the Company have confirmed that the continuing connected transactions have complied with the matters as set out in Rule 14A.56 of the Listing Rules.

Save for the aforementioned continuing connected transactions and connected transactions disclosed in this report, the related party transactions disclosed in note 30 to the financial statements are either exempted connected continuing transactions or non-exempted continuing connected transactions which have complied with the requirement of Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

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

NON-COMPETE UNDERTAKINGS

Mr. Kong Zhanpeng, an executive Director, is interested in approximately 4.07% of the issued share capital of GBT through his interest as beneficial owner and his interest in Hartington Profits Limited. The GBT Group is engaged in, among other things, the production and sale (the "Excluded Business") of corn starch, steepwater liquid, corn oil, germ cake, corn fibre feed, corn gluten meal, corn gluten feed pellets and other co-products ("Co-Products"). Pursuant to a non-compete undertaking ("Non-compete Undertaking") given by GBT and Global Corn Bio-chem dated 3 September 2007 in favour of the Group (as supplemented by a waiver executed by the Company to GBT and Global Corn Bio-chem dated 24 September 2008), the GBT Group is restricted from engaging in any business that may compete with the business of the Group from time to time.

The Group is principally engaged in the manufacture and sale of various corn sweeteners, which are classified into two categories: corn syrup (glucose syrup, maltose syrup and high fructose corn syrup) and corn syrup solid (crystallised glucose and maltodextrin). The production and sale of corn starch and Co-Products are not the core business of the Group and the management team of the Group is substantially independent from the management team of the GBT Group. The core business of the Group is not dependent or otherwise rely on the sales of corn starch and/or the Co-products and also given the execution of the Non-compete Undertaking, the Directors consider that the Group is capable of carrying on its own business independently of, and at arm's length from, the Excluded Business.

During the Year and up to the date of this report, save as disclosed above, no Director of the Company is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules, other than those businesses of which the Directors of the Company were appointed as directors to represent the interests of the Company and/or the Group.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE LISTING RULES

Reference is made to the March Announcement and the section headed "Update on Remedial Measures – 1. Financial guarantees granted for the benefits of a major supplier" in the Management Discussion and Analysis of this report.

During November 2010 to March 2015, certain members of the Group entered into the Supplier Guarantees for the benefit of Supplier in respect of certain bank borrowings that are notifiable transactions for the Company under the Listing Rules. Details of the Supplier Guarantees are as follows:

Date of guarantee	26/11/2010	15/12/2011	31/12/2012	5/3/2014	4/3/2015
Name of bank	Bank C	Bank C	Bank C	Bank C	Bank C
Guarantors	Changchun Dihao and Changchun Jincheng	Changchun Dihao and Changchun Jincheng	Changchun Dihao	Changchun Dihao	Changchun Dihao
Guaranteed Amount	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 26/11/2010 to 26/11/2011 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 15/12/2011 to 8/12/2012 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 26/12/2012 to 13/12/2013 and up to a maximum guaranteed amount of RMB3 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 1/1/2014 to 16/12/2014 and up to a maximum guaranteed amount of RMB2.5 billion.	All indebtedness due and owing to Bank C pursuant to any loan agreements or other documents signed by Dajincang between 1/1/2015 to 16/4/2015 and up to a maximum guaranteed amount of RMB2.5 billion.
Principal amount outstanding as of the date of this report	Nil	Nil	Nil	RMB1.96 billion	RMB530 million
Date of expiry of the guarantee	Two years from 26/11/2011, i.e. 26/11/2013	Two years from 8/12/2012, i.e. 8/12/2014	Two years from 13/12/2013, i.e. 13/12/2015	Two years from 16/12/2014, i.e. 16/12/2016	Two years from 16/4/2015, i.e. 16/4/2017

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Bank C and its ultimate beneficial owners are third parties independent of the Company and its connected persons. Bank C is a stock exchange listed State majority owned joint stock company principally engaged in the provision of banking services. Changchun Dihao and Changchun Jincheng did not receive any fee or commission for entering into the Supplier Guarantees.

Based on inquiries made by the management of the Company, the first Supplier Guarantee was entered into in 2010 for the purposes of saving financing costs under a programme devised by GBT's PRC management as Dajincang was the largest supplier of the GBT Group (including the Group).

As part of its functions, Dajincang had to buy corn kernels from local farmers primarily in cash, store them and sell them to users or the local government as strategic reserves. Because the GBT Group was Dajincang's major customer, Dajincang had to utilise large cash resources and/or drawdown significant loan facilities to buy corn kernels for resale to the GBT Group (including the Group) regularly.

In response to requests by Dajincang to shorten credit periods in 2010, the GBT Group's PRC management, who were expecting to incur additional financing costs if the credit periods were so shortened, sought to minimise such costs by offering the Supplier Guarantees to Dajincang's bank lenders.

Dajincang was also a direct major supplier to the Group, though to a lesser value. In addition, since some of the corn kernels of Dajincang bought by the GBT Group were used to produce starch supplied to the Group, Dajincang was also an indirect supplier of corn starch to the Group. On this basis, Changchun Dihao and Changchun Jincheng also entered into some of the Supplier Guarantees.

As the provision of guarantee under the Supplier Guarantees constituted an advance to an entity under Rule 13.13 of the Listing Rules, and since the assets ratio of the guarantee provided by the Group was more than 8% as at 31 December 2014 and the date of this report, the Company's general disclosure obligation under Rule 13.20 of the Listing Rules of the Dajincang Financial Guarantees arose.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

On 1 January 2015, as recommended by the Remuneration Committee and approved by the Board, the annual director's fee of each of Mr. Ho Lic Ki and Mr. Lo Kwing Yu, being the independent non-executive Directors, have been increased to HK$480,000 with effect from 1 April 2015.

In addition, supplemental agreements have been entered into between the Company and Mr. Kong Zhanpeng, the executive Director, on 20 April 2015, in relation to amendment of terms of the service agreements of the executive Directors, regarding basis of determining discretionary management bonus and the annual increment of the basic salary of the executive Directors. Pursuant to the supplemental agreements, increase in salary of the executive Directors shall be determined by the remuneration committee of the Company or the Board, and the management bonus of the executive Directors in respect of each financial year of the Company shall be determined pursuant to the mechanism adopted by the Board from time to time, or to be determined by the Board in its absolute discretion.

EVENTS SUBSEQUENT TO THE YEAR UNDER REVIEW

On 26 February 2016, the Company proposed to enter into the new master agreements for certain continuing connected transactions (the "New Master Agreements") with GBT Group. GBT is a controlling shareholder of the Company, therefore, the proposes transactions contemplated under the New Master Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Since the proposed annual caps under each of the New Master Agreements for each of the three years ending 31 December 2018 are more than 5% of each of the applicable percentage ratios under the Listing Rules, therefore the New Master Agreements and the proposed annual caps are subject to the reporting, announcement and independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The relevant announcement and circular of aforesaid transactions were published on the website of the Stock Exchange and the Company on 26 February 2016 and 21 March 2016, respectively.

An extraordinary general meeting was convened on 8 April 2016 and all ordinary resolutions proposed were passed by way of poll.

Change of auditors of the Company

Upon the approval of the shareholders of the Company at the extraordinary general meeting of the Company convened on 16 Feb 2016, Ernst & Young had been removed as the auditor of the Company, and Mazars CPA Limited had been appointed as the auditor of the Company in place of Ernst & Young until the conclusion of the forthcoming annual general meeting of the Company. As detailed in the announcement of the Company dated 15 January 2016, Ernst & Young had not been able to reach an agreement with the Company in relation to the audit fee payable for the financial year ended 31 December 2015.

Relocation of production facilities to the Xinglongshan Site, resumption of production of downstream products in Changchun and suspension of Group's upstream products at the production plant in Jinzhou

Reference is made to the circular of the Company dated 21 March 2016, and the announcements of the Company dated 31 March 2014 and 31 March 2015, respectively, in relation to among others, the suspension and relocation of production facilities of the Group at Lu Yuan District in Changchun pending its relocation of production facilities to the Xinglongshan Site. The Group has halted its relocation of production facilities to the Xinglongshan Site until the end of the first quarter of 2016. In light of the changes of plan and schedule for the relocation of the production facilities of the Group, and in order to optimize the utilisation of the Group's production facilities for downstream products to meet the market demand, it is expected that members of the Group in Changchun will gradually resume the production of downstream products, and the provision and supply of, among others, corn starch by the GBT Group for the production facilities of the Group in Changchun would be required. In addition, considering the poor market sentiment for corn refined products and the provincial variance in government subsidies for corn procurement which results in significantly higher net corn purchase cost in Jinzhou than that in Changchun, the cost of production for the Group's upstream products at its production plant at Jinzhou, particularly corn starch which is produced for the Group's production of its downstream products in Shanghai, had increased substantially. As such, the Group had decided to suspend its production at the Group's facilities in Jinzhou.

AUDITORS

Mazars CPA Limited will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the AGM.

ON BEHALF OF THE BOARD

Wang Jian
Chairman

MAZARS

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on page 55 to page 119, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

Except for the inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As a result of similar limitations of audit scope as mentioned below in addition to other matters mentioned therein, a disclaimer of opinion was expressed by the predecessor auditor in their report dated 31 March 2015 on the consolidated financial statements of the Group for the year ended 31 December 2014.

Financial guarantee contracts

Certain subsidiaries of the Group, together with certain fellow subsidiaries, had jointly provided corporate guarantees to a bank in connection with banking facilities granted to a major supplier since 2010 which amounted to RMB2.5 billion at 31 December 2014 and 2015 (the "Financial Guarantee Contracts"). The Financial Guarantee Contracts were not recognised in the consolidated financial statements. As the management had not determined the fair value of the Financial Guarantee Contracts for initial recognition and the carrying amount for subsequent measurement in accordance with HKFRSs, we were unable to determine whether any adjustments in respect of the Financial Guarantee Contracts at 31 December 2014 and 2015 were necessary, which may have a significant impact on the financial position of the Group at 31 December 2014 and 2015, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION *(continued)*

Write-down of inventories

Included in the Group's cost of sales for the year ended 31 December 2014 was a write-down of HK$32 million against certain corn kernels with subsequent significant reduction in production yield. We were not provided with sufficient appropriate audit evidence for the write-down. Therefore, we were unable to determine whether any adjustments to the write-down of inventories of the Group at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Inventories

Included in the Group's inventories balance at 31 December 2014 were corn kernels of HK$39 million, which were kept at locations outside of the Group's premises. We were unable to perform effective audit procedures to obtain sufficient appropriate audit evidence to verify the ownership of these inventories. Therefore, we were unable to determine whether any adjustments to these inventories at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Other receivable

Included in the Group's prepayments, deposits and other receivables balance at 31 December 2014 was an amount receivable from a major supplier of HK$354 million, which arose from the return of certain corn kernels to the major supplier by the Group during that year. At 31 December 2014, no impairment loss had been recognised in respect of the receivable. At 31 December 2015, the receivable amounted to HK$332 million before impairment loss.

As disclosed in note 20 to the consolidated financial statements, an impairment loss of the receivable in the amount of HK$109 million was recognised during the year ended 31 December 2015, which was determined with reference to the fair value of the consideration receivable from the disposal of the receivable after the end of the reporting period. However, we were unable to verify the recoverability of the receivable from the major supplier at 31 December 2014. Therefore, we were unable to determine whether any adjustments to the impairment loss recognised during the year ended 31 December 2015 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Amounts due from the immediate holding company and fellow subsidiaries

The Group had amounts due from the immediate holding company of HK$22 million, and amounts and trade receivables due from fellow subsidiaries in an aggregate of HK$225 million at 31 December 2014. As the immediate holding company and the fellow subsidiaries incurred significant losses during the year ended 31 December 2014 and had net current liabilities at 31 December 2014, we were unable to obtain sufficient appropriate audit evidence on the recoverability of these balances at 31 December 2014. Therefore, we were unable to determine whether any adjustments to these balances at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

BASIS FOR DISCLAIMER OF OPINION *(continued)*

Trade payables

Included in the Group's trade and bills payables balance at 31 December 2014 were aggregate trade payables of HK$228 million. We were unable to obtain adequate confirmation responses or to obtain sufficient appropriate audit evidence by performing alternative procedures to verify the trade payable balance at 31 December 2014. Therefore, we were unable to determine whether any adjustments to the trade payables of the Group at 31 December 2014 were necessary, which may have a significant impact on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

Impairment of non-current assets

During the year ended 31 December 2014, the Group recognised an impairment loss on property, plant and equipment of HK$263 million and an impairment loss on goodwill of HK$184 million based on directors' impairment assessment. During the year ended 31 December 2015, the Group recognised a further impairment loss on property, plant and equipment of HK$359 million based on directors' impairment assessment. We were unable to obtain sufficient appropriate audit evidence to assess the adequacy and appropriateness of the directors' impairment assessment at 31 December 2014 and 2015. Any adjustments found to be necessary in respect of the impairment of the non-current assets together with related tax may have a significant impact on the financial position of the Group at 31 December 2014 and 2015, and on the financial performance and the elements making up the consolidated statement of cash flows of the Group for the year ended 31 December 2015.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Global Sweeteners Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

EMPHASIS OF MATTER

We draw attention to note 2.1 to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. At 31 December 2015, the Group had net current liabilities of HK$128 million, and the Group incurred losses since 2012 and reported a loss of HK$754 million for the year ended 31 December 2015. In addition, any potential liabilities or obligations arising from the Financial Guarantee Contracts may have a significant negative impact on the liquidity position of the Group. These conditions, along with other matters as set forth in note 2.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

The validity of the going concern assumption is dependent on the successful and favourable outcomes of the measures being taken by the directors of the Company as described in note 2.1. Among those measures, the ultimate holding company of a major shareholder of the ultimate holding company of the Company has provided a confirmation in writing that it will undertake all liabilities that may arise from the Financial Guarantee Contracts and provide financial support to the Group to enable it to continue as a going concern (the "Confirmation"). The directors of the Company have evaluated all the relevant facts available to them, including the Confirmation, and are of the opinion that the Group would be able to continue as a going concern. Therefore, the consolidated financial statements have been prepared on a going concern basis, and do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern. We consider that appropriate disclosures have been made in this respect. Our opinion is not modified in respect of this matter.

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road
Wahchai, Hong Kong

25 April 2016

Yip Ngai Shing
Practising Certificate Number: P05163

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	1,648,981	2,919,716
Cost of sales		(1,568,695)	(3,109,569)
Gross profit/(loss)		80,286	(189,853)
Other income and gains	5	38,029	130,830
Selling and distribution costs		(87,702)	(213,562)
Administrative expenses		(100,640)	(108,610)
Impairment of property, plant and equipment	13	(358,936)	(262,633)
Impairment of prepaid land lease payment	14	(5,135)	—
Impairment of goodwill	15	—	(183,538)
Impairment of trade and bills receivables	19	(339)	(44,836)
Write-off of trade and bills receivables	5	(10,750)	—
Impairment of other receivables	20	(109,184)	—
Other expenses		(127,477)	(130,613)
Finance costs	7	(65,360)	(79,438)
LOSS BEFORE TAX	6	(747,208)	(1,082,253)
Income tax expense	10	(6,559)	(10,983)
LOSS FOR THE YEAR		(753,767)	(1,093,236)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of operations outside Hong Kong		2,801	(20,047)
Items that will not be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation	13	7,404	—
Income tax effect		(1,851)	—
		5,553	—
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX		8,354	(20,047)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(745,413)	(1,113,283)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Loss attributable to:			
Owners of the Company		**(753,454)**	(1,093,115)
Non-controlling interests		**(313)**	(121)
		(753,767)	(1,093,236)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**(745,425)**	(1,113,241)
Non-controlling interests		**12**	(42)
		(745,413)	(1,113,283)
LOSS PER SHARE	12		
Basic		**HK(49.3) cents**	HK(71.6) cents
Diluted		**HK(49.3) cents**	HK(71.6) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	408,312	1,194,463
Prepaid land lease payments	14	85,107	177,663
Deposits paid for acquisition of property, plant and equipment		354	2,449
Goodwill	15	—	—
Prepayments, deposits and other receivables	20	107,047	—
Other intangible assets	16	3,243	3,243
Deferred tax assets	25	—	969
		604,063	1,378,787
CURRENT ASSETS			
Inventories	18	161,975	212,581
Trade and bills receivables	19	167,640	374,301
Prepayments, deposits and other receivables	20	192,862	396,753
Due from the immediate holding company	30(iv)	—	22,036
Due from fellow subsidiaries	30(iv)	40,560	154,059
Pledged deposits	21	24,184	—
Cash and cash equivalents	21	61,106	189,935
		648,327	1,349,665
Non-current assets held for sale	17	365,082	—
		1,013,409	1,349,665
CURRENT LIABILITIES			
Trade and bills payables	22	195,910	227,665
Other payables and accruals	23	216,379	281,181
Interest-bearing bank borrowings	24	703,571	471,250
Due to fellow subsidiaries	30(iv)	—	92,682
Due to the ultimate holding company	30(iv)	—	28,587
Tax payable		25,539	24,631
		1,141,399	1,125,996
NET CURRENT (LIABILITIES)/ASSETS		(127,990)	223,669
TOTAL ASSETS LESS CURRENT LIABILITIES		476,073	1,602,456
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	24	190,476	570,000
Deferred tax liabilities	25	107,110	108,556
		297,586	678,556
NET ASSETS		178,487	923,900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
EQUITY			
Issued capital	26	152,759	152,759
Reserves		31,953	777,378
Equity attributable to owners of the Company		184,712	930,137
Non-controlling interests		(6,225)	(6,237)
TOTAL EQUITY		178,487	923,900

Approved and authorised for issue by the Board of Directors on 25 April 2016 and signed on its behalf by

Wang Jian
Director

Kong Zhanpeng
Director

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015	152,759	1,074,879	51,989	54,769	301,397	14,691	(720,347)	930,137	(6,237)	923,900
Loss for the year	–	–	–	–	–	–	(753,454)	(753,454)	(313)	(753,767)
Other comprehensive income for the year:										
– Revaluation surplus, net of deferred tax	–	–	5,553	–	–	–	–	5,553	–	5,553
– Exchange realignment	–	–	–	–	2,476	–	–	2,476	325	2,801
Total comprehensive loss for the year	–	–	5,553	–	2,476	–	(753,454)	(745,425)	12	(745,413)
Transfer	–	–	–	5,048	–	–	(5,048)	–	–	–
Transactions with owners:										
Contributions and distributions										
Transfer upon forfeiture of share options	–	–	–	–	–	(5,251)	5,251	–	–	–
At 31 December 2015	152,759	1,074,879*	57,542*	59,817*	303,873*	9,440*	(1,473,598)*	184,712	(6,225)	178,487

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company									
	Issued capital HK$'000	Share premium HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014										
As previously reported	152,759	1,074,879	51,989	126,481	321,523	14,986	300,761	2,043,378	(6,195)	2,037,183
Correction of prior year errors (note 2.3)	–	–	–	(74,040)	–	–	74,040	–	–	–
As restated	152,759	1,074,879	51,989	52,441	321,523	14,986	374,801	2,043,378	(6,195)	2,037,183
Loss for the year	–	–	–	–	–	–	(1,093,115)	(1,093,115)	(121)	(1,093,236)
Other comprehensive loss for the year:										
– Exchange realignment	–	–	–	–	(20,126)	–	–	(20,126)	79	(20,047)
Total comprehensive loss for the year	–	–	–	–	(20,126)	–	(1,093,115)	(1,113,241)	(42)	(1,113,283)
Transfer	–	–	–	2,328	–	–	(2,328)	–	–	–
Transactions with owners:										
Contributions and distributions										
Transfer upon forfeiture of share options	–	–	–	–	–	(295)	295	–	–	–
At 31 December 2014	152,759	1,074,879*	51,989*	54,769*	301,397*	14,691*	(720,347)*	930,137	(6,237)	923,900

* These reserve accounts comprise the reserves of HK$31,953,000 (2014: HK$777,378,000) in the consolidated statement of financial position.

SHARE PREMIUM

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

ASSET REVALUATION RESERVE/EXCHANGE FLUCTUATION RESERVE/SHARE OPTION RESERVE

Asset revaluation reserve, exchange fluctuation reserve and share option reserve are dealt with in accordance with the respective accounting policies on these reserves as set out in note 2.5 to the consolidated financial statements.

STATUTORY RESERVE FUND

Certain subsidiaries which were established in the People's Republic of China (the "PRC") are required to transfer 10% of their profits after tax calculated in accordance with the PRC accounting regulations to their respective statutory reserve funds until they reach 50% of their respective registered capital, upon which any further appropriation is at the directors' recommendation. These reserves may be used to reduce any losses incurred by the subsidiaries or may be capitalised as paid-up capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(747,208)	(1,082,253)
Adjustments for:			
Interest expense	7	65,360	79,438
Bank interest income	5	(913)	(2,139)
Depreciation	13	134,350	142,829
(Gain)/loss on disposal of property, plant and equipment	6	(2,654)	1,170
Gain on resumption of assets located in Lu Yuan District	5	—	(102,669)
Amortisation of prepaid land lease payments	14	7,234	7,171
(Reversal of impairment)/impairment of trade and bills receivables, net	19	(1,874)	44,836
Write-off of trade and bills receivables	6	10,750	—
Impairment/(reversal of impairment) of other receivables, net	6	109,184	(4,126)
Write-down of inventories	6	10,894	278,347
Impairment of prepaid land lease payments	14	5,135	—
Impairment of property, plant and equipment	13	358,936	262,633
Reversal of indemnity for breach of contract	5	(21,938)	—
Impairment of goodwill	15	—	183,538
		(72,744)	(191,225)
Decrease in inventories		31,613	564,518
Decrease in trade and bills receivables		118,607	132,929
Increase in prepayments, deposits and other receivables		(30,272)	(214,834)
Decrease in trade and bills payables		(3,348)	(29,379)
(Decrease)/increase in other payables and accruals		(32,343)	61,716
Cash generated from operations		11,513	323,725
Interest received		913	2,139
Overseas taxes paid		(7,675)	(9,405)
Net cash from operating activities		4,751	316,459

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of a parcel of land	(1,873)	(3,628)
Purchases of property, plant and equipment	(15,759)	(50,699)
Proceeds from disposal of property, plant and equipment	2,972	7,778
Proceeds from compensation on resumption of assets or land	—	108,100
Proceeds from disposal of prepaid land lease payments	—	11,874
Withdrawal of a financial asset at fair value through profit or loss	—	22,658
Net cash (used in)/from investing activities	(14,660)	96,083
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank borrowings	178,750	1,071,250
Repayment of bank borrowings	(281,220)	(1,371,387)
Interest paid	(65,360)	(79,438)
Decrease in an amount due from the immediate holding company	(213)	—
Increase/(decrease) in amounts with fellow subsidiaries	74,619	(254,775)
Pledged deposits	(24,184)	—
Net cash used in financing activities	(117,608)	(634,350)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(127,517)	(221,808)
Cash and cash equivalents at beginning of year	189,935	412,910
Effect of foreign exchange rate changes, net	(1,312)	(1,167)
CASH AND CASH EQUIVALENTS AT END OF YEAR	61,106	189,935
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	61,106	159,826
Non-pledged time deposits with original maturity of less than three months when acquired	—	30,109
Cash and cash equivalents as stated in the consolidated statement of financial position	61,106	189,935

MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2015, amounts due from the immediate holding company and fellow subsidiaries in aggregate of HK$162 million were offset against amounts due to the ultimate holding company and fellow subsidiaries pursuant to offsetting agreements entered into between relevant parties.

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 13 June 2006. The principal activity of the Company is investment holding. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit 1104, Admiralty Centre, Tower 1, No. 18 Harcourt Road, Hong Kong. The Company and its subsidiaries (the "Group") are principally engaged in the manufacture and sale of corn refined products and corn based sweetener products.

The Company is a subsidiary of Global Corn Bio-chem Technology Company Limited (the "immediate holding company" or "Global Corn Bio-chem"), a company incorporated in the British Virgin Islands. In the opinion of the directors, the ultimate holding company is Global Bio-chem Technology Group Company Limited (the "ultimate holding company" or "GBT" and together with its subsidiaries, the "GBT Group"), a company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

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

These consolidated financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment which are measured at revalued amounts as further explained in note 2.5 to the consolidated financial statements. These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The Group recorded a consolidated net loss of approximately HK$754 million (2014: approximately HK$1,093 million) for the year ended 31 December 2015 and as at that date, net current liabilities of approximately HK$128 million (2014: net current assets of approximately HK$224 million). In view of these circumstances, the directors of the Company have taken the following steps to improve the Group's liquidity and solvency position.

(1) Active negotiations with banks to obtain adequate bank borrowings to finance the Group's operations

The management of the Company has been actively negotiating with the banks in the PRC to secure the renewals of the Group's short term bank loans and long term bank loans to meet its liabilities when fall due.

Pursuant to an agreement signed with four major lender banks of the subsidiaries of the Company and GBT on 22 September 2015 (the "Agreement"), in respect of the banking facilities granted to the subsidiaries of the Company and GBT in Changchun, the four major lender banks agreed 1) to lower the interest rate for the bank borrowings; 2) not to withdraw any banking facilities then provided; and 3) to take all possible measures to ensure the renewal of all existing bank borrowings. On 21 March 2016, at a meeting between the Company and three major lender banks in Changchun, the three lender banks reiterated their support to the subsidiaries of the Company and GBT in Changchun, confirmed the validity of the Agreement and expressed their intention to renew the existing banking facilities granted by them to the Company's and GBT's subsidiaries in Changchun upon expiry.

2.1 BASIS OF PREPARATION *(continued)*

(2) Improvement of the Group's operating cash flows

The Group is taking measures to tighten cost controls over various production costs and expenses with the aim to attain profitable and positive cash flow operations. During the year ended 31 December 2015, the Group has scaled down certain corn starch and corn based sweetener production in order to minimise operating cash outflows.

Based on management estimation of the future cash flows of the Group, after taking into account (i) the successful renewals of the Group's existing bank borrowings; (ii) the measures to minimise the Group's operating cash outflows; (iii) the materialisation of the proposed disposals of certain pieces of lands and buildings erected thereon in Lu Yuan District, Changchun, the PRC, as disclosed in the joint announcement of the Company and GBT dated 14 April 2016, and (iv) the materialisation of the proposed disposals of, among others, the receivable from Dajincang as disclosed in the Company's joint announcement with GBT dated 14 April 2016, the directors of the Company consider that the Group is able to generate sufficient funds to meet its financial obligations as and when they fall due in the foreseeable future.

(3) Financial support from the ultimate holding entity of a major shareholder of GBT

The Group has received a written confirmation from the ultimate holding entity of a major shareholder of GBT that it will provide financial support to the Group for its operation on a going concern basis and undertake all liabilities that may arise from the financial guarantee contracts in respect of banking facilities granted to a major supplier. Such assistance received by the Group is not secured by any assets of the Group.

Based on the measures as outlined in (1), (2) and (3) above, the directors are of the view that the Group could operate as a going concern in the foreseeable future. The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the successful and favourable outcomes of the steps being taken by the directors of the Company as described above. The consolidated financial statements of the Group have been prepared on a going concern basis and therefore, do not include any adjustments relating to the recognition of provisions or the realisation and reclassification of non-current assets and non-current liabilities that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at the amounts other than which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to recognise further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements. The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

Annual Improvements Project: 2010-2012 Cycle

The amendments relevant to the Group include the followings.

(1) HKFRS 2 Share-based Payment

The amendments add definitions for "performance condition" and "service condition" which were previously part of the definition of "vesting condition" and update the definitions of "vesting condition" and "market condition". It specifies in the definition of performance condition that a vesting condition requires specified performance target(s) to be met. A performance target can be defined not only by reference to the operations (or activities) of the entity or the price (or value) of its equity instruments, but also the operations (activities) of another entity in the same group or the price (or value) of the equity instruments of that entity. Further, the performance target can also be related to the performance of the entity as a whole or a part of it or the group, including a division or an individual employee. The period for achieving the performance target shall not extend beyond the end of the service period but may start before (provided not substantially before the commencement of) the service period.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

(2) HKFRS 8 Operating Segments

HKFRS 8 is updated as follows:

a) Judgements made by management in aggregating two or more operating segments exhibiting similar long-term financial performance and economic characteristics are required to be disclosed. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

b) It is clarified that the reconciliation of the total reportable segments' assets to the entity's assets is only required to be disclosed if the segment assets are regularly reported to the chief operating decision maker.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

(3) HKFRS 13 Fair Value Measurement

The basis for conclusions is amended to clarify that the issuance of HKFRS 13 and the consequential amendments to HKFRS 9 and HKAS 39 did not remove the entity's ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, when the effect of not discounting is immaterial.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

Annual Improvements Project: 2010-2012 Cycle *(continued)*

(4) HKAS 16 Property, Plant and Equipment

HKAS 16 originally required the revalued accumulated depreciation to be restated proportionately with the change in the gross carrying amount. However, it is noted that accumulated depreciation would not be restated proportionately to the gross carrying amount in situations in which both the gross carrying amount and the carrying amount are revalued non-proportionately to each other. Consequently, the Standard is amended such that a) the gross carrying amount of the revalued asset should be adjusted in a manner that is consistent with the revaluation of its carrying amount; and b) the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account the accumulated impairment losses.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

(5) HKAS 24 Related Party Disclosures

HKAS 24 is amended to clarify that an entity, or any member of a group of which it is a part, providing key management personnel services (the "management entity") to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The reporting entity shall disclose the amounts incurred for key management personnel services that are provided by the management entity. However, the compensation paid or payable by the management entity to its employees or directors is not required to be disclosed.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

Annual Improvements Project – 2011-2013 Cycle

The amendments relevant to the Group include the followings.

(1) HKFRS 13 Fair Value Measurement

These amendments clarify that all contracts within the scope of HKAS 39 or HKFRS 9 are included in the scope of the exception as set out in HKFRS 13 for measuring the fair value of a group of financial assets and financial liabilities on a net basis, even if those contracts do not meet the definitions of financial assets or financial liabilities in HKAS 32.

The adoption of the amendments does not have a significant impact on the consolidated financial statements.

Impact of the Hong Kong Companies Ordinance (Cap. 622)

In accordance with the Listing Rules, the disclosure requirements of Part 9 "Accounts and Audit" of the Ordinance come into operation for the preparation of these consolidated financial statements and as a result, there are changes to the presentation and disclosures of certain information as compared with the 2014 consolidated financial statements. Where appropriate, the comparative information has been amended to achieve a consistent presentation.

2.3 CORRECTION OF PRIOR YEAR ERRORS

The prior year adjustment represents the correction of errors in respect of statutory reserve fund that was incorrectly transferred from retained profits of HK$74,040,000. This prior year adjustment has no impact on the total reserves of the Group.

2.4 NEW AND REVISED HKFRSs NOT YET ADOPTED

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

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

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

3 The effective date of the amendments which was originally intended to be effective for annual periods beginning on or after 1 January 2016 has been delayed/removed.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

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

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

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

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

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee). The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. Investments in subsidiaries are stated at cost less impairment losses in the Company's statement of financial position which is presented within these notes. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

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

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

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

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement

The Group measures certain of its property, plant and equipment at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

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

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

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued assets.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets *(continued)*

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

Related parties

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

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

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

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint ventures of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly-controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets (or disposal group) held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

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

Leasehold buildings	2.0% to 4.5%
Plant and machinery	6.7%
Leasehold improvements, furniture, office equipment and motor vehicles	20%

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

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with HKFRS 5 and the date that the asset is derecognised. Therefore, depreciation does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill)

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

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

Golf club membership

Golf club membership is stated at cost less impairment losses, if any. The carrying amount of individual golf club membership is reviewed at the end of each reporting period to assess whether the fair value has declined below the carrying amount. When a decline other than temporary has occurred, the carrying amount of such golf club membership is reduced to its fair value. The amount of the reduction is recognised as an expense in profit or loss.

Non-current assets (or disposal group) held for sale

Non-current assets (or disposal group) held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Since its carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale must be highly probable. Property, plant and equipment and prepaid land lease payments classified as held for sale are not depreciated or amortised.

Immediately before the initial classification of the asset (or disposal group) as held for sale, the carrying amounts of the asset (or all the assets and liabilities in the group) shall be measured in accordance with applicable HKFRSs. When the sale is expected to occur beyond one year, the costs to sell shall be measured at their present value. Any increase in the present value of the costs to sell that arises from the passage of time shall be presented in profit or loss as a finance cost.

Operating leases

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial assets

Initial recognition and measurement

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

Subsequent measurement

Loans and receivables

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

Derecognition of financial assets

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

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

All financial liabilities are recognised initially at fair value net of directly attributable transaction costs. The Group's financial liabilities include trade and bills payables, other payables and accruals, interest-bearing loans and borrowings and amounts due to the ultimate holding company and the fellow subsidiaries.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

Loans and borrowings

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

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

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

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

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

(b) Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, taking into account any market conditions and non-vesting conditions.

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

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to accumulated profit/losses.

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

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

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

Pension schemes and other retirement benefits

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in the mainland of the PRC ("Mainland China") are required to participate in the retirement benefit schemes (the "PRC RB Schemes") operated by the respective local municipal governments in provinces of Mainland China where the group entities operate. These subsidiaries are required to contribute a certain percentage of their payroll costs to the PRC RB Schemes to fund the benefits. The only obligation of the Group with respect to the PRC RB Schemes is to pay the ongoing required contributions under the PRC RB Schemes. Contributions under the PRC RB Schemes are charged to profit or loss as they become payable in accordance with the rules of the PRC RB Schemes.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. The capitalisation rate is based on the actual cost of the related borrowings. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

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

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

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

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

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

Judgement

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

Classification of non-current assets held for sale

Certain non-current assets (other than goodwill) have been reclassified from non-current assets to current assets which are stated as "non-current assets held for sale". The reclassification is made when (i) the carrying amount of these assets will be recovered principally through a sale transaction rather than through continuing use; (ii) these assets must be available for immediate sale in its present condition subject only to terms that are usual and customary; and (iii) the sale of such assets must be highly probable. In determining whether these criteria have been met, management considers all the relevant facts and circumstances, including but not limited to, the existence of potential purchaser(s) and the probability to obtain shareholders' approval.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

Judgement *(continued)*

Recognition of a deferred tax liability for withholding taxes

The Group determines that no dividends are to be distributed by the PRC subsidiaries to the Company or any subsidiary outside Mainland China in the foreseeable future. Therefore, no deferred tax liability for withholding taxes was recognised in these consolidated financial statements.

Estimation uncertainty

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

Fair value of leasehold buildings

In the absence of current prices in an active market for similar properties, the Group considers information by reference to the valuation performed by an independent valuer based on the depreciated replacement cost ("DRC") approach. The DRC approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings and structures from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of property, plant and equipment, the Group considers various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with a similar asset that is used in a similar way. Additional depreciation is required if the estimated useful lives and/or the residual values of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset of a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less cost of disposal and its value in use. The calculation of the fair value less cost of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for that asset (or asset group), management will make reference to the best information available to reflect the amount that an entity could obtain at the end of the reporting period. When value in use calculations are used, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

Impairment of trade receivables

The policy for provision for impairment losses of the Group is based on the evaluation of collectibility, the aged analysis of trade receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Write-down of inventories

The Group reviews an aged analysis of its inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The estimated net realisable value of the Group's inventories is based primarily on the latest invoice prices and current market conditions.

4. OPERATING SEGMENT INFORMATION

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

(a) the corn refined products segment comprises the manufacture and sale of corn starch, gluten meal, corn oil and other corn refined products; and

(b) the corn based sweetener products segment comprises the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose and maltodextrin.

The management, who are the chief operating decision-makers, monitor the results of the Group's operating segments separately for the purpose of making decisions in relation to resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that bank interest income and finance costs as well as corporate income and expenses are excluded from such measurement.

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2015

	Corn refined products HK$'000	Corn based sweetener products HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	847,752	801,229	1,648,981
Intersegment sales	107,148	—	107,148
	954,900	801,229	1,756,129
Reconciliation:			
Elimination of intersegment sales			(107,148)
Revenue			1,648,981
Segment results:	(418,455)	(262,949)	(681,404)
Reconciliation:			
Unallocated other income			38,029
Corporate and other unallocated expenses			(38,473)
Finance costs			(65,360)
Loss before tax			(747,208)
Income tax expense			(6,559)
Loss for the year			(753,767)
Other segment information:			
Reversal of indemnity for breach of contract	21,938	—	21,938
Capital expenditure	8,124	9,508	17,632
Depreciation	54,883	79,467	134,350
Amortisation of prepaid land lease payments	4,349	2,885	7,234
Reversal of impairment of trade and bills receivables, net	247	1,627	1,874
Write-off of trade and bills receivables	10,750	—	10,750
Impairment of other receivables	109,184	—	109,184
Write-down of inventories	8,839	2,055	10,894
Impairment of property, plant and equipment	301,269	57,667	358,936
Impairment of prepaid land lease payments	5,135	—	5,135
Gain/(loss) on disposal of property, plant and equipment, net	(113)	2,767	2,654

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2014

	Corn refined products HK$'000	Corn based sweetener products HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	1,504,089	1,415,627	2,919,716
Intersegment sales	466,089	—	466,089
	1,970,178	1,415,627	3,385,805
Reconciliation:			
Elimination of intersegment sales			(466,089)
Revenue			2,919,716
Segment results:	(608,384)	(407,899)	(1,016,283)
Reconciliation:			
Unallocated other income			28,161
Corporate and other unallocated expenses			(14,693)
Finance costs			(79,438)
Loss before tax			(1,082,253)
Income tax expense			(10,983)
Loss for the year			(1,093,236)
Other segment information:			
Capital expenditure	44,041	11,435	55,476
Depreciation	69,875	72,954	142,829
Loss on disposal of property, plant and equipment	—	1,170	1,170
Indemnity for breach of contract	21,938	—	21,938
Amortisation of prepaid land lease payments	4,939	2,232	7,171
Gain on resumption of assets located in Lu Yuan District	102,669	—	102,669
Impairment of trade and bills receivables	40,453	4,383	44,836
Impairment/(reversal of impairment) of other receivables, net	(5,260)	1,134	(4,126)
Write-down of inventories	274,128	4,219	278,347
Impairment of property, plant and equipment	79,382	183,251	262,633
Impairment of goodwill	33,588	149,950	183,538

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

The Group's revenue is derived from customers based in Mainland China and in regions other than Mainland China.

(a) Revenue information based on locations of customers

	2015 HK$'000	2014 HK$'000
Mainland China	1,558,335	2,792,411
Regions other than Mainland China	90,646	127,305
	1,648,981	2,919,716

(b) Non-current assets information based on locations of assets, excluding deferred tax assets and financial instruments

	2015 HK$'000	2014 HK$'000
Mainland China	497,016	1,374,507
Regions other than Mainland China	–	3,311
	497,016	1,377,818

Information about a major customer

Details of a major customer amounted to 10% or more of the Group's total revenue for the year ended 31 December 2015 are as follow:

Customer A HK$327,253,000 (from corn refined product segment)

There was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue for the year ended 31 December 2014.

5. REVENUE, OTHER INCOME AND GAINS

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

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

	2015 HK$'000	2014 HK$'000
Revenue		
Sale of goods	1,648,981	2,919,716
Other income and gains		
Bank interest income	913	2,139
Net gains arising from sale of packing materials and by-products	2,483	14,658
Processing income	—	2,412
Government grants*	3,638	2,080
Gain on disposal of property, plant and equipment	2,878	—
Foreign exchange gain, net	—	2,738
Reversal of indemnity for breach of contract#	21,938	—
Others	6,179	4,134
	38,029	28,161
Gain on resumption of assets located in Lu Yuan District	—	102,669
	38,029	130,830

* Government grants represent government rewards awarded to certain subsidiaries of the Company located in Mainland China with no further obligations and conditions to be complied with.

During the year ended 31 December 2014, an indemnity for breach of contract of approximately HK$22 million was accrued based on the judgement of the court in Mainland China over a contract dispute with a customer. The Group lodged an appeal with the Guangdong Provincial Intermediate People's Court (the "Court") and pursuant to the judgement of the Court, the dispute was settled during the year ended 31 December 2015. Therefore, the indemnity for breach of contract was reversed while the related trade receivables of approximately HK$11 million were written off during the year ended 31 December 2015.

6. LOSS BEFORE TAX

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

	Notes	2015 HK$'000	2014 HK$'000
Cost of inventories sold		1,557,015	2,683,497
Depreciation	13	134,350	142,829
Amortisation of prepaid land lease payments	14	7,234	7,171
Auditors' remuneration			
— Current year		3,500	3,392
— Under provision for prior year		1,292	—
Employee benefit expenses (excluding directors' remuneration)			
— Wages and salaries		47,994	60,124
— Pension scheme contributions		20,943	14,809
		68,937	74,933
Foreign exchange differences, net		1,084	(2,738)
Write-down of inventories		10,894	278,347
(Reversal of impairment)/impairment of trade and bills receivables, net	19	(1,874)	44,836
Write-off of trade and bills receivables		10,750	—
Impairment/(reversal of impairment) of other receivables, net	20	109,184	(4,126)
Impairment of property, plant and equipment	13	358,936	262,633
Impairment of prepaid land lease payment	14	5,135	—
Impairment of goodwill	15	—	183,538
Indemnity for breach of contract	5	—	21,938
(Gain)/loss on disposal of property, plant and equipment, net		(2,654)	1,170

7. FINANCE COSTS

An analysis of finance costs of the Group is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank borrowings	61,702	74,070
Finance costs for discounting bills receivables	1,955	6,957
Bank charge for bank borrowings	1,703	—
	65,360	81,027
Less: interest capitalised	—	(1,589)
	65,360	79,438

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, pursuant to the Listing Rules and section 383 of the Hong Kong Companies Ordinance, is as follows:

	2015 HK$'000	2014 HK$'000
Fees	1,386	1,130
Other emoluments:		
Salaries, allowances and benefits in kind	6,515	7,107
Performance-related bonuses	450	—
Payment in-lieu of notice	600	—
Pension scheme contributions	32	34
	7,597	7,141
	8,983	8,271

According to the directors' service contracts, each of the executive directors, upon completion of every 12 months of services, is entitled to a management bonus. In addition, executive directors with special contributions to the Group may be entitled to a special bonus. No bonus was paid to the executive directors during the year ended 31 December 2014. During the year ended 31 December 2015, discretionary bonuses of HK$250,000 and HK$200,000 were approved and paid to an executive director of the Company in respect of the year ended 31 December 2015 and 2014 respectively.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(a) Independent non-executive directors

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

	2015 HK$'000	2014 HK$'000
Mr. Chan Yuk Tong*	456	380
Mr. Gao Yunchun#	–	40
Mr. Ho Lic Ki	465	380
Mr. Lo Kwing Yu**	465	330
	1,386	1,130

* Resigned on 24 December 2015

\# Resigned on 3 March 2014

** Appointed on 3 March 2014

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

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Payment in lieu of notice HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive directors:					
Mr. Wang Jian&& (Chief executive)	–	–	–	–	–
Mr. Kong Zhanpeng**	3,600	–	–	18	3,618
Mr. Lee Chi Yung*	1,802	450	450	14	2,716
Mr. Nie Zhiguo*	238	–	75	–	313
Mr. Wen Gang##	110	–	75	–	185
Ms. Wang Guifeng&	765	–	–	–	765
	6,515	450	600	32	7,597

* Mr. Lee Chi Yung and Mr. Nie Zhiguo resigned as executive directors of the Company on 15 October 2015.

\## Mr. Wen Gang was appointed as an executive director on 4 June 2015, who resigned on 15 October 2015.

& Ms. Wang Guifeng retired as an executive director of the Company on 4 June 2015.

&& Mr. Wang Jian was appointed as an executive director and the chief executive officer of the Company on 15 October 2015 and 24 October 2015 respectively.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION *(continued)*

(b) Executive directors and the chief executive *(continued)*

	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014			
Executive directors:			
Mr. Kong Zhanpeng** *(Chief executive)*	3,600	17	3,617
Mr. Zhang Fazheng#	557	—	557
Mr. Lee Chi Yung	1,200	17	1,217
Mr. Nie Zhiguo#	250	—	250
Ms. Wang Guifeng#	1,500	—	1,500
	7,107	34	7,141

** Mr. Kong Zhanpeng, one of the executive directors of the Company, was also the chief executive officer of the Company from 20 May 2014 to 24 October 2015.

Mr. Zhang Fazheng, one of the executive directors of the Company, who was also the chief executive officer of the Company, retired on 20 May 2014, and Ms. Wang Guifeng and Mr. Nie Zhiguo were appointed as executive directors on 3 March 2014.

(c) Non-executive directors

Ms. Zhang Yaohui and Mr. Fu Qiang were appointed as non-executive directors of the Company on 15 October 2015, who did not receive any remuneration during the years ended 31 December 2015 and 2014.

Except for the payment in-lieu of notice paid to the executive directors of the Company as disclosed in (a) and (b) above, no emolument was paid by the Group to any of the directors as inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the years ended 31 December 2015 and 2014.

9. FIVE HIGHEST PAID EMPLOYEES

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

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	1,115	650
Pension scheme contributions	17	17
	1,132	667

The highest paid employee fell within the following bands:

	2015 Number of individuals	2014 Number of individuals
Nil to HK$1,000,000	—	1
HK$1,000,001 to HK$1,500,000	1	—

No emolument was paid by the Group to any of the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office. None of the five highest paid individuals waived any emoluments during the years ended 31 December 2015 and 2014.

10. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong during the years ended 31 December 2015 and 2014. The PRC enterprise income tax has been provided at the rate of 25% (2014: 25%) on the estimated assessable profits of Mainland China subsidiaries.

	2015 HK$'000	2014 HK$'000
Current tax — The PRC	5,736	7,752
Deferred tax	823	3,231
Income tax expense for the year	6,559	10,983

10. INCOME TAX EXPENSE *(continued)*

A reconciliation of the tax expense to loss before tax using the applicable tax rates for the locations in which the Company and the majority of its subsidiaries are domiciled is as follows:

	2015 HK$'000	2014 HK$'000
Loss before tax	**(747,208)**	(1,082,253)
Income tax at applicable tax rate	**(184,040)**	(268,171)
Non-deductible expenses	**38,646**	53,127
Tax-exempt revenue	**(23)**	(106)
Underprovision in prior years	**—**	1,578
Unrecognised tax losses	**69,193**	134,873
Unrecognised temporary differences	**82,783**	89,682
Total tax charge for the year	**6,559**	10,983

The applicable tax rate is the weighted average of the tax rates prevailing in the locations in which the Group entities operate.

11. DIVIDENDS

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

12. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$753,454,000 (2014: HK$1,093,115,000) and the weighted average number of ordinary shares in issue throughout the year of 1,527,586,000 shares (2014: 1,527,586,000 shares).

As the exercise price of the share options was higher than the average market price of the Company's ordinary shares during the years ended 31 December 2015 and 2014, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding share options during the years ended 31 December 2015 and 2014. Therefore, the diluted loss per share amounts were equal to the basic loss per share amounts for the years ended 31 December 2015 and 2014.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015					
At cost:					
At 1 January 2015	786,578	1,445,793	34,807	34,102	2,301,280
Additions	1,663	1,186	2,805	12,183	17,837
Revaluation	7,404	–	–	–	7,404
Disposals	–	(7,023)	(6,886)	–	(13,909)
Transfer	74	3,300	–	(3,374)	–
Classified as non-current assets held for sale (note 17)	(386,960)	–	–	2,768	(384,192)
Exchange realignment	(37,183)	(85,967)	(1,824)	(2,211)	(127,185)
At 31 December 2015	371,576	1,357,289	28,902	43,468	1,801,235
Accumulated depreciation:					
At 1 January 2015	137,885	681,086	25,167	–	844,138
Depreciation	24,465	105,590	4,295	–	134,350
Disposals	–	(7,023)	(6,568)	–	(13,591)
Classified as non-current assets held for sale (note 17)	(97,866)	–	–	–	(97,866)
Exchange realignment	(11,254)	(53,100)	(1,459)	–	(65,813)
At 31 December 2015	53,230	726,553	21,435	–	801,218
Impairment:					
At 1 January 2015	8,352	254,327	–	–	262,679
Addition (note 6)	–	324,255	333	34,348	358,936
Exchange realignment	(398)	(27,860)	(16)	(1,636)	(29,910)
At 31 December 2015	7,954	550,722	317	32,712	591,705
Net book value:					
At 31 December 2015	310,392	80,014	7,150	10,756	408,312
Analysis of cost or valuation:					
At cost	–	80,014	7,150	10,756	97,920
At 31 December 2015 valuation	310,392	–	–	–	310,392
	310,392	80,014	7,150	10,756	408,312

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements, furniture, office equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014					
At cost:					
At 1 January 2014	767,559	1,368,334	37,227	185,559	2,358,679
Additions	852	2,665	2,946	45,385	51,848
Disposals	(14,950)	(56,785)	(4,857)	—	(76,592)
Transfer	42,211	152,267	—	(194,478)	—
Exchange realignment	(9,094)	(20,688)	(509)	(2,364)	(32,655)
At 31 December 2014	786,578	1,445,793	34,807	34,102	2,301,280
Accumulated depreciation:					
At 1 January 2014	124,881	623,091	26,126	—	774,098
Depreciation	23,287	115,999	3,543	—	142,829
Disposals	(8,230)	(46,982)	(4,126)	—	(59,338)
Exchange realignment	(2,053)	(11,022)	(376)	—	(13,451)
At 31 December 2014	137,885	681,086	25,167	—	844,138
Impairment:					
At 1 January 2014	8,458	—	—	—	8,458
Addition (note 6)	2,650	259,983	—	—	262,633
Disposals	(2,650)	(5,656)	—	—	(8,306)
Exchange realignment	(106)	—	—	—	(106)
At 31 December 2014	8,352	254,327	—	—	262,679
Net book value:					
At 31 December 2014	640,341	510,380	9,640	34,102	1,194,463
Analysis of cost or valuation:					
At cost	—	510,380	9,640	34,102	554,122
At 31 December 2014 valuation	640,341	—	—	—	640,341
	640,341	510,380	9,640	34,102	1,194,463

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

As at 31 December 2015, certain of the Group's leasehold buildings, plant and machinery, leasehold improvement, furniture, office equipment and motor vehicles with net carrying amounts of HK$204,445,000 and HK$Nil (2014: HK$665,400,000 and HK$143,177,000) were pledged to secure banking facilities granted to the Group and a fellow subsidiary, respectively.

Leasehold buildings

The leasehold buildings are situated on parcels of land of the Group in Mainland China with remaining lease terms ranging from 12 to 57 years.

At 31 December 2015, the applications for building certificates for certain leasehold buildings of the Group with a total carrying amount of HK$137,768,000 were still in progress.

Had the Group's leasehold buildings been carried at cost model, their carrying amount would have been approximately HK$280,789,000 (2014: HK$568,196,000).

At 31 December 2015, the Group's leasehold buildings were revalued on an open market value basis, by Savills Valuation and Professional Services Limited, an independent professionally qualified valuer, at approximately HK$310,392,000. A gain on revaluation of approximately HK$7,404,000 has been recognised in other comprehensive income and credited to asset revaluation reserve during the year ended 31 December 2015. The directors were of the opinion that as there were no material differences between the carrying value and fair value of the leasehold buildings as at 31 December 2014, no revaluation was performed as at that date.

Valuation processes

The Group reviews the estimation of fair value of the leasehold buildings at the end of each reporting period. Valuation of leasehold buildings is normally performed by an independent professional valuer on an annual basis, unless the directors are of opinion that there is no material change in fair value. Discussion of the valuation process and results with the audit committee is held twice a year, to coincide with the reporting dates.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's leasehold buildings stated at revalued amounts:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active market (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:				
Industrial properties	–	–	285,868	285,868
Residential properties	–	–	24,524	24,524
	–	–	310,392	310,392

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Leasehold buildings *(continued)*

Fair value hierarchy *(continued)*

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

	2015 HK$'000	2014 HK$'000
At 1 January	640,341	634,220
Addition and transfer from construction in progress	1,737	43,063
Classified as non-current assets held for sale	(289,094)	—
Revaluation	7,404	—
Disposal	—	(6,720)
Depreciation	(24,465)	(23,287)
Exchange realignment	(25,531)	(6,935)
At 31 December	310,392	640,341

The revaluation gain represents the total gain for the year included in other comprehensive income for leasehold buildings held at the end of the reporting period.

Below is a summary of the valuation technique used and the key inputs to the valuation of buildings at 31 December 2015:

Valuation technique	Significant unobservable inputs	Industrial properties	Residential properties
DRC approach	a) construction cost (RMB/sq.m.)	a) 550-3,000	a) 880-3,350
	b) administrative expense rate	b) 3.4%	b) 3.4%
	c) developer's profit margin	c) 8%	c) 8%
	d) interest rate	d) 4.35%-4.75%	d) 4.75%
	e) rate of newness	e) 53%-93%	e) 67%-72%

A significant positive adjustment to any of the above significant unobservable inputs would result in a significant increase in fair value of the buildings, and vice versa.

The Group has determined that the highest and best use of the buildings at the measurement date would be their existing use.

The DRC approach requires a valuation of the market value of the land in its existing use and an estimate of the new replacement cost of the buildings from which deductions are then made to allow for physical deterioration and all forms of obsolescence and optimisation.

13. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Other information and impairment provision

Jinzhou:

In view of the continuing losses and the suspension of operations of Jinzhou subsidiaries during the year, the directors have performed an impairment review of the property, plant and equipment, except for leasehold buildings which were stated at revalued amounts, of these subsidiaries at 31 December 2015 and determined that their recoverable amounts to be insignificant. Accordingly, an impairment loss of HK$354 million was recognised in respect of the property, plant and equipment of the subsidiaries operating in Jinzhou during the year ended 31 December 2015. No impairment loss was recognised in respect of the leasehold buildings which were stated at revalued amounts because the cost of disposal was considered insignificant.

Lu Yuan District, Changchun:

Included in the Group's property, plant and equipment at 31 December 2014 was an amount of HK$348,057,000 (net of depreciation and impairment) representing assets located at the Lu Yuan District in Changchun, the PRC. These assets were either operating under a less than normal capacity or became idle at that date. Management has performed impairment assessment on these assets by comparing to their recoverable amounts and has recognised an impairment loss of HK$262,633,000 for the year ended 31 December 2014.

The leasehold buildings located in the Lu Yuan District were determined to be principally recovered through sale and were therefore reclassified as non-current assets held for sale at 31 December 2015.

14. PREPAID LAND LEASE PAYMENTS

	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January	184,786	202,154
Additions	1,873	3,628
Amortisation	(7,234)	(7,171)
Classified as non-current assets held for sale (note 17)	(78,756)	—
Disposals	—	(11,874)
Impairment	(5,135)	—
Exchange realignment	(6,526)	(1,951)
Carrying amount at 31 December	89,008	184,786
Current portion included in prepayments, deposits and other receivables (note 20)	(3,901)	(7,123)
Non-current portion	85,107	177,663

The leasehold land is granted with remaining lease terms ranging from 12 to 57 years and is situated in Mainland China.

At 31 December 2015, prepaid land lease payments of the Group amounting to HK$60,986,000 (2014: HK$56,348,000) and HK$Nil (2014: HK$20,432,000) were pledged to secure banking facilities granted to the Group and a fellow subsidiary, respectively.

Included in prepaid land lease payments at 31 December 2014 were HK$81,467,000 representing parcels of land which had been identified by management to be recovered through sale pursuant to the relocation plan as imposed by the local government. These parcels of land are located at the Lu Yuan District in Changchun, the PRC. In accordance with the current plan, the local government will resume the land through a sale and purchase arrangement to be entered into by the parties. On 31 December 2015, pursuant to a memorandum of understanding entered into with an independent third party, the parcels of land with carrying amount of HK$78,756,000 were reclassified to non-current assets held for sale. Further details are set out in note 17 to the consolidated financial statements.

15. GOODWILL

	2015 HK$'000	2014 HK$'000
Cost	183,538	183,538
Impairment	(183,538)	(183,538)
Net carrying value	—	—

The goodwill was fully impaired during the year ended 31 December 2014.

16. OTHER INTANGIBLE ASSETS

	Golf club membership HK$'000
2015	
At 1 January 2015 and 31 December 2015	
Cost and net carrying amounts	3,243
2014	
At 1 January, 2014 and 31 December 2014	
Cost and net carrying amounts	3,243

17. NON-CURRENT ASSETS HELD FOR SALE

	2015 HK$'000	2014 HK$'000
At 1 January	–	5,500
Reclassified from property, plant and equipment and prepaid land lease payments (notes 13 and 14)	365,082	–
Disposal of non-current assets held for sale	–	(5,500)
At 31 December	365,082	–

Further to the memorandum of understanding signed with 吉林省太陽神建築工程有限公司 (Jilin Province Taiyangshen Construction Engineering Co., Ltd.) (the "Purchaser"), an independent third party, on 31 December 2015, on 14 April 2016, two subsidiaries of the Company entered into an agreement with the Purchaser to dispose of certain lands and buildings erected thereon located in Lu Yuan District at a total consideration of approximately RMB558 million (equivalent to HK$665 million), of which approximately RMB2 million is payable within one month after the date of the agreement, approximately RMB10 million is payable within one month after the completion of the agreement, approximately RMB254 million and RMB254 million are payable within one month and twelve months after the completion of all the procedures for (i) the transfer and the change of registration of ownership of the relevant properties to the Purchaser; and (ii) the release and discharge of all the mortgages, third party interests and/or court orders over the relevant properties, respectively, and approximately RMB38 million is payable after the completion of relocation of the relevant properties by the Group and the delivery thereof to the Purchaser. Certain of those land and buildings were pledged to secure banking facilities granted to the Group at the end of the reporting period.

18. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	63,991	101,258
Finished goods	97,984	111,323
	161,975	212,581

19. TRADE AND BILLS RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	252,529	422,203
Bills receivable	2,411	59,031
Impairment	(87,300)	(106,933)
	167,640	374,301

The Group normally gives credit terms of 90 days to established customers, and credit terms of 180 days were given to one major customer with long term business relationships and good credit history. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing. Significant concentration of risk exists where the Group has material exposures to trade and bills receivables from three customers located in Mainland China which accounted for 56% of the total trade and bills receivables at 31 December 2015 (2014: three customers accounted for 31%).

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month	126,354	212,574
1 to 2 months	25,243	63,018
2 to 3 months	8,003	15,290
Over 3 months	8,040	83,419
	167,640	374,301

19. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2015 HK$'000	2014 HK$'000
At 1 January	**106,933**	78,561
Impairment losses recognised	**339**	44,836
Impairment losses reversed	**(2,213)**	—
Amount written off as uncollectible	**(13,394)**	(15,482)
Exchange realignment	**(4,365)**	(982)
At 31 December	**87,300**	106,933

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$87,073,000 (2014: HK$106,933,000) with a carrying amount before provision of HK$87,300,000 (2014: HK$121,522,000).

The individually impaired trade and bills receivables relate to customers that were in financial difficulties and the receivables are expected to be unrecoverable.

The aged analysis of the trade and bills receivables that are not considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	**160,921**	293,106
Less than 1 month past due	**909**	3,053
1 to 3 months past due	**1,529**	1,972
Over 3 months past due	**4,054**	61,581
	167,413	359,712

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

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

There are no amounts due from the Group's fellow subsidiaries included in the Group's trade receivables (2014: HK$70,796,000) which are repayable on similar credit terms to those offered to the major customers of the Group.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	23,525	262
Deposits and other receivables	261,843	377,486
PRC value-added tax receivables and other tax receivables	10,640	11,882
Current portion of prepaid land lease payments (note 14)	3,901	7,123
	299,909	396,753
Less: Classified as non-current asset	(107,047)	—
Classified as current assets	192,862	396,753

As at 31 December 2015, the Group recorded in deposits and other receivables an amount due from 長春大金倉玉米收儲有限公司 (Changchun Dajincang Corn Procurement, Ltd. "Dajincang"), a major supplier of corn kernels of approximately HK$223 million (value-added tax ("VAT") inclusive but net of impairment) (2014: HK$354 million) resulting from stock return of certain corn kernels to Dajincang by one of the Group's subsidiaries during the year ended 31 December 2014.

On 14 April 2016, two subsidiaries of the Company entered into an agreement with the Purchaser, to dispose of, among others, the receivable from Dajincang at a consideration of approximately RMB172 million (equivalent to HK$204 million) (VAT exclusive). Any taxes that may arise from the stock return will be borne by the Purchaser. With respect to the payment schedule of the consideration, RMB68 million (equivalent to HK$82 million), RMB52 million (equivalent to HK$61 million) and RMB52 million (equivalent to HK$61 million) will be payable on or before 31 December 2016, 31 December 2017 and 31 December 2018 respectively. Impairment loss of HK$109 million is recognised in respect of the receivable from Dajincang during the year ended 31 December 2015 with reference to the estimated fair value of the consideration for the disposal.

21. CASH AND CASH EQUIVALENTS

	2015 HK$'000	2014 HK$'000
Cash and bank balances	61,106	159,826
Guarantee deposits	1,201	—
Time deposits	22,983	30,109
	85,290	189,935
Less:		
Pledged deposits for financial products	(1,201)	—
Pledged deposits for issuance of bills payable	(22,983)	—
Cash and cash equivalents	61,106	189,935

At the end of the reporting period, the cash and bank balances, guarantee deposits and time deposits of the Group denominated in Renminbi ("RMB") amounted to HK$62,931,000 (2014: HK$113,646,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

22. TRADE AND BILLS PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	172,927	227,665
Bills payable	22,983	—
	195,910	227,665

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers. The carrying amounts of trade and bills payables approximate to their fair values.

22. TRADE AND BILLS PAYABLES *(continued)*

An aged analysis of the trade and bills payables as at the end of the reporting period, based on date of the receipt of goods purchased, is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month	85,378	185,895
1 to 2 months	14,093	3,369
2 to 3 months	2,492	1,970
Over 3 months	93,947	36,431
	195,910	227,665

There are no amounts due to the Group's fellow subsidiaries included in the Group's trade payables (2014: HK$18,612,000), which are repayable on similar credit terms to those offered by the fellow subsidiaries to their major customers.

23. OTHER PAYABLES AND ACCRUALS

	2015 HK$'000	2014 HK$'000
Payables for purchases of machinery	23,997	50,356
Customer deposits/receipts in advance	27,937	41,606
VAT and other duties payable	92,893	91,306
Accrued transportation fee, welfare and others	71,552	75,975
Indemnity for breach of contracts (note 5)	—	21,938
	216,379	281,181

24. INTEREST-BEARING BANK BORROWINGS

	31 December 2015			31 December 2014		
	Effective interest rate %	Maturity	Amount HK$'000	Effective interest rate %	Maturity	Amount HK$'000
Current						
Bank loans						
– Unsecured	5.355%-6.765%	On demand / 2016	632,143	3.84%-6.30%/ HIBOR	On demand / 2015	396,250
– Secured	4.5675%-7.995%	2016	71,428	5.88%-8.00%	2015	75,000
			703,571			471,250
Non-current						
Bank loans						
– Unsecured	–	–	–	6.00%-8.00%	2016/2017	357,500
– Secured	7.995%	2017	190,476	8.00%	2016/2017	212,500
			190,476			570,000
			894,047			1,041,250

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	703,571	471,250
In the second year	190,476	370,000
In the third to fifth years	–	200,000
	894,047	1,041,250

Notes:

(a) As at 31 December 2015, the Group's bank borrowings amounting to HK$261,904,000 (2014: HK$287,500,000) were secured by the pledge of certain of the Group's property, plant and equipment and prepaid land lease payment amounting to HK$204,445,000 (2014: HK$665,400,000) and HK$60,986,000 (2014: HK$56,348,000), respectively.

(b) As at 31 December 2015, the Group's bank borrowings of HK$894,047,000 (2014: HK$981,250,000) and HK$Nil (2014: HK$60,000,000) were denominated in Renminbi and Hong Kong dollars, respectively.

25. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Revaluation of leasehold buildings HK$'000	Total HK$'000
Deferred tax liabilities				
At 1 January 2014	40,076	50,912	16,393	107,381
Deferred tax charged to profit or loss during the year (note 10)	1,989	–	–	1,989
Exchange realignment	(814)	–	–	(814)
At 31 December 2014 and 1 January 2015	41,251	50,912	16,393	108,556
Deferred tax credited to profit or loss during the year (note 10)	(146)	–	–	(146)
Deferred tax debited to equity during the year	–	–	1,851	1,851
Exchange realignment	(3,151)	–	–	(3,151)
At 31 December 2015	37,954	50,912	18,244	107,110

	Inventories provision HK$'000
Deferred tax asset	
At 1 January 2014	2,240
Deferred tax charged to profit or loss during the year (note 10)	(1,242)
Exchange realignment	(29)
At 31 December 2014 and 1 January 2015	969
Deferred tax charged to profit or loss during the year (note 10)	(969)
At 31 December 2015	–

The Group had accumulated tax losses arising in Hong Kong of approximately HK$47,761,000 (2014: HK$47,761,000) that were available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group had accumulated tax losses arising in certain PRC subsidiaries of approximately HK$1,138,345,000 (2014: HK$864,154,000) that were available for offsetting against future taxable profits of the companies in which the losses arose and these tax losses would expire from the year ending 31 December 2017 to the year ending 31 December 2020. The directors consider that no deferred tax assets should be recognised as these tax losses are only available to offset against future taxable profits of the individual companies in which the losses arose and may not be used to offset taxable profits elsewhere in the Group and the directors consider that it is uncertain whether future taxable profits would arise to offset against these losses for these companies.

25. DEFERRED TAX *(continued)*

At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China (2014: Nil). The directors consider that it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$248,405,000 at 31 December 2015 (2014: HK$255,207,000).

26. SHARE CAPITAL

	2015 HK$'000	2014 HK$'000
Authorised:		
100,000,000,000 (2014: 100,000,000,000) ordinary shares of HK$0.10 each	**10,000,000**	10,000,000
Issued and fully paid:		
1,527,586,000 (2014: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

27. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's eligible employees, non-executive directors, suppliers of goods or services to the Group, customers of any member of the Group, the shareholders of the Group, advisers or consultants of the Group, and any other groups or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group. The Scheme became effective on 3 September 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. Share options granted to a substantial shareholder of the Company, or an independent non-executive director or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, which may commence from the date of acceptance of the grant of share options but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination under the Scheme.

27. SHARE OPTION SCHEME *(continued)*

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer. Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year

	2015		2014	
	Weighted average exercise price HK$	Number of options '000	Weighted average exercise price HK$	Number of options '000
At 1 January	1.67	24,900	1.67	25,400
Forfeited during the year	1.67	(8,900)	1.67	(500)
At 31 December	1.67	16,000	1.67	24,900

Details of the share options outstanding as at the end of the reporting period are as follows:

Exercise period	Grant date	The closing price immediately preceding the date of grant HK$	Exercise price* HK$	Number of options 2015 '000	Number of options 2014 '000
11-7-2011 to 10-7-2016	11-7-2011	1.67	1.67	16,000	24,900

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

All the outstanding share options as at the end of the reporting period were granted during the year ended 31 December 2011 with fair value of HK$0.59 each. There were no additional share options granted during the years ended 31 December 2015 and 2014.

28. FINANCIAL GUARANTEES

Certain subsidiaries of the Group established in Mainland China, together with certain fellow subsidiaries also established in Mainland China had jointly provided corporate guarantees to a bank in Mainland China in respect of the banking facilities granted to Dajincang starting from year 2010 (the "Financial Guarantee Contracts"). The maximum amount of the banking facilities was RMB3 billion (approximately HK$3.75 billion) in aggregate as at 31 December 2010, 2011, 2012 and 2013, and was reduced to RMB2.5 billion (approximately HK$3.13 billion) in aggregate as at 31 December 2014 and 2015. The directors have tried to engage a professional valuer to assess the fair value of the Financial Guarantee Contracts. However, since the directors were unable to obtain sufficient and reliable financial information of Dajincang, the professional valuer was unable to complete the valuation. Therefore, no financial guarantee liability has been recognised in the consolidated financial statements in respect of the Financial Guarantee Contracts.

29. COMMITMENTS

At 31 December 2015, the Group had capital commitments as follows:

	2015 HK$'000	2014 HK$'000
Contracted, but not provided for:		
Leasehold buildings	–	23,882
Plant and machinery	–	8,142
	–	32,024

30. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

During the year, the Group had the following transactions with related parties:

	Notes	2015 HK$'000	2014 HK$'000
Purchases from fellow subsidiaries			
— Corn starch	(a)	55,265	91,792
— Equipment	(e)	208	—
Sales to fellow subsidiaries			
— Corn sweeteners	(b)	–	3,601
— Corn starch and corn steep liquor	(b)	–	18,870
— Corn oil	(b)	–	5,702
— Equipment and spare parts	(e)	2,551	7,705
Reimbursement of cost of utilities provided by a fellow subsidiary	(c)	3,051	39,066
Agency fee charged by a fellow subsidiary	(d)	–	3,783

Notes:

(a) The Group sourced corn starch from fellow subsidiaries. These purchases were made at prices based on the agreements between the parties.

(b) The Group sold corn sweeteners, corn starch, corn steep liquor and corn oil to fellow subsidiaries. These sales were made at prices mutually agreed between the parties.

(c) The Group used the utilities facilities provided by a fellow subsidiary. The utility costs were charged based on actual costs incurred by the fellow subsidiary.

(d) The agency fee was paid to a fellow subsidiary who acted as a sales agent on behalf of the Group. The fee was charged at a price based on a mutual agreement between the parties.

(e) During the year ended 31 December 2015, the Group sold certain equipment and spare parts to certain fellow subsidiaries and purchased certain equipment from a fellow subsidiary at the consideration of HK$2,551,000 and HK$208,000 respectively. The consideration was mutually agreed between the parties with reference to the net book value of the assets.

30. RELATED PARTY TRANSACTIONS *(continued)*

(ii) Other transactions with related parties

As at 31 December 2015, leasehold buildings and prepaid land lease payment of the Group amounting to Nil (2014: HK$143,177,000) and Nil (2014: HK$20,432,000) were pledged to secure banking facilities granted to a fellow subsidiary, respectively.

(iii) Transactions with Dajincang

Dajincang, one of the major suppliers of the Group, is a company beneficially owned by the staff union of the Group's PRC employees. Dajincang has one director (2014: two directors) in common with certain of the Group's fellow subsidiaries in Mainland China. Thus, Dajincang is deemed as a related party to the Group. There were no purchases from Dajincang for the year ended 31 December 2015 (2014: HK$248 million).

As at 31 December 2015, the other receivables due from Dajincang amounted to approximately HK$223 million net of impairment (2014: HK$354 million). Further details are set out in note 20 to the consolidated financial statements.

(iv) Balances with related parties

The balances with the ultimate holding company, the immediate holding company, fellow subsidiaries and related companies are unsecured, interest-free and have no fixed terms of repayment. The carrying amounts of these balances approximated to their fair values at the end of the reporting period.

During the year ended 31 December 2015, amounts due from the immediate holding company and fellow subsidiaries in aggregate of HK$162 million were offset against amounts due to the ultimate holding company and fellow subsidiaries pursuant to offsetting agreements entered into between relevant parties.

(v) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group is set out in note 8 to the consolidated financial statements.

Save as disclosed above and elsewhere in the consolidated financial statements, the Group did not have other related party transactions for the year.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Financial assets

	Loans and receivables	
	2015 HK$'000	2014 HK$'000
Trade and bills receivables	167,640	374,301
Financial assets included in prepayments, deposits and other receivables	261,843	377,486
Due from the immediate holding company	—	22,036
Due from fellow subsidiaries	40,560	154,059
Pledged deposits	24,184	—
Cash and cash equivalents	61,106	189,935
	555,333	1,117,817

Financial liabilities

	Financial liabilities at amortised cost	
	2015 HK$'000	2014 HK$'000
Trade and bills payables	195,910	227,665
Financial liabilities included in other payables and accruals	95,549	148,269
Interest-bearing bank borrowings	894,047	1,041,250
Due to fellow subsidiaries	—	92,682
Due to the ultimate holding company	—	28,587
	1,185,506	1,538,453

The directors consider that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements approximate their fair values as at 31 December 2015 and 2014.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing bank borrowings.

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. Management continues to monitor the cash flows of the operations and the debt markets, where the Group would expect to refinance these borrowings with a lower cost of debt when considered appropriate.

The Group's revenue and operating cash flows are substantially independent of changes in market interest rates.

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

	Increase/ (decrease) in interest rate	**Increase/ (decrease) in loss before tax**
	%	HK$'000
2015	1/(1)	4,595/(4,595)
2014	1/(1)	4,175/(4,175)

Credit risk

The Group trades only with recognised and creditworthy third parties and fellow subsidiaries. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, pledged deposits, trade receivables, amounts due from related parties and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Since the Group trades only with recognised and creditworthy third parties and fellow subsidiaries, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 19 and 20 to the consolidated financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial liabilities and financial assets and projected cash flows from operations.

The Group's policy is to maintain sufficient cash and cash equivalents or available funding through an adequate amount of committed annual borrowing facilities from banks to meet its commitments over the following years in accordance with its strategic plan.

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

At 31 December 2015

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Trade and bills payables	—	180,070	15,840	—	—	195,910
Financial liabilities included in other payables and accruals	95,549	—	—	—	—	95,549
Interest-bearing bank borrowings	—	228,317	504,361	202,730	—	935,408
	95,549	408,387	520,201	202,730	—	1,226,867

At 31 December 2014

	On demand HK$'000	Less than 3 months HK$'000	3 to 12 months HK$'000	1 to 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Trade and bills payables	—	227,665	—	—	—	227,665
Financial liabilities included in other payables and accruals	148,269	—	—	—	—	148,269
Interest-bearing bank borrowings	60,000	16,369	449,013	606,569	—	1,131,951
Due to fellow subsidiaries	92,682	—	—	—	—	92,682
Due to the ultimate holding company	28,587	—	—	—	—	28,587
	329,538	244,034	449,013	606,569	—	1,629,154

In addition, as disclosed in note 28 to the consolidated financial statements, the Group may be required to make payments in respect of the Financial Guarantee Contracts up to a maximum amount of RMB2.5 billion as at 31 December 2015 (2014: RMB2.5 billion).

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by equity. Net debt represents interest-bearing bank borrowings less cash and cash equivalents. Capital represents equity attributable to owners of the Company. The gearing ratio as at the end of the reporting periods was as follows:

	2015 HK$'000	2014 HK$'000
Interest-bearing bank borrowings	894,047	1,041,250
Less: Cash and cash equivalents	(61,106)	(189,935)
Net debt	832,941	851,315
Equity attributable to owners of the Company	184,712	930,137
Gearing ratio	451%	92%

32. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place of incorporation/ registration and operations	Nominal value of paid-up share/registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Global Sweeteners (China) Limited ("GS (China)")	British Virgin Islands	US$2	100	Investment holding
Global Sweeteners (HK) Limited	Hong Kong	HK$10,000	100	General administration
Global Starch Investment Limited	Hong Kong	HK$10,000	100	Investment holding
Global Starch (BVI) Investments Limited	British Virgin Islands	US$1	100	Investment holding
Global Sweeteners Retail Investment Company Limited	Hong Kong	HK$10,000	100	Investment holding

32. PARTICULARS OF SUBSIDIARIES *(continued)*

Company name	Place of incorporation/ registration and operations	Nominal value of paid-up share/registered capital	Percentage of equity attributable to the Company	Principal activities
Indirectly held:				
Changchun Dihao Foodstuff Development Co., Ltd.*	The PRC	RMB81,000,000	100	Manufacture and sale of corn based sweetener products
Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*	The PRC	US$22,200,000	100	Manufacture and sale of crystallised sugar
Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*	The PRC	US$49,504,000	100	Manufacture and sale of corn refined products
Jinzhou Dacheng Food Development Co., Ltd.*	The PRC	US$7,770,000	100	Manufacture and sale of corn based sweetener products
Shanghai Hao Cheng Food Development Co., Ltd.*	The PRC	US$9,668,000	100	Manufacture and sale of corn based sweetener products
Shanghai Shangying Trading Co., Ltd.*	The PRC	RMB5,000,000	100	Trading of corn based sweetener products
Global Sweetners Trade Development (Dalian) Co., Ltd.*	The PRC	US$9,100,000	100	International trading

* *Wholly-foreign-owned enterprise*

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

33. THE COMPANY'S STATEMENT OF FINANCIAL POSITION

	Notes	2015 HK$'000	2014 HK$'000 (restated)
NON-CURRENT ASSETS			
Investments in subsidiaries		–	600,897
		–	600,897
CURRENT ASSETS			
Due from the ultimate holding company		–	784,842
Due from the immediate holding company		–	951
Due from subsidiaries		641,000	81,800
Prepayments, deposits and other receivables		709	336
Cash and cash equivalents		4,682	40,646
		646,391	908,575
CURRENT LIABILITIES			
Interest-bearing bank borrowings		–	60,000
Due to subsidiaries		424,556	414,923
Due to fellow subsidiaries		–	32,468
Other payables and accruals		5,538	6,682
		430,094	514,073
NET CURRENT ASSETS		216,297	394,502
TOTAL ASSETS LESS CURRENT LIABILITIES		216,297	995,399
NON-CURRENT LIABILITIES			
Financial guarantee contracts	33(a)	38,190	65,261
		38,190	65,261
Net assets		178,107	930,138
EQUITY			
Issued capital		152,759	152,759
Reserves	33(b)	25,348	777,379
Total equity		178,107	930,138

Approved and authorised for issue by the Board of Directors on 25 April 2016 and signed on its behalf by

Wang Jian
Director

Kong Zhanpeng
Director

33. THE COMPANY'S STATEMENT OF FINANCIAL POSITION *(continued)*

(a) Financial guarantee contracts

The fair value of the financial guarantee contracts provided by the Company in respect of banking facilities granted to certain of its subsidiaries as at 31 December 2014 has been restated according to a valuation provided by an independent professional valuer.

(b) Reserves

	Contributed surplus HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 1 January 2014	491,695	1,074,879	14,986	72,583	1,654,143
Loss and total comprehensive loss for the year	—	—	—	(876,764)	(876,764)
Transfer upon forfeiture of share options	—	—	(295)	295	—
At 31 December 2014	491,695	1,074,879	14,691	(803,886)	777,379
Loss and total comprehensive loss for the year	—	—	—	(752,031)	(752,031)
Transfer upon forfeiture of share options	—	—	(5,251)	5,251	—
At 31 December 2015	491,695	1,074,879	9,440	(1,550,666)	25,348

Note: The contributed surplus of the Company represents the difference between the cost of investments in subsidiaries pursuant to a reorganisation in a prior year and the nominal value of the Company's shares issued therefore.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

34. EVENTS AFTER THE REPORTING PERIOD

Proposed disposal of lands and buildings in Changchun and disposal of accounts receivables, inventories and tools

As disclosed in notes 17 and 20 to the consolidated financial statements, on 14 April 2016, two subsidiaries of the Company entered into agreements with the Purchaser to dispose of certain land and buildings erected thereon located in Lu Yuan District at a total consideration of approximately RMB558 million (equivalent to HK$665 million) (the "Property Disposal Agreement") and among others, the receivable from Dajincang at a consideration of approximately RMB172 million (equivalent to HK$204 million) (the "Asset Disposal Agreement").

Pursuant to Rule 14.07 of the Listing Rules, the Property Disposal Agreement, the Asset Disposal Agreement and the respective transactions contemplated thereunder constitute very substantial disposals for the Company that is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

35. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for the issue by the board of directors on 25 April 2016.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 December				
	2015* HK$'000	2014 HK$'000	2013 HK$'000	2012 HK$'000	2011 HK$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**1,648,981**	2,919,716	4,200,019	4,520,146	4,274,680
Cost of sales	**(1,568,695)**	(3,109,569)	(4,062,266)	(4,169,239)	(3,730,026)
Gross profit	**80,286**	(189,853)	137,753	350,907	544,654
Other income and gains	**38,029**	130,830	46,113	49,581	62,469
Selling and distribution expenses	**(87,702)**	(213,562)	(237,843)	(255,812)	(231,210)
Administrative expenses	**(100,640)**	(108,610)	(113,273)	(108,830)	(105,943)
Other expenses	**(611,821)**	(621,620)	(39,201)	(15,773)	(4,588)
Finance costs	**(65,360)**	(79,438)	(97,255)	(127,749)	(73,682)
Share of profits/(losses) of joint ventures	**–**	–	–	(1,324)	(2,598)
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(747,208)**	(1,082,253)	(303,706)	(109,000)	189,102
Income tax expense	**(6,559)**	(10,983)	(11,126)	(24,756)	(43,926)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(753,767)**	(1,093,236)	(314,832)	(133,756)	145,176
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**–**	–	(5,397)	(119,819)	(1,846)
PROFIT/(LOSS) FOR THE YEAR	**(753,767)**	(1,093,236)	(320,229)	(253,575)	143,330
Attributable to:					
Owners of the parent	**(753,454)**	(1,093,115)	(319,959)	(247,494)	144,072
Non-controlling interests	**(313)**	(121)	(270)	(6,081)	(742)
	(753,767)	(1,093,236)	(320,229)	(253,575)	143,330

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2015 HK$'000 Consolidated	2014 HK$'000 Consolidated	2013 HK$'000 Consolidated	2012 HK$'000 Consolidated	2011 HK$'000 Consolidated
TOTAL ASSETS	**1,617,472**	2,728,452	4,467,813	5,233,342	5,338,321
TOTAL LIABILITIES	**(1,438,985)**	(1,804,552)	(2,430,630)	(2,909,388)	(2,775,388)
NON-CONTROLLING INTERESTS	**6,225**	6,237	6,195	5,778	(90)
	184,712	930,137	2,043,378	2,329,732	2,562,843

* Details of the disclaimer of audit opinion are set out in independent auditors' report on page 51 to page 54.