大成糖業控股有限公司
GLOBAL Sweeteners Holdings Limited

(incorporated in the Cayman Islands with limited liability)

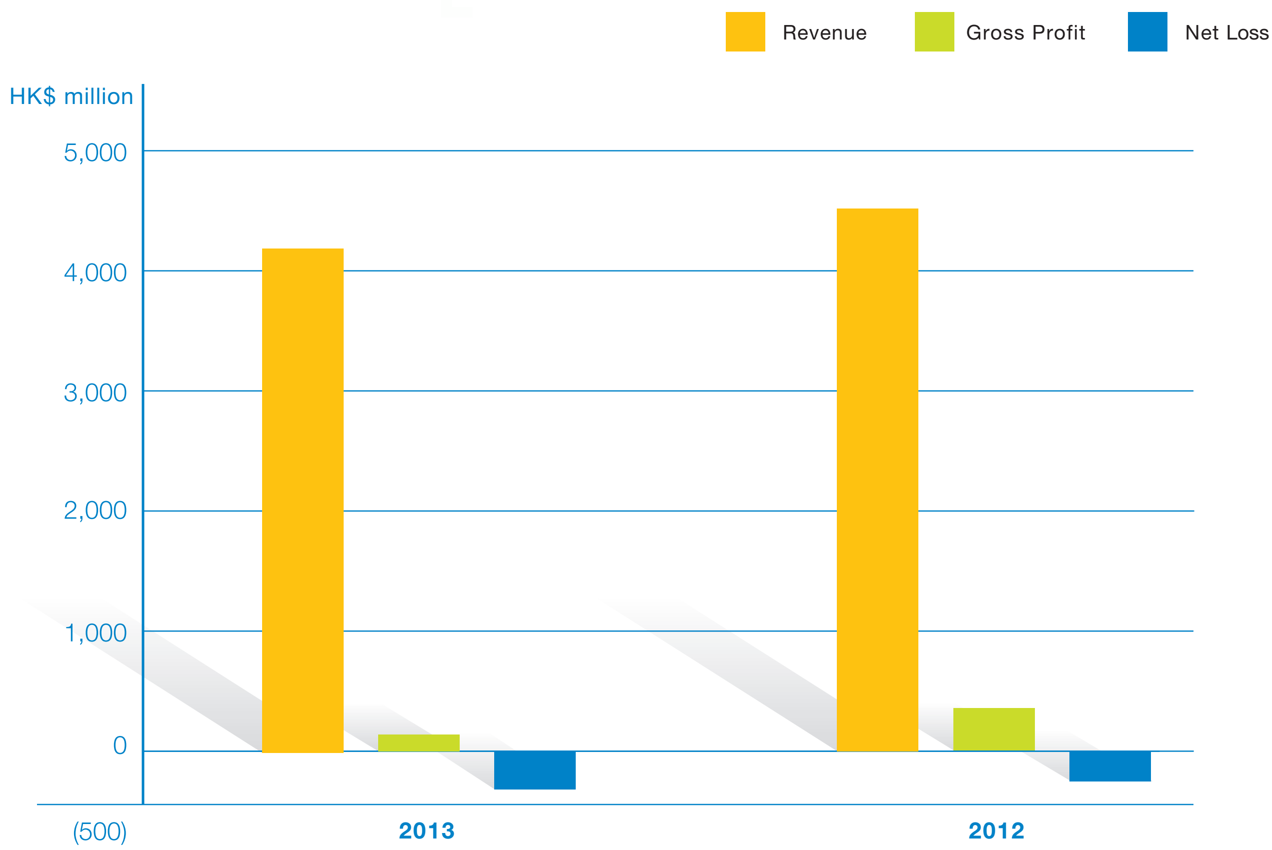
Stock Code: 03889 HK
913889 TW

ANNUAL REPORT 2013

CONTENTS

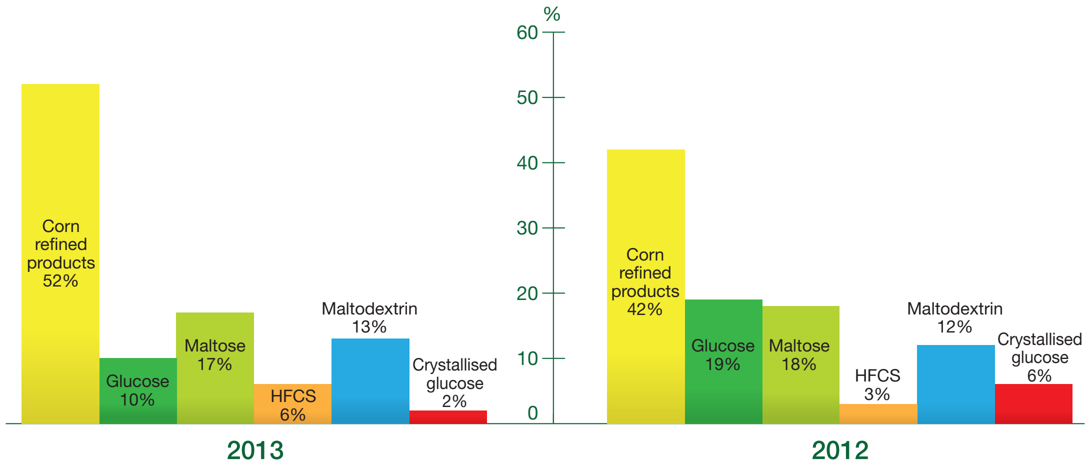
FINANCIAL HIGHLIGHTS

(HK$ million)	2013	2012	Change %
Revenue	4,200	4,520	(7.1)
Gross profit	138	351	(60.7)
Loss before tax from continuing operations	(304)	(109)	N/A
Loss for the year from a discontinued operation	(5)	(120)	N/A
Net loss from ordinary activities attributable to shareholders	(320)	(247)	N/A
Loss per share (HK cents)	(20.9)	(16.2)	N/A
Loss per share from continuing operations (HK cents)	(20.6)	(8.8)	N/A
Proposed final dividend per share (HK cents)	—	—	N/A

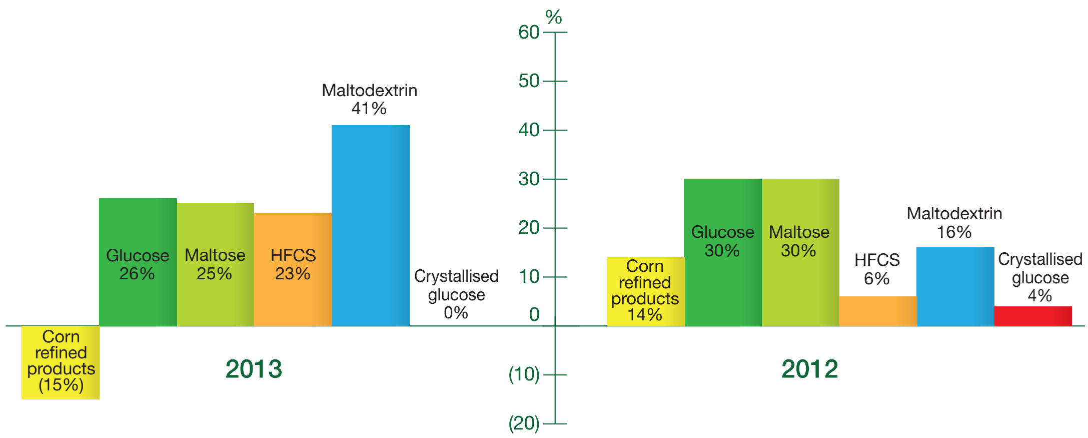


REVENUE AND SALES ANALYSIS

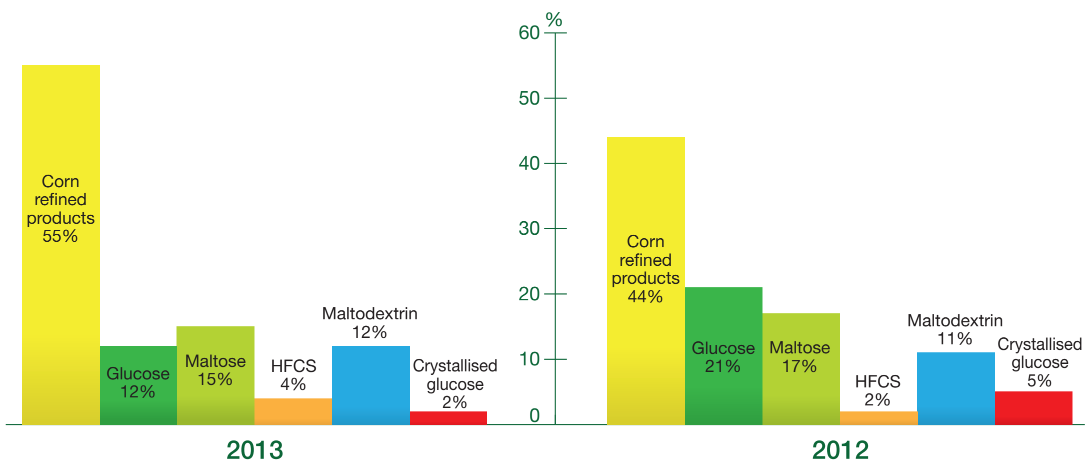
REVENUE DISTRIBUTION



GROSS PROFIT/(LOSS) DISTRIBUTION



SALES VOLUME DISTRIBUTION



MESSAGE TO SHAREHOLDERS

To the Shareholders:

2013 continued to be a challenging year to Global Sweeteners. Overcapacity of upstream corn refinery continued to squash the prices of the Group's upstream products. International sugar price remained weak as a result of increased production volume and high inventory level during the year, putting pressure on the selling prices of the Group's downstream sweetener products. On the other hand, economic stress continued to build up in China, which inevitably weakened consumer sentiment. Although the Group managed to maintain its market share during the year under review by stepping up sales efforts, its sales revenue dropped by 7% year-on-year to HK$4.2 billion as a result of sluggish consumption and weakened product prices.

The situation was compounded by the rise in costs. The subsidy mechanism adopted by the State government has widened the gap between the domestic and international corn prices. As a result, corn price remained stable regardless of the increase in China's corn production in 2012/13 amid economic slowdown. Furthermore, heightened inflation in China has translated into surge in operating cost and administration expenses. During the year under review, the Group adopted stringent cost control and applied a series of proactive measures to enhance its operation efficiency. The Group has also repaid HK$444 million of debt to limit its finance costs. In spite of these efforts, the Group recorded a net loss for the year.

BUSINESS REVIEW

Slowdown in growth of the PRC's food and beverage industry amidst softened consumer sentiment, along with excess corn-refining capacity led to a higher inventory level. Industry players were under mounting pressure to off-load their stock through severe price cut. During the year under review, the average selling price of corn starch hit a record low of RMB2,700 per metric tonne, which was lower than last year's average. On the other hand, unit production cost increased as a result of lower facility utilisation of the Group's upstream corn refineries and the increase in other manufacturing costs due to inflationary pressure. Consequently, the Group's upstream segment recorded a gross loss of HK$21 million.

With respect to the Group's downstream products, international sugar price continued to decline with increased production volume in major sugar cane producing countries. Situation in China was complicated by the influx of imported sugar, which brought the country's sugar price down to RMB5,000 per metric tonne by the end of the year. In face of plunged sugar price, the significance of sweeteners as substitutes for sugar diminished, adding further pressure on their selling prices. The Group has capitalised on its highly flexible production lines to manufacture other sweetener products in reaction to changing market needs to mitigate the adverse market effects. However, with sluggish demand for sweetener products, sales volume and revenue for the Group's downstream segment dropped by 24% and 23% respectively for the year under review. Lower facility utilisation and higher product unit costs has further sliced the sweetener products' gross profit margin to 7.8%.

During the year under review, the sales volume of the Group's high fructose corn syrup ("HFCS") products increased by 86% to 59,500 metric tonnes, serving various renowned domestic and international beverage brands. On the other hand, as the seasonality factor has become less obvious, and manufacturers became cautious with their procurement, sales volume of glucose syrup and maltose syrup has been squeezed. With consumer sentiment weakened and sugar price dropped, crystallised glucose recorded a drop in both sales revenue and volume. Maltodextrin attained more satisfactory performance with stable prices and sales volume during the year under review.

During the year under review, the Group's export volume increased by 8% to 95,000 metric tonnes, accounting for 6% of its total sales. The Group entered into a strategic alliance with Archer Daniels Midland Company ("ADM"), a global leading agricultural company, for the export sale of the Group's sweetener products in June 2013. Due to the weak international sugar price, there was no export transaction done via the ADM channels during the year.

The Group realised that the maintenance of a strong balance sheet would be essential for it to navigate through the industry's radical adjustment. The Group's emphasis on risk management had resulted in shortened account receivables turnover period during the year. In addition to improvement in capital efficiency, the Group also brought down its bank borrowings to HK$1,358 million to lower finance costs.

OUTLOOK

Corn prices are expected to remain stable with the support from the State government's agricultural policies. Since corn prices are becoming less sensitive to seasonality factors, the Group will adopt a more flexible approach in corn purchasing and maintain lower corn inventory sufficient to meet two months' production needs, so as to allow the Group to effectively control its cash flow.

Overcapacity of upstream corn refineries will continue to restrain the selling prices of corn refined products. However, a prolonged oversupply is expected to force inefficient manufacturers to phase out and to bring the sector closer to equilibrium.

The Group's new corn refinery production line in Jinzhou completed its final installation and commenced trial run in the first quarter of this year. Since the upstream market is under the pressure of excess capacity, the Group will gradually ramp up its utilisation by stages with reference to market changes.

Regarding the outlook for sugar prices, with projection of a fourth consecutive year of global surplus of sugar, there is limited scope for international sugar price to move significantly above its current level in 2014. However, as China's economic performance gradually stabilises, it is expected to add some fuel to the sector approaching the end of this year.

We believe a strong brand recognition associating with the quality of the Group's products will help further differentiate the Group from its competitors. Therefore, the Group will continue to strengthen its market position by leveraging its strong brand name. Coupled with the continuous efforts in the R&D of high value-added products to enhance profit margins and improved production processes to lower cost, the Group will be able to withstand the challenges ahead.

On the other hand, a major task of the Group this year is the relocation of its Changchun production facilities to the new production site in Xinglongshan. The Group entered into agreements with the Changchun Land Reserve Centre at the end of December 2013. Under the agreements, the Group is entitled to a total compensation of approximately RMB121.8 million for returning the site of its Changchun plant to the local government. Such compensation amount has been paid to the Group in the first quarter of the current year.

The current unfavourable market condition provides an appropriate timing for the relocation. The Group takes advantage of the market slump to begin the relocation in the second quarter of this year. Suspension of its upstream production facilities in Changchun has taken place since March this year; meanwhile, the Group also adjusted the utilisation rate of its downstream operation in Changchun to serve current customers to maintain its sales channels. Considering the challenging upstream operation environment, the temporary suspension of production during relocation enables the Group to improve its operating efficiency. The Board is of the view that the relocation provides an opportunity for the Group to re-structure its product mix and capacity to appropriately address market needs, and at the same time, upgrade its production facilities and streamline production processes to enhance efficiency.

The relocation to Xinglongshan is expected to complete by the end of 2014. Commercial production of the downstream production facilities will commence by the first half of 2015. In view of the current unfavourable upstream corn refinery market, the Group may continue to source corn starch externally after the commencement of production. Resumption of operation of the upstream corn refinery at the new site will depend on the pace of recovery of the corn refinery industry.

MESSAGE TO SHAREHOLDERS

In the face of severe market adjustment, the Group will maintain its prudent approach in financial and risk management. It is a primary objective of the Group to stay focused on its core business, and to ensure a strong cashflow and healthy balance sheet to weather the business down cycle. We believe only under a challenging environment, can a capable and powerful enterprise demonstrates its sustainability and survive the industry consolidation.

Kong Zhanpeng
Chairman

31 March 2014

Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the production 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 then refined downstream to produce various corn sweeteners which are classified into two categories: corn syrup (glucose syrup, maltose syrup, high fructose corn syrup and sorbitol) and corn syrup solid (crystallised glucose and maltodextrin). The Group is also engaged in the corn procurement business, which corn kernels are purchased directly from farmers via corn origination silos for cost savings.

BUSINESS ENVIRONMENT

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.

Due to favourable climate conditions, corn harvest in the United States of America ("US") outperformed expectations in 2013. Consequently international corn price has reached to a year low of 406 US cents per bushel, and remained at lower level during 2013. While in China, according to the China National Grain and Oils Information Centre, the corn harvest in the People's Republic of China (the "PRC") in 2013/14 is estimated to exceed 215 million metric tonnes ("MT") (2012/13: approximately 208 million MT), representing a 3.4% increase comparing to the corresponding period last year. Notwithstanding the increased supply of corn kernels, as the demand for corn kernel remained strong in China, the average purchase price of corn kernels remained at approximately RMB2,029 per MT (2012: RMB2,027 per MT) for the year ended 31 December 2013 (the "Year").

The operating environment for the Group has been challenging during the Year. Economic growth in the PRC remains flat at a rate of 7.7% for the Year as a result of the rise in production costs, tightened property policy and weakened export. Sentiment among buyers and manufacturers stayed conservative as reflected in China's Purchasing Managers Index. The outbreak of H7N9 bird flu earlier this year has also put the feed industry deep in the mire. In addition, the market is flooded with abundant supply of corn starch as a consequence of drastic expansions of corn refineries since 2009. The average selling price of corn starch hit the record low at approximately RMB2,700 per MT (2012: RMB2,800 per MT) by the end of the Year, putting the Group's upstream business under pressure.

In respect of sugar price movement, after three consecutive years of declining cane sugar production since 2009, the production volume of cane sugar in China finally rebounded in 2013. As a result, the price of cane sugar, a substitute of the Group's corn sweetener products, dropped to approximately RMB5,000 per MT (2012: RMB5,800 per MT) by the end of the Year. On the other hand, international sugar price dropped to 16.4 US cents per pound by the end of 2013 as a result of increased production in various sugar cane producing regions. The discrepancy between domestic and international sugar prices gave rise to the influx of imported sugar, which further pressured the prices of the Group's sweeteners products.

Despite the increasing challenging operating environment for the Group, the Board is of the view that the upstream industry is merely undergoing a transitional period. The Group will continue to strengthen its market position leveraging on its brand name and further improving operation efficiency through continuous R&D efforts to lower operating cost. In addition, the Group will take the opportunity of relocating its production facilities to Xinglongshan, Changchun to re-adjust its product mix and capacity to adapt to market changes.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group's consolidated revenue for the Year decreased by 7.1% to approximately HK$4,200 million (2012: HK$4,520 million) while gross profit decreased by 60.7% to approximately HK$138 million (2012: HK$351 million) when compared to the corresponding period last year. The revenue decrease was mainly attributable to the decrease in sales volume of sweeteners and selling prices of upstream products. The decrease in gross profit was due to high production costs and weak market selling prices. As a result, the Group's net loss attributable to shareholders of the Company for the Year amounted to approximately HK$320 million (2012: HK$247 million).

Upstream products

(Sales amount: HK$2,166 million (2012: HK$1,876 million))
(Gross loss: HK$21 million (2012: gross profit HK$49 million))

During the Year, the revenue and gross profit of corn procurement business amounted to approximately HK$148 million and HK$5 million (2012: HK$155 million and HK$10 million) respectively. No internal consumption of corn kernels were provided for upstream production (2012: 74,000 MT).

During the Year, the sales volume of corn starch and other corn refined products were approximately 350,000 MT (2012: 270,000 MT) and 315,000 MT (2012: 294,000 MT) respectively. Internal consumption of corn starch was approximately 181,000 MT (2012: 181,000 MT), which was used as raw material for production in the Group's Changchun, Jinzhou and Shanghai production sites.

The average selling prices of corn starch decreased by approximately 2.9% to HK$3,300 per MT (2012: HK$3,400 per MT) while other corn refined products increased by 3.6% to HK$2,900 per MT (2012: HK$2,800 per MT) as compared to the corresponding period last year. On the other hand, cost of sales increased by approximately 21.5% which was mainly attributable to the increase in raw material costs and other manufacturing costs as a result of inflationary pressure in the PRC and lower utilisation rate of the production facilities. Consequently, the corn starch segment recorded a gross profit margin of approximately 2.1% (2012: 9.6%) while other corn refined products segment recorded a gross loss margin of approximately 5.7% (2012: 6.0%) 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 is expected to continue in 2014. As such, the Group has decided to halt its production of upstream products in Changchun for a period of approximately nine months commencing April 2014 pending its relocation of production facilities to Xinglongshan, Changchun.

Since the upstream industry is under the process of consolidation, the management of the Company believes the industry operating environment will gradually recover by the end of 2014.

Corn syrup

(Sales amount: HK$1,380 million (2012: HK$1,824 million))
(Gross profit: HK$103 million (2012: HK$231 million))

During the Year, revenue of HFCS increased by 78.9% to approximately HK$229 million (2012: HK$127 million) which was mainly attributable to the increase in sales volume by 86.2% to approximately 59,500 MT (2012: 31,800 MT). As a result, gross profit increased by 52.4% to approximately HK$32 million (2012: HK$21 million). However, the gross profit margin dropped to approximately 14.0% (2012: 16.4%) owing to the decline in average selling price by 3.5% during the Year.

During the Year, the average selling price of glucose syrup decreased by 3.9% while the sales volume decreased to approximately 158,000 MT (2012: 302,000 MT) as compared to the corresponding period last year. Consequently, the revenue of glucose syrup dropped by 49.9% to approximately HK$436 million (2012: HK$870 million).

The average selling price of maltose syrup during the Year remained flat while the sales volume decreased by approximately 13.7% to 202,000 MT (2012: 234,000 MT) as compared to the corresponding period last year. As a result, the revenue of maltose syrup decreased by approximately 13.5% to HK$715 million (2012: HK$827 million).

Internal consumption of glucose syrup for downstream production during the Year decreased to approximately 45,000 MT (2012: 164,000 MT) which was mainly attributable to the decrease in production volume of crystallised glucose.

As a result of the lower utilisation rate of the production facilities in Changchun, production cost increased by 5.8% as compared to the corresponding period last year. Gross profit margins of glucose syrup and maltose syrup segments decreased to approximately 8.3% (2012: 12.1%) and 4.8% (2012: 12.7%) respectively.

During the Year, the Group sold approximately 123,000 MT (2012: 235,000 MT) of glucose syrup to Global Bio-Chem Technology Group Company Limited ("GBT") and its subsidiaries (other than members comprising the Group, the "GBT Group").

Corn syrup solid

(Sales amount: HK$654 million (2012: HK$820 million))
(Gross profit: HK$56 million (2012: HK$71 million))

The revenue of corn syrup solid decreased by 20.1% during the Year. It was mainly attributable to the decrease in sales volume of crystallised glucose. The average selling price of crystallised glucose increased by 1.8% while sales volume decreased by 66.2% to approximately 22,000 MT (2012: 65,000 MT). Consequently, the revenue of crystallised glucose decreased by 65.1% to approximately HK$89 million (2012: HK$255 million).

During the Year, the average selling price and sales volume of maltodextrin remained at approximately HK$3,600 per MT (2012: HK$3,600 per MT) and 156,000 MT (2012: 156,000 MT). As a result, the revenue of maltodextrin remained at approximately HK$565 million (2012: HK$565 million).

Due to the drop in sales volumes and the rise in production cost during the Year, crystallised glucose segment recorded a gross profit of approximately HK$0.2 million (2012: HK$15 million) with a gross profits margin of 0.2% (2012: 5.8%); while maltodextrin segment recorded a gross profit of approximately HK$56 million (2012: HK$56 million) with a gross profit margin of 10.0% (2012: 10.0%).

During the Year, the Group sold approximately 350 MT (2012: 8,000 MT) of crystallised glucose to the GBT Group.

Export sales

During the Year, the Group exported approximately 76,000 MT (2012: 73,000 MT) of upstream corn refined products and approximately 19,000 MT (2012: 15,000 MT) of corn sweeteners; their export sales amounted to approximately HK$172 million (2012: HK$166 million) and HK$80 million (2012: HK$64 million) respectively, together representing approximately 6.0% (2012: 5.1%) of the total revenue of the Group.

As announced by the Company on 6 June 2013, the Group has entered into distribution agreements with ADM for the distribution of certain sweetener products.

During the Year, there was no export transaction done via the ADM sales channels due to the weak international sugar price.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income, operating expenses, finance costs and income tax

Other income

During the Year, other income of the Group decreased by 7.0% to approximately HK$46 million (2012: HK$50 million) which included gain on resumption of land amounted to approximately HK$19 million. Such decrease was a result of the gain on bargain purchase arising from the acquisition of the remaining shareholding interests in the joint ventures of the Company which amounted to approximately HK$13 million and exchange differences reclassified from reserve when the joint ventures became subsidiaries of the Company in the year 2012, which were not applicable for the Year.

Selling and distribution costs

During the Year, the selling and distribution costs representing 5.7% (2012: 5.7%) of the Group's revenue decreased by 7.0% to approximately HK$238 million (2012: HK$256 million) which was mainly attributable to the decrease in sales volume of the Group.

Administrative expenses

During the Year, the administrative expenses increased by 4.1% to approximately HK$113 million (2012: HK$109 million), representing 2.7% (2012: 2.4%) of the Group's revenue. Such increase was attributable to the increase in staff salary as a result of inflationary pressure in the PRC.

Other operating expenses

During the Year, other operating expenses of the Group increased by 148.5% to approximately HK$39 million (2012: HK$16 million). Such increase was attributable to the reallocation of depreciation from cost of sales as a result of the idle capacity of the Changchun production facilities which amounted to approximately HK$30 million.

Finance costs

During the Year, finance costs of the Group decreased to approximately HK$97 million (2012: HK$128 million) as a result of the reduction in bank borrowings of approximately HK$444 million.

Income tax

Although the Group recorded a net loss during the Year, certain members of the Group in the PRC incurred net profit and were subject to the PRC enterprise income tax. As a result, income tax expense amounted to approximately HK$11 million was incurred (2012: HK$25 million).

Net loss attributable to shareholders

As a result of the high production costs, weaker than expected market selling prices and decrease in sales volume of sweetener products, the Group recorded a net loss of approximately HK$320 million (2012: HK$247 million) during the Year.

IMPORTANT TRANSACTIONS

Resumption of land and relocation of production facilities

Reference is made to the announcement of the Company dated 7 January 2014. In response to the call of the local government to industrial companies to move their factories away from the central districts of the city which has been developed rapidly, the Group has decided to accept the resumption proposal and enter into compensation agreements relating to the resumption of a piece of land with an approximate area of 70,000 square metres located on the west side of Xihuancheng Road, Chanchun, the PRC ("GSH Land"), and buildings and fixtures erected on the GSH Land.

On 30 December 2013, the Group entered into a compensation agreement (the "Land Compensation Agreement") with the Changchun Land Reserve Centre（長春市土地儲備中心）(the "Land Reserve Centre") pursuant to which the Group has agreed to the resumption of the GSH Land. Under the Land Compensation Agreement, the Group shall warrant that the GSH Land has no title defect and shall deliver the land use rights certificate in respect of the GSH Land to the Land Reserve Centre within five days of the signing of the Land Compensation Agreement, and the Land Reserve Centre shall make a compensation of RMB35,320,000 (approximately to HK$44,709,000) to the Group within 30 days after completion of the procedure for the transfer of the title of the land.

On 31 December 2013, the Group entered into a compensation agreement (the "Assets Compensation Agreement", together with the Land Compensation Agreement, the "Compensation Agreements") with the Land Reserve Centre pursuant to which the Group has agreed to the resumption of the buildings and fixtures erected on the GSH Land with an aggregate gross floor area of approximately 32,000 square metres. Under the Assets Compensation Agreement, the Group shall warrant that the buildings and fixtures have no title defect and shall demolish such buildings and fixtures in accordance with the requirement of the Land Reserve Centre. The Group and the Land Reserve Centre shall enter into ancillary agreements in relation to the demolition of the buildings and fixtures and handover of the GSH Land. The Land Reserve Centre shall make a compensation of RMB86,480,000 (approximately to HK$109,468,000) to the Group at such time to be agreed between the parties. Such amounts have been fully received by the Group in the first quarter of 2014.

The Board considers that the terms of the Compensation Agreements are fair and reasonable and in the interests of the shareholders of the Company as a whole. The production facilities of the Group currently located on the GSH Land and the east side of Xihuancheng Road, Changchun, the PRC will be relocated to Xinglongshan, Changchun, the PRC. It is expected that the Group shall commence construction of the production facilities and installation of new equipment in Xinglongshan in the second quarter of 2014. Commercial production of its downstream production facilities at the new site in Xinglongshan shall commence by the first half of 2015. The Board has decided to halt its production of corn starch and by-products such as gluten meal, corn steep liquor and corn oil at the production facilities in Changchun. Depending on the then market environment, the Group will reassess whether to re-commence the production of these upstream products after its relocation of production facilities to Xinglongshan or continue to source corn starch externally for its downstream production.

As of the date of this report, the remaining part of the Group's production site in Changchun has an aggregate area of approximately 257,290 square metres and the production facilities erected thereon are pending for relocation. The negotiation between the Group and the local government in relation to the compensation for the relocation is still on-going. The management of the Company is of the opinion that certain assets included in the Group's property, plant and equipment will not be relocated to the new production site and will be retained at the old production site, and a goodwill has therefore been allocated to those assets. The management considered that these could be recovered through the relocation compensation. As a result, no impairment was made in relation to the above assets and goodwill.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESOURCES AND LIQUIDITY

Net borrowing position

The Group's net borrowings decreased by 23.6% to approximately HK$950 million (31 December 2012: HK$1,244 million) as at 31 December 2013 as a result of the Group's concerted efforts in reducing the bank borrowings of approximately HK$444 million.

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 approximately 61 days (31 December 2012: 81 days) which was mainly attributable to the stringent control on credit terms that has been applied.

During the Year, trade payables turnover days decreased to approximately 38 days (31 December 2012: 43 days) as part of the cash flow management.

As of 31 December 2013, the inventory level remained at approximately HK$1,069 million (31 December 2012: HK$1,065 million). However, with the decrease in cost of sales to approximately HK$4,062 million, the inventory turnover days increased slightly to approximately 96 days for the Year (31 December 2012: 94 days).

The current ratio as at 31 December 2013 decreased to approximately 1.10 (31 December 2012: 1.29) and quick ratio decreased to approximately 0.63 (31 December 2012: 0.86) due to the decrease in current assets of approximately HK$681 million. Gearing ratio in terms of net debts (i.e. net balance between bank borrowings and cash and cash equivalents) to equity was approximately 51.8% (31 December 2012: 53.5%). The decrease in gearing ratio was due to the reduction in bank borrowings of approximately HK$444 million during the Year. The loss before interest, taxes, depreciation and amortisation for continuing operation amounted to approximately HK$52 million (2012: Earnings before interest, taxes, depreciation and amortisation for continuing operation HK$169 million).

Structure of interest bearing borrowings

As at 31 December 2013, the Group's bank borrowings amounted to approximately HK$1,358 million (31 December 2012: HK$1,802 million), of which approximately 1.9% (31 December 2012: 2.4%) was denominated in US dollars, 4.4% (31 December 2012: 3.9%) was denominated in Hong Kong dollars while the remainder was denominated in Renminbi. The average interest rate during the Year decreased to approximately 5.9% (2012: 6.3%) per annum as a result of the decrease in the PRC interest rate.

The percentage of interest bearing borrowings wholly repayable within one year or on demand and in the second to the fifth years were approximately 97.3% (31 December 2012: 82.1%) and 2.7% (31 December 2012: 17.9%) respectively. The change in repayment pattern was mainly due to reallocation of long term bank borrowings to short term bank borrowings during the Year.

Considering the management's continuous efforts to monitor the cash flow of the Company and to maintain good relationships with banks, the Group has not experienced any difficulties in renewing the existing banking facilities and/or obtaining further financing with its banks as of the date of this report. As such, the Board is of the view that the Group is able to maintain a healthy level of working capital.

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 business segments and overall foreign exchange risk profile, and will consider appropriate hedging measures in future when necessary.

FUTURE PLANS AND PROSPECTS

It is the Group's mission to become one of the leading corn sweeteners manufacturers in Asia and a major player in the global market. To achieve this objective, the Group will strive to diversify its product mix and enhance its capability in developing high value-added products and new applications through in-house research and development and strategic business alliance with prominent international market leaders.

The Group will adopt a prudent approach in face of the current challenging operating environment. In the short run, the Group will capture the opportunity of the relocation of its production facilities to 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 R&D efforts to lower operating cost. In the long run, the Group will continue to strengthen its market position leveraging on its brand name and add value to current product mix through the introduction of new high value-added products.

EXPANSION OF PRODUCTION CAPACITY

At present, the Directors are of a prudent view that the Company should continue to observe market movements and assess from time to time the need and feasibility of capacity expansion.

NUMBER AND REMUNERATION OF EMPLOYEES

As at 31 December 2013, the Group has approximately 1,520 (2012: 1,600) full time employees in Hong Kong and the PRC. The Group appreciates the correlation between human resources and its success, hence has placed great emphasis on the recruitment of qualified and experienced personnel to enhance Group's production capability and products innovation. Remuneration is maintained at competitive levels with discretionary bonuses payable on a merit basis, which is in line with industrial practice. Staff benefits provided by the Group include mandatory fund, insurance schemes and performance related commissions.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Kong Zhanpeng, aged 50, is the executive Director and Chairman of the Company and is responsible for the Group's overall corporate development and management. Mr. Kong is one of the founders of GBT in 1994 and was appointed as an executive director of GBT in December 2013. He has over 18 years of extensive experience in industry and 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. Zhang Fazheng, aged 64, was appointed as an executive Director in June 2008 and was appointed as the chief executive officer of the Group on 6 February 2009. Mr. Zhang is responsible for overseeing the Group's operation management and product development. Mr. Zhang graduated from Jilin Finance and Trade College in 1992, majoring in corporate accounting and he has over 25 years of experience in the management of production plant. Mr. Zhang joined the Group in 1998.

Mr. Lee Chi Yung, aged 39, is an executive Director, financial controller and company secretary of the Company. He is responsible for overseeing the Group's financial reporting procedures, internal controls and compliance with the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other relevant laws and regulations. Mr. Lee has over 13 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 Group in August 2007 and was appointed as an executive Director in December 2009.

Ms. Wang Guifeng, aged 63, was appointed as an executive Director in March 2014. She is responsible for overseeing the finance and accounting functions of the Group's business in the PRC. Ms. Wang graduated from Changchun Vocational University, majoring in industrial accountancy. She is a member of the Chinese Institute of Certified Public Accountants with over 23 years of experience in accounting and financial resources management. She was an executive Director from September 2007 to September 2010, and an executive director of GBT from September 2010 to December 2013.

Mr. Nie Zhiguo, aged 42, was appointed as an executive Director in March 2014. He is the general manager of the Group's Jinzhou production site. Mr. Nie obtained a Master's degree in software engineering and domain engineering from University of Electronic Science and Technology of China in 2009. He joined GBT in 1997 and has over 19 years of experience in corn refinery and sweeteners industries. Mr. Nie joined the Group in 2001 after his appointment as the production engineer for the Group's high fructose corn syrup project, and has been serving the Group as the general manager of Jinzhou Dacheng Food Development Co., Ltd.. In November 2012, Mr. Nie was appointed as the general manager of the Group's Jinzhou production site.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yuk Tong, aged 51, holds a Bachelor's degree in Commerce from the University of Newcastle in Australia and a Master's degree in Business Administration from the Chinese University of Hong Kong. He has more than 26 years of experience in auditing, accounting, management consultancy and financial advisory services. Mr. Chan is a practicing fellow member of the Hong Kong Institute of Certificate Public Accountants and a member of CPA Australia. Mr. Chan was appointed as an independent non-executive Director in June 2008. Mr. Chan also holds directorship in the following publicly listed companies:

Company name	Stock code and position
Ausnutria Dairy Corporation Ltd.	Hong Kong Stock Exchange: 01717 (independent non-executive director)
Kam Hing International Holdings Limited	Hong Kong Stock Exchange: 02307 (independent non-executive director)
Sinopoly Battery Limited	Hong Kong Stock Exchange: 00729 (independent non-executive director)
Ground Properties Company Limited (formerly known as China Motion Telecom International Limited) (appointed on 29 November 2013)	Hong Kong Stock Exchange: 00989 (independent non-executive director)

In addition, Mr. Chan was an independent non-executive Director of Daisho Microline Holdings Limited (stock code: 00567) from September 2004 to August 2013; Trauson Holdings Company Limited (stock code: 00325) (which was delisted) from June 2010 to July 2013; Xinhua Winshare Publishing and Media Co., Ltd. (stock code: 00811) from April 2007 to July 2013; BYD Electronic (International) Company Limited (stock code: 00285) from March 2009 to June 2013; and Anhui Conch Cement Company Limited (stock code: 00914) from June 2006 to May 2012. Mr. Chan was a non-executive director of Vitop Bioenergy Holdings Limited (stock code: 01178) from September 2005 to May 2011. The above companies are listed on the Hong Kong Stock Exchange except for Anhui Conch Cement Company Limited, which is listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange.

Mr. Ho Lic Ki, aged 65, completed the Chinese Senior Bankers Program offered by the University of Washington, Seattle, the US 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 and the registered licensee of type 9-asset management regulated activities under the Securities and Futures Ordinance. Mr. Ho is a full member of Hong Kong Securities Institute 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 50, was appointed as an independent non-executive Director in March 2014. He is a solicitor and has been in private practice in Hong Kong since 1995. Mr. Lo holds a Bachelor's degree in law and economics from the University of Keele, United Kingdom. He was first admitted as a solicitor in England and Wales and then admitted as solicitor of the Supreme Court of Hong Kong. Mr. Lo is a consultant of Messrs. Y. T. Chan & Co.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Gao Yunchun, aged 49, is the vice president of Jilin Petrochemical Design and Research Institute. Mr. Gao graduated from Tianjin University with a Bachelor's degree in chemical engineering in 1987 and has about 16 years of experience in the field of chemical engineering and corn refinery industry. Mr. Gao was an independent non-executive Director from September 2007 to 3 March 2014. He is now serving as a senior consultant of the Group in technology and facilities design areas.

Ms. Ge Yanping, aged 45, is the vice general manager of the Group's Shanghai production site, responsible for production and quality control management of the Shanghai plants. Ms. Ge graduated from Tonghua Normal University in Jilin Province in 2005, majoring in Chinese language and literature, and completed the financial information management courses organised by Shanghai Jiao Tong University in 2009. She has also obtained the FSSC 22000 internal auditor training certificate in 2012. Ms. Ge joined the Group in October 1999 and has over 14 years of experience in corn refinery and sweeteners industries. Ms. Ge was an executive Director from September 2007 to December 2008. In February 2014, Ms. Ge was appointed as the vice general manager of the Group's Shanghai production site.

Mr. Wen Gang, aged 42, 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. Yu Quanhe, aged 47, 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.

Global Sweeteners Holdings Limited (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.

CORPORATE GOVERNANCE PRACTICES

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 2013.

DIRECTORS' SECURITIES TRANSACTIONS

Model Code for securities transactions

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 of the Listing Rules (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Directors, the Directors have complied with the required standard set out in the Model Code and the code of conduct of the Company regarding their securities' transactions 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	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	Corporate governance committee meetings	Annual general meeting
Executive Directors						
Kong Zhanpeng*	5/7		2/2	3/4		1/1
Zhang Fazheng**	6/7					1/1
Lee Chi Yung**	6/7				2/2	1/1
Independent Non-executive Directors						
Chan Yuk Tong**	6/7	4/4	2/2		2/2	1/1
Gao Yunchun***	4/7	2/4		2/4		1/1
Ho Lic Ki**	6/7	4/4	2/2	4/4	2/2	1/1

* Mr. Kong Zhanpeng was absent at two board meetings during the year ended 31 December 2013, as he was required to abstain from voting and absent from the meeting after disclosure of his conflict of interest. Consequently, Mr. Kong only attended five out of seven board meetings during the year under review.

** Mr. Zhang Fazheng, Mr. Lee Chi Yung, Mr. Chan Yuk Tong and Mr. Ho Lic Ki, were absent at one board meeting during the year ended 31 December 2013, as they were required to abstain from voting and absent from the meeting after disclosure of their conflict of interest. Consequently, Mr. Zhang Fazheng, Mr. Lee Chi Yung, Mr. Chan Yuk Tong and Mr. Ho Lic Ki, only attended six out of seven board meetings during the year under review.

*** Mr. Gao Yunchun has resigned as an independent non-executive Director on 3 March 2014.

As of the date of this report, the Board comprises eight Directors, being five 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 each individual Directors and their range of specialist experience and expertise are set out on page 14 to 15 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;

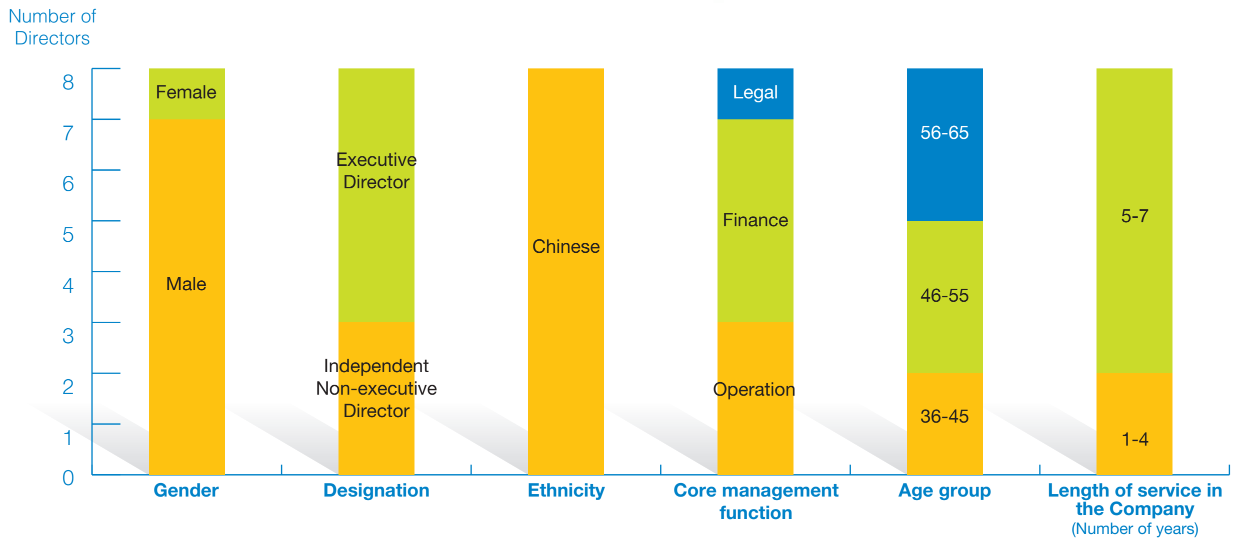
(3) at least one-third of the Board are holders of a Bachelor's degree or above;

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

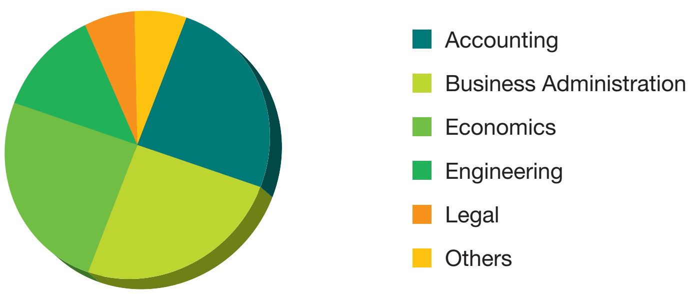
(5) at least one Director has relevant experience in the corn processing industry; and

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

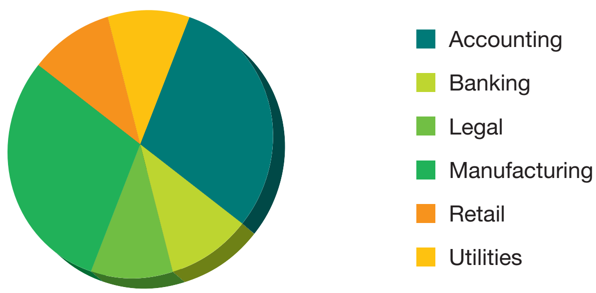
Up to the date of this report, composition of the Board is disclosed as below:



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 strategy; 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 recourse 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.

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 or director's duties and responsibilities.

CHAIRMAN AND CHIEF EXECUTIVE

The roles of the chairman and chief executive of the Company are separate and exercised by different Directors. Mr. Kong Zhanpeng is the Chairman of the Company and is mainly responsible for providing leadership and directions to the Board. Mr. Zhang Fazheng is the Chief Executive Officer of the Group, and is responsible for overseeing the Group's operation management and product development.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. Gao Yunchun and Mr. Ho Lic Ki have been appointed for an initial term of two years commencing from 1 September 2007, and Mr. Chan Yuk Tong has been appointed for an initial term of two years commencing from 1 June 2008. With effect from 3 March 2014, Mr. Gao Yunchun has resigned as an independent non-executive Director and Mr. Lo Kwing Yu has been appointed as independent non-executive Director 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:

	2013 HK$'000	2012 HK$'000
Fees	768	768
Other emoluments:		
Salaries, allowances and benefits in kind	5,855	5,580
Performance-related bonuses	1,170	—
Pension scheme contributions	30	28
	7,823	6,376

According to the Directors' service contracts, each of the executive Directors is entitled to a basic salary to an annual increment at the discretion of the Directors of not more than 15% of the annual salary immediately prior to such increase. In addition, supplemental agreements have been entered into between the Company and the executive Directors on 30 September 2013 which took effect on 1 October 2013. A new bonus mechanism has been adopted to assess the performance of the executive Directors based on a predetermined mechanism which will be reviewed by the remuneration committee of the Company ("Remuneration Committee") from time to time. Each of the executive Directors is entitled to a discretionary management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion pursuant to the mechanism adopted by the Board from time to time. 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. For the year ended 31 December 2013, the aggregate amount of bonuses payable executive Directors amounted to approximately HK$1,170,000 (2012: nil).

(a) Independent non-executive Directors

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

	2013 HK$'000	2012 HK$'000
Chan Yuk Tong	264	264
Gao Yunchun[1]	240	240
Ho Lic Ki	264	264
	768	768

Note: Mr. Gao Yunchun has ceased to be an independent non-executive Director since 3 March 2014.

There were no other emoluments payable to the independent non-executive Directors during the Year (2012: Nil).

(b) Executive Directors

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

	Basic salaries, housing, benefits, other allowances and benefits in kind HK$'000	Performance related bonus HK$'000	Pension Scheme Contributions HK$'000	Total HK$'000
2013				
Kong Zhanpeng	3,600	675	15	4,290
Zhang Fazheng	1,055	270	—	1,325
Lee Chi Yung	1,200	225	15	1,440
	5,855	1,170	30	7,055
2012				
Kong Zhanpeng	3,600	—	14	3,614
Zhang Fazheng	780	—	—	780
Lee Chi Yung	1,200	—	14	1,214
	5,580	—	28	5,608

(c) Senior Management

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

	2013 Number of individuals	2012 Number of individuals
Nil to 1,000,000[1]	3	3

Note: Mr. Nie Zhiguo was appointed as an executive Director on 3 March 2014

ACCOUNTABILITY AND AUDIT

The management of the Company is responsible to provide all relevant information to the Board, giving members with sufficient explanation and information its needs to discharge their responsibilities. Board members are provided with monthly updates, including sales updates, projected launched, upcoming projects and financial position, which give the Directors a balanced and understandable assessment of the performance, position and prospects of the Group. A statement by the auditors of the Company in respect of their reporting responsibilities is set out in the Independent Auditor's Report.

The Directors are responsible for overseeing the preparation of financial statements of each financial year, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that year. In preparing the financial statements for the year ended 31 December 2013, the Directors have selected suitable accounting policy and applied them consistently, approved adoption of all Hong Kong Financial Reporting Standards, made judgments and estimates that are appropriate, and prepared the financial statements on the going concern basis.

The Group has announced its annual and interim results in a timely manner within the limits of three months and two months respectively after the end of the relevant period, as laid down in the Listing Rules.

MANAGEMENT FUNCTIONS

The Board decides on corporate strategies, 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 an audit committee, a nomination committee, a Remuneration Committee and a corporate governance committee with clearly defined written terms of reference adopted in compliance with the CG Code. The Company has also set up a continuing connected transactions executive committee and a continuing connected transactions supervisory committee to monitor the continuing connected transactions between the Group and the GBT Group.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") 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 and internal controls with written terms of reference in compliance with the CG Code provisions. During the Year, the Audit Committee comprises three independent non-executive Directors. The chairman of the Audit Committee is Mr. Chan Yuk Tong. The other members of the Audit Committee are Mr. Ho Lic Ki and Mr. Gao Yunchun. On 3 March 2014, Mr. Gao ceased to be a member of the Audit Committee, due to his resignation as an independent non-executive Director, and Mr. Lo Kwing Yu was appointed as a member of the Audit Committee.

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 four meetings in 2013.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing internal controls and financial reporting matters, and has reviewed the audited financial statements of the Group for the year ended 31 December 2013.

NOMINATION COMMITTEE

In compliance with the CG Code, the Company established its nomination committee ("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. Kong Zhanpeng, and two independent non-executive Directors, Mr. Chan Yuk Tong and Mr. Ho Lic Ki. Mr. Kong Zhanpeng 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, process and criteria adopted by the Nomination Committee to select and recommending candidates for directorship during the year. The Nomination Committee also reviews the structure, size and composition of the Board and to make 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.

The Nomination Committee held two meeting in 2013.

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

During the Year, the members of the Remuneration Committee include an executive Director, Mr. Kong Zhanpeng and two independent non-executive Directors, Mr. Ho Lic Ki and Mr. Gao Yunchun. 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 assess performance of executive Directors and approve the terms of executive Directors' service contracts. On 3 March 2014, Mr. Gao ceased to be a member of the Remuneration Committee, and Mr. Lo Kwing Yu was appointed as a member of the Remuneration Committee.

In 2013, the Remuneration Committee held four meetings to review, make recommendations to the Board remuneration packages of the individual executive Directors and the senior management.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee of the Company (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 one executive Director and two independent non-executive Directors. The chairman of the Corporate Governance Committee is Mr. Chan Yuk Tong. The other members of the Corporate Governance Committee are Mr. Ho Lic Ki and Mr. Lee Chi Yung.

The Corporate Governance Committee held two meetings in 2013.

The Corporate Governance Committee reviewed the Company's policies and practices on corporate governance, and considered that the Company has complied with all code provisions in the CG Code during the Year.

CONTINUING CONNECTED TRANSACTIONS EXECUTIVE COMMITTEE

During the Year, the continuing connected transactions executive committee ("CCT Executive Committee") comprises two executive Directors, namely Mr. Lee Chi Yung and Mr. Zhang Fazheng, responsible for monitoring, review and management of the continuing connected transactions (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 continuing connected transactions report and submitting the same to CCT Supervisory Committee (as defined below) on regular basis. On 3 March 2014, Ms. Wang Guifeng and Mr. Nie Zhiguo were appointed as members of the CCT Executive Committee.

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

CCT SUPERVISORY COMMITTEE

The CCT supervisory committee ("CCT Supervisory Committee") that comprises all independent non-executive Directors was established by the Board to supervise the CCT Executive Committee. On 3 March 2014, Mr. Gao Yunchun ceased to be a member of the CCT Supervisory Committee and Mr. Lo Kwing Yu was appointed as a member of the CCT Supervisory 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 GBT Group 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 with in accordance with the Prescribed Guidelines (the "CCT Quarterly Report");

(3) in respect of the provision of utility services (the "Utility Services") by the GBT Group to the Group, to review the CCT Quarterly Report 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 service (the "Sales Agency Services") by the GBT Group to the Group, to review the CCT Quarterly Report 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 Report 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 relevant 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 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 price, 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.

(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 specification 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 (3) above;

(iii) where the above market unit pricing information or the unit selling price offered to independent customers relate to corn sweeteners 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 (4) above;

(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 corn steep liquor of comparable specifications and quantities for the Relevant Month up to the price determination date as referred to in paragraph (4) above;

(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 of the Prescribed Guidelines in respect of any continuing connected transactions 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 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.38 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 15 May 2013, 22 August 2013, 27 January 2014 and 26 March 2014. 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 of the Company.

AUDITOR'S REMUNERATION

For the year ended 31 December 2013, approximately HK$2,310,000 was incurred as remuneration to Ernst & Young for the provision of audit services and audit related remuneration of approximately HK$772,000 was paid to other certified public accountant firms for the provision of audit services of the subsidiaries of the Company located in the PRC. During the Year, the following amounts were paid as remuneration to Ernst & Young and other certified public accountant firms for the provision of non-audit related services to the Group:

	HK$'000
Taxation	74
Others	343
Total	417

COMPANY SECRETARY

The company secretary of the Company, Mr. Lee Chi Yung, who is also an executive Director, is responsible for supporting the Board, ensuring good information flow within the Board and Board policy 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 in page 14 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 Shareholders of the Company.

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 exercises his 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 Shareholders and encourage them to communicate actively with the Company and also establishing the Policy and reviewing the Policy on a regular basis to ensure its effectiveness.

As of 31 December 2013, details of Shareholders by type and aggregate shareholding are as follow:

	Number of shares held	**Percentage of shareholding**	**Market capitalization** (HK$million)
GBT	977,778,000	64.01	460
Public float in Taiwan in the form of TDR	140,176,000	9.18	66
Public float in Hong Kong	409,632,000	26.81	193

The 2013 AGM was held on 20 May 2013 to approve the 2012 audited financial statements, grant of the new issue mandate and the repurchase mandate and re-election of directors. All resolutions proposed were passed by way of poll.

An extraordinary general meeting was held on 3 March 2014 to approve the supply of corn starch and other by-products by the Group to the GBT Group for the two years ending 31 December 2015 and the sales of corn oil by the Group to GBT Group during the year ended 31 December 2013. All resolutions proposed were passed by way of poll.

2014 AGM will be held on 20 May 2014 to approve, among others, the 2013 audited financial statements, grant of the new issue mandate and the repurchase mandate and re-election of Directors.

INTERNAL CONTROLS

The Board is entrusted with the overall responsibility of establishing, maintaining and assessing the Group's internal control 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 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 has adopted proper procedure with duly assigned levels of authority in areas of financial, operational and compliance controls and risk management to ensure that its assets and resources remain secure at all times.

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

On 12 September 2013, the Board has engaged BDO Financial Services Limited ("BDO") to conduct a review on the effectiveness of the internal control system 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 system based on the assessment of the Audit Committee and BDO. The Company has complied with the CG Code on internal control during the Year.

Environmental, Social and Governance Report

The Company has published the Environmental, Social and Governance report on the website of the Company at www.global-sweeteners.com under the heading "Corporate 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 twenty-one (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 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 ("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.

The Directors hereby present their report and the audited financial statements of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), for the year ended 31 December 2013.

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 20 to the financial statements.

RESULTS AND DIVIDENDS

The Group's loss for the year ended 31 December 2013 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 43 to 116.

The Directors do not recommend the payment of final dividend for the year ended 31 December 2013 (2012: 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 2013 and the published combined financial information of the Group for the four years ended 31 December 2009, 2010, 2011 and 2012, as extracted from the audited financial statements and restated as appropriate, is set out on page 117. 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 15 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 30 and note 31 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.

REPORT OF THE DIRECTORS

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 32 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2013, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) ("Companies Law") of the Cayman Islands, amounted to approximately HK$1,147,462,000. 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 2013 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 29.9% of the total sales for the year and sales to the largest customer included therein accounted for approximately 12.1% of the total sales of the year. Purchases from the Group's five largest suppliers accounted for approximately 42.3% of the total purchases for the year, and purchases from the largest supplier included therein accounted for approximately 31.4% of the total purchases of the year.

Except for the GBT Group and Mr. Kong Zhanpeng (the Chairman of the Company), 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:
Kong Zhanpeng
Zhang Fazheng
Lee Chi Yung
Wang Guifeng *(Appointed on 3 March 2014)*
Nie Zhiguo *(Appointed on 3 March 2014)*

Independent non-executive Directors:
Chan Yuk Tong
Gao Yunchun *(Resigned on 3 March 2014)*
Ho Lic Ki
Lo Kwing Yu *(Appointed on 3 March 2014)*

In accordance with article 108(A) of the Articles of Association, Mr. Zhang Fazheng, an executive Director, and Mr. Chan Yuk Tong, an independent non-executive Director, will retire by rotation at the AGM.

In addition, pursuant to article 112 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an additional Director shall hold office only until the next following general meeting of the Company (in the case of a Director appointed to fill a casual vacancy) or the next following annual general meeting of the Company (in the case of a Director appointed as an additional Director) and shall then be eligible for re-election at the meeting.

By virtue of article 112 of the Articles of Association, the office of Ms. Wang Guifeng and Mr. Nie Zhiguo, both being executive Directors, and Mr. Lo Kwing Yu, being independent non-executive Director, will end at the AGM

Mr. Zhang Fazheng will not offer himself for re-election at the AGM. Save for Mr. Zhang, all the above Directors, being eligible, will offer themselves for re-election at the AGM.

The Company has received annual confirmations from Mr. Chan Yuk Tong, Mr. Gao Yunchun and Mr. Ho Lic Ki of their independence during the Year. On 3 March 2014, Mr. Gao ceased to be an independent non-executive Director and Mr. Lo Kwing Yu is appointed as an independent non-executive Director. The Company has also received confirmation from Mr. Lo of his independence. 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 pages 14 to 16 of the annual report.

DIRECTORS' SERVICE CONTRACTS

The executive Directors, Mr. Kong Zhanpeng, Mr. Zhang Fazheng, and Mr. Lee Chi Yung have entered into service contracts with the Company for an initial term of three years which commenced on 1 September 2007, 1 June 2008 and 8 December 2009, respectively and renewable automatically for successive term of one year. Ms. Wang Guifeng and Mr. Nie Zhiguo have entered into service contracts with the Company for an initial term of three years which commenced on 3 March 2014 and renewable automatically for successive term of one year. Each of the above service contracts 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. Chan Yuk Tong and Mr. Lo Kwing Yu, have entered into appointment letters with the Company for an initial term of two years which commenced on 1 September 2009, 1 June 2008 and 3 March 2014 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. Mr. Gao Yunchun resigned as an independent non-executive Director on 3 March 2014.

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, 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.

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	At 1 January 2013	Grant during the Year	Lapsed during the Year	Exercised during the Year	At 31 December 2013	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	Weighted average closing price immediately before the exercise date HK$ per share	Closing price at exercise date of option 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	N/A	N/A
Zhang Fazheng	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Xu Zhouwen*	6,000,000	–	(6,000,000)	–	Nil	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Lee Chi Yung	4,000,000	–	–	–	4,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Chan Yuk Tong	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Ho Lic Ki	2,000,000	–	–	–	2,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Employees	3,400,000	–	–	–	3,400,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
Other participant	6,000,000	–	–	–	6,000,000	11 July 2011	11 July 2011 to 10 July 2016	–	1.67	1.67	N/A	N/A
	31,400,000	–	(6,000,000)	–	25,400,000							

* Passed away on 20 August 2012

As at 31 December 2013, the options granted to subscribe for 25,400,000 Shares remained outstanding, representing approximately 1.66% of the issued share capital of the Company at that date.

As at the date of this annual report, 25,400,000 Shares were available for issue under the Scheme, representing approximately 1.66% of the issued share capital of the Company at that date.

Further details of the Scheme are disclosed in note 31 to the financial statements.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2013, the interests and short positions in the shares, 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")) 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 for Securities Transactions by Directors of Listed Issuers ("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	Global Bio-chem Technology Group Company Limited ("GBT")	Beneficial owner	18,256,000 ordinary shares of HK$0.1 each (L)	0.56
	GBT	Interest of a controlled corporation	241,920,000 ordinary shares of HK$0.1 each (L) (Note 2)	7.41
	The Company	Beneficial owner	1,984,000 shares (L) (Note 3)	0.13
	The Company	Beneficial owner	6,000,000 shares (L) (Note 4)	0.39
	GBT	Interest of a controlled corporation	Bonds in the principal amount of RMB3,000,000 (Note 5)	N/A
Zhang Fazheng	The Company	Beneficial owner	2,000,000 shares (L) (Note 6)	0.13
Lee Chi Yung	The Company	Beneficial owner	4,000,000 shares (L) (Note 7)	0.26
Chan Yuk Tong	The Company	Beneficial owner	2,000,000 shares (L) (Note 8)	0.13
Ho Lic Ki	The Company	Beneficial owner	2,000,000 shares (L) (Note 9)	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 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.

3. These shares are held by Hartington Profits Limited.

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

5. These 7.0% guaranteed bonds due 2014 are held by Hartington Profits Limited.

6. These shares are underlying shares comprised in the options granted to Mr. Zhang Fazheng pursuant to the Scheme.

7. These shares are underlying shares comprised in the options granted to Mr. Lee Chi Yung pursuant to the Scheme.

8. These shares are underlying shares comprised in the options granted to Mr. Chan Yuk Tong pursuant to the Scheme.

9. 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 2013, 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 2013, 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 of HK$0.1 each (L)	64.01
GBT	Interest of a controlled corporation (Note 2)	977,778,000 shares of HK$0.1 each (L)	64.01
	Beneficial owner	500,000 shares of HK$0.1 each (L)	0.03

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.

Saved as disclosed above, no person, other than the Directors and chief executive of the Company has, as of 31 December 2013, 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.

CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following connected transactions or continuing connected transactions with the GBT Group. Save as disclosed below, 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 16 April 2009, 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, amounts payable by the Group in respective of provisions of these utilities services by the GBT Group amounted to HK$184 million.

Purchase of corn starch

Pursuant to the corn starch master purchase agreement dated 16 April 2009, 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$0.1 million.

Supply of corn sweeteners

Pursuant to the corn sweeteners master sales agreement dated 16 April 2009, the GBT Group has been sourcing corn sweeteners, including sorbitol, from the Group as one of the principal production materials for the production of its 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, sales of corn sweeteners, by the Group to the GBT Group amounted to HK$311 million.

Supply of upstream 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. During the Year, sales of corn starch from the Group to the GBT Group amounted to HK$122 million.

Sales agency service

Pursuant to the sales agency agreement dated 10 December 2010 ("Yuancheng Sales Agency Agreement"), the GBT Group has been providing sales agency service to Jinzhou Yuancheng, a wholly owned subsidiary of the Company, for the sale of corn starch and other co-products. Under the Yuancheng Sales Agency Agreement, Jinzhou Yuancheng shall reimburse the GBT Group for its costs for the performance of its obligations under the Yuancheng Sales Agency Agreement on a semi-annual basis and there would not be any other agency fee being charged by the GBT Group for the services rendered. During the Year, the fee paid by Jinzhou Yuancheng for the sales agency service amounted to HK$4 million.

Pursuant to the sales agency agreement dated 17 November 2011 ("Jincheng Sales Agency Agreement", together with the Yuancheng Sales Agency Agreement, the "Sales Agency Agreements"), the GBT Group has been providing sales agency service to Changchun Jincheng, a wholly owned subsidiary of the Company, for the sale of corn starch and other co-products. Under the Jincheng Sales Agency Agreement, Changchun Jincheng shall reimburse the GBT Group for its costs for the performance of its obligations under the Jincheng Sales Agency Agreement on a semi-annual basis and there would not be any other agency fee being charged by the GBT Group for the services rendered. During the Year, the fee paid by Changchun Jincheng for the sales agency service amounted to HK$3 million.

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.38 of the Listing Rules.

Sales of corn oil

As announced by the Group on 12 December 2013, the Company and its subsidiaries which have or will have their production facilities established in Changchun and Jinzhou, the PRC (the "GS Group") has been supplying corn oil to Changchun Wanxiang Corn Oil Co., Ltd. ("Changchun Wanxiang") since December 2010. Written sales contracts have been entered into between the parties for each sale. In April 2013, the GBT Group acquired the entire issued share capital of the holding company of Changchun Wanxiang and Changchun Wanxiang subsequently became a member of the GBT Group and a connected person of the Company, and the supply of corn oil by the GS Group to Changchun Wanxiang subsequently became continuing connected transactions of the Company. Since the date of Changchun Wanxiang becoming a connected person of the Company to 31 October 2013, the sales amount payable by Changchun Wanxiang to the GS Group amounted to approximately HK$60.3 million, which represents more than 5% of each of the applicable percentage ratios and the sales amount exceeded HK$10 million. Under Chapter 14A of the Listing Rules, such sale of corn oil constituted non-exempt continuing connected transactions which should be subject to the reporting, announcement, annual review and independent Shareholders' approval requirements. Under Rule 14A.41 of the Listing Rules, the Company was required to comply with all applicable reporting, annual review and disclosure requirements upon it becoming aware of the fact that Changchun Wanxiang has become a connected person of the Company, and the Company was required to comply in full with all applicable reporting, annual review, disclosure and independent Shareholders' requirements upon the entering into of new sales contract with Changchun Wanxiang after it became a connected person of the Company. As such, the failure by the Company to comply with the above requirements constituted breaches of Rules 14A.35 and 14A.41 of the Listing Rules. Pursuant to an extraordinary general meeting held on 3 March 2014, the independent Shareholders of the Company have ratified the sale of corn oil by the Group to the GBT Group for the year ended 31 December 2013.

Other than the aforementioned continuing connected transactions, the related party transactions disclosed in note 36 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, saved for the sales commission paid to a related company.

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.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Mr. Kong Zhanpeng, the executive Director, is interested in approximately 7.97% 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.

In order to facilitate the Group's sale of corn starch and Co-Products to its customers at arm's length from the GBT Group's Excluded Business and protect the Group from any possible direct and indirect competition from the GBT Group in respect of the Excluded Business, Jinzhou Yuancheng and Changchun Jincheng, both wholly-owned subsidiaries of the Company, and Global Corn Investments Limited have entered into the Yuancheng Sales Agency Agreement and Jincheng Sales Agency Agreement on 10 December 2010 and 17 November 2011, respectively. Under the Sales Agency Agreements, each of Jinzhou Yuancheng and Changchun Jincheng have appointed Global Corn Investments Limited (for itself and on behalf of the GBT Group) as its exclusive agent for the sale of the Co-products and corn starch in excess of its internal consumption from time to time produced by each of them. The term of the Yuancheng Sales Agency Agreement is from 1 January 2011 to 31 December 2013 and the term of the Jincheng Sales Agency Agreement is from 17 November 2011 to 31 December 2013. Under the Sales Agency

Agreements, the GBT Group would use its best endeavours to procure the sale and marketing of the Co-products and corn starch as exclusive agent of Jinzhou Yuancheng and Changchun Jincheng, and would sell the Co-products and corn starch produced by Jinzhou Yuancheng and Changchun Jincheng in priority to any Co-products and corn starch produced by any members of the GBT Group (other than those goods produced by Global Corn Investments Limited or any member of the GBT Group for sales in Jilin and Heilongjiang Provinces of the PRC). Jinzhou Yuancheng and Changchun Jincheng would reimburse the GBT Group's for its costs for the performance of its obligations under the Sales Agency Agreements, and there would not be any other agency fee payable to the GBT Group for the services rendered.

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.

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

On 30 September 2013, supplemental agreements have been entered into between the Company and three executive Directors being Mr. Kong Zhanpeng, Mr. Zheng Fazheng and Mr. Lee Chi Yung respectively which took effect on 1 October 2013, pursuant to which a new bonus mechanism has been adopted by the Company to assess the performance of the executive Directors based on a predetermined mechanism which will be reviewed by the Remuneration Committee from time to time. Each of the executive Directors is entitled to a discretionary management bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion pursuant to the mechanism adopted by the Board from time to time.

In addition, as recommended by the Remuneration Committee on 20 December 2013 and approved by the Board on 20 December 2013, the director's fee of two independent non-executive Directors, being Mr. Chan Yuk Tong and Mr. Ho Lic Ki under the appointment letters entered into between the Company and them dated 1 June 2008 and 3 September 2007 respectively, has been increased to an annual director's fee of HK$300,000 with effect from 1 January 2014.

EVENT AFTER THE REPORTING PERIOD

Details of the significant event of the Group after the reporting period are set out in note 41 to the financial statements.

AUDITORS

Ernst & Young 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

Kong Zhanpeng
Chairman

Hong Kong
31 March 2014

EY 安永

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

We have audited the consolidated financial statements of Global Sweeteners Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 43 to 116, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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 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.

AUDITORS' RESPONSIBILITY

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

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

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

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

INDEPENDENT AUDITORS' REPORT

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

31 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CONTINUING OPERATIONS			
REVENUE	5	4,200,019	4,520,146
Cost of sales		(4,062,266)	(4,169,239)
Gross profit		137,753	350,907
Other income and gains	5	46,113	49,581
Selling and distribution expenses		(237,843)	(255,812)
Administrative expenses		(113,273)	(108,830)
Other expenses		(39,201)	(15,773)
Finance costs	7	(97,255)	(127,749)
Share of losses of joint ventures		–	(1,324)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	6	(303,706)	(109,000)
Income tax expense	10	(11,126)	(24,756)
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(314,832)	(133,756)
DISCONTINUED OPERATION			
Loss for the year from a discontinued operation	12	(5,397)	(119,819)
LOSS FOR THE YEAR		(320,229)	(253,575)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of financial statements of operations outside Hong Kong		44,494	25,747
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Loss on property revaluation		(14,714)	–
Income tax effect		3,678	–
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods		(11,036)	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		33,458	25,747
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(286,771)	(227,828)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Loss attributable to:			
Owners of the parent	11	**(319,959)**	(247,494)
Non-controlling interests		**(270)**	(6,081)
		(320,229)	(253,575)
Total comprehensive loss attributable to:			
Owners of the parent		**(286,354)**	(222,196)
Non-controlling interests		**(417)**	(5,632)
		(286,771)	(227,828)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	14		
Basic			
— For loss for the year		**HK$(0.209)**	HK$(0.162)
— For loss from continuing operations		**HK$(0.206)**	HK$(0.088)
Diluted			
— For loss for the year		**HK$(0.209)**	HK$(0.162)
— For loss from continuing operations		**HK$(0.206)**	HK$(0.088)

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	1,576,123	1,612,495
Prepaid land lease payments	16	194,837	223,864
Deposits paid for acquisition of property, plant and equipment		4,774	23,810
Goodwill	17	183,538	183,538
Other intangible assets	18	3,243	3,243
Deferred tax assets	29	2,240	2,022
Total non-current assets		1,964,755	2,048,972
CURRENT ASSETS			
Inventories	21	1,068,806	1,065,427
Trade and bills receivables	22	699,329	1,004,389
Prepayments, deposits and other receivables	23	180,323	296,504
Due from the immediate holding company	36(iii)	21,709	21,408
Due from fellow subsidiaries	36(iii)	91,823	239,091
Non-current assets held for sale	19	5,500	—
Financial asset at fair value through profit or loss	24	22,658	—
Pledged deposits	25	5,703	—
Cash and cash equivalents	25	407,207	557,551
Total current assets		2,503,058	3,184,370
CURRENT LIABILITIES			
Trade and bills payables	26	427,013	489,072
Other payables and accruals	27	221,588	177,675
Interest-bearing bank borrowings	28	1,320,421	1,478,642
Due to fellow subsidiaries	36(iii)	258,344	277,682
Due to the ultimate holding company	36(iii)	30,482	26,739
Tax payable		28,216	27,729
Total current liabilities		2,286,064	2,477,539
NET CURRENT ASSETS		216,994	706,831
TOTAL ASSETS LESS CURRENT LIABILITIES		2,181,749	2,755,803

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,181,749**	2,755,803
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	**37,185**	323,025
Deferred tax liabilities	29	**107,381**	107,696
Deferred income		**—**	1,128
Total non-current liabilities		**144,566**	431,849
Net assets		**2,037,183**	2,323,954
EQUITY			
Equity attributable to owners of the parent			
Issued capital	30	**152,759**	152,759
Reserves	32(a)	**1,890,619**	2,176,973
		2,043,378	2,329,732
Non-controlling interests		**(6,195)**	(5,778)
Total equity		**2,037,183**	2,323,954

Kong Zhanpeng
Director

Lee Chi Yung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Attributable to owners of the parent Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012		152,759	1,074,879	63,444	119,192	264,166	18,526	869,877	2,562,843	90	2,562,933
Loss for the year		–	–	–	–	–	–	(247,494)	(247,494)	(6,081)	(253,575)
Other comprehensive income for the year:											
Exchange realignment		–	–	–	–	25,298	–	–	25,298	449	25,747
Total comprehensive income/(loss) for the year		–	–	–	–	25,298	–	(247,494)	(222,196)	(5,632)	(227,828)
Obtaining control over joint ventures	33	–	–	(419)	–	(12,582)	–	419	(12,582)	7,746	(4,836)
Acquisition of non-controlling interests		–	–	–	–	–	–	1,667	1,667	(7,982)	(6,315)
Transfer from retained profits		–	–	–	3,921	–	–	(3,921)	–	–	–
At 31 December 2012		152,759	1,074,879	63,025	123,113	276,882	18,526	620,548	2,329,732	(5,778)	2,323,954

	Attributable to owners of the parent Issued capital HK$'000	Share premium account HK$'000	Asset revaluation reserve HK$'000	Statutory reserve fund HK$'000	Exchange fluctuation reserve HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2013	152,759	1,074,879	63,025	123,113	276,882	18,526	620,548	2,329,732	(5,778)	2,323,954
Loss for the year							(319,959)	(319,959)	(270)	(320,229)
Other comprehensive income for the year:										
Revaluation deficit, net of deferred tax	–	–	(11,036)	–	–	–	–	(11,036)	–	(11,036)
Exchange realignment	–	–	–	–	44,641	–	–	44,641	(147)	44,494
Total comprehensive income/(loss) for the year	–	–	(11,036)	–	44,641	–	(319,959)	(286,354)	(417)	(286,771)
Transfer of share option reserve upon the forfeiture of share options	–	–	–	–	–	(3,540)	3,540	–	–	–
Transfer from retained profits	–	–	–	3,368	–	–	(3,368)	–	–	–
At 31 December 2013	152,759	1,074,879*	51,989*	126,481*	321,523*	14,986*	300,761*	2,043,378	(6,195)	2,037,183

Certain subsidiaries which were established in 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.

* These reserve accounts comprise the consolidated reserves of the Group of HK$1,890,619,000 (2012: HK$2,176,973,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
From continuing operations		**(303,706)**	(109,000)
From a discontinued operation		**(5,397)**	(119,819)
Adjustments for:			
Finance costs	7	**97,255**	127,749
Gain on bargain purchase	5	**—**	(13,479)
Exchange differences reclassified from reserves when the joint ventures became subsidiaries	5	**—**	(12,582)
Fair value loss of investments in joint ventures	5	**—**	1,710
Bank interest income	5	**(2,502)**	(2,989)
Depreciation	15	**147,245**	142,684
Loss on disposal of items of property, plant and equipment	6	**3,272**	2,375
Gain on resumption of land	5	**(18,779)**	—
Loss on disposal of biological assets		**—**	8,525
Amortisation of prepaid land lease payments	16	**7,664**	7,471
Amortisation of other intangible assets	18	**—**	284
Share of losses of joint ventures		**—**	1,324
Impairment/(write-back) of trade and bills receivables	22	**(5,725)**	69,345
Write-off of other receivables		**13,960**	13,356
Write-down of inventories to net realisable value	6	**46,241**	14,853
Impairment of items of property, plant and equipment	15	**—**	8,249
Impairment of other intangible assets	18	**—**	5,789
		(20,472)	145,845
(Increase)/decrease in inventories		**(22,495)**	86,193
Decrease in trade and bills receivables		**9,975**	137,305
(Increase)/decrease in prepayments, deposits and other receivables		**109,669**	(245,995)
Decrease in amounts due from joint ventures		**—**	13
Increase/(decrease) in trade and bills payables		**241,509**	(19,991)
Increase/(decrease) in other payables and accruals		**39,597**	(30,454)
Decrease in deferred income		**(1,128)**	—
Cash generated from operations		**356,655**	72,916
Interest received	5	**2,502**	2,989
Overseas taxes paid		**(9,069)**	(21,868)
Net cash flows from operating activities		**350,088**	54,037

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of prepaid land lease payments		–	(344)
Purchases of items of property, plant and equipment		(78,457)	(95,298)
Proceeds from disposal of items of property, plant and equipment		2,355	4,430
Proceeds from compensation on resumption of land		44,709	–
Purchases of breeding biological assets		–	(1,663)
Purchase of a financial asset at fair value through profit or loss		(22,658)	–
Dividend received from a joint venture		–	7,636
Acquisition of subsidiaries	33	–	64,241
Net cash flows used in investing activities		(54,051)	(20,998)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings		1,002,367	2,006,292
Repayment of bank borrowings		(1,490,267)	(2,058,156)
Interest paid	7	(97,255)	(127,749)
Acquisition of non-controlling interests		–	(6,315)
Increase in an amount due from the immediate holding company		(301)	(322)
Increase in amounts due from fellow subsidiaries		(7,626)	(21,753)
Decrease in amounts due from joint ventures		–	80
Increase in an amount due to the ultimate holding company		3,743	1,843
Increase in amounts due to fellow subsidiaries		135,556	207,000
Net cash flows from/(used in) financing activities		(453,783)	920
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(157,746)	33,959
Cash and cash equivalents at beginning of year		557,551	496,816
Effect of foreign exchange rate changes, net		13,105	26,776
CASH AND CASH EQUIVALENTS AT END OF YEAR		412,910	557,551
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	25	353,975	505,207
Non-pledged time deposits with original maturity of less than three months when acquired	25	53,232	52,344
Cash and cash equivalents as stated in the statement of financial position		407,207	557,551
Time deposits with original maturity of less than three months when acquired, pledged as security for issuance of bills payables	25	5,703	–
Cash and cash equivalents as stated in the statement of cash flows		412,910	557,551

STATEMENT OF FINANCIAL POSITION

31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	20	859,461	951,399
Total non-current assets		859,461	951,399
CURRENT ASSETS			
Due from the ultimate holding company	36(iii)	81,800	81,800
Due from the immediate holding company	36(iii)	624	323
Due from subsidiaries	20	1,351,305	1,363,881
Prepayments, deposits and other receivables	23	241	1,278
Cash and cash equivalents	25	78,927	85,510
Total current assets		1,512,897	1,532,792
CURRENT LIABILITIES			
Interest-bearing bank borrowings	28	60,000	70,000
Due to subsidiaries	20	451,944	442,877
Due to fellow subsidiaries	36(iii)	32,468	32,468
Other payables and accruals	27	8,820	6,906
Total current liabilities		553,232	552,251
NET CURRENT ASSETS		959,665	980,541
TOTAL ASSETS LESS CURRENT LIABILITIES		1,819,126	1,931,940
NON-CURRENT LIABILITIES			
Financial guarantee contracts		12,224	104,162
Total non-current liabilities		12,224	104,162
Net assets		1,806,902	1,827,778
EQUITY			
Issued capital	30	152,759	152,759
Reserves	32(b)	1,654,143	1,675,019
Total equity		1,806,902	1,827,778

Kong Zhanpeng
Director

Lee Chi Yung
Director

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 registered office address 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 in Hong Kong is located at Unit 2403, Admiralty Centre, Tower 2, No. 18 Harcourt Road, Hong Kong. The Group was 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"), a company incorporated in the Cayman Islands whose shares are also listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, except for certain property, plant and equipment with periodic remeasurement at fair value as further explained in the financial statements. These financial statements are presented in Hong Kong dollars ("HK$").

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries 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, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 13, HKFRS 7 Amendments, HKAS 1 Amendments, HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

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

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation — Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

(b) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of certain property, plant and equipment and financial instruments are included in notes 15 and 38 to the financial statements.

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

(c) The HKFRS 7 Amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with HKAS 32. Details of the relevant disclosures are included in notes 22 and 39 to the financial statements.

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

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[3]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[3]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in December 2013[2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 No mandatory effective date yet determined but is available for adoption
4 Effective for annual periods beginning on or after 1 January 2016

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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).

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 are stated at cost less any impairment losses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments in joint ventures

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

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

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

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

The results of joint ventures are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in joint ventures are treated as non-current assets and are stated at cost less any impairment losses.

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

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 assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the 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 in these circumstances is measured based on the relative value of the disposed operation and the portion of the cash-generating unit retained.

Fair value measurement

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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 valued assets.

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 (only if there are revalued assets in the financial statements), 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint 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).

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 and disposal groups 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 depreciate them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

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. An annual transfer from the asset revaluation reserve to retained profits is made for the difference between the depreciation based on the revalued carrying amount of an asset and the depreciation based on the asset's original cost. 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 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.

Intangible assets (other than goodwill)

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

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Intangible assets (other than goodwill) *(continued)*

Trademarks

Trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 20 years.

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.

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 financing 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 the 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 recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and financial assets at fair value through profit or loss. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

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

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 in finance costs for loans and in other expenses for receivables.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

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

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In 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.

2.4 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 classified, at initial recognition, as loans and borrowings.

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.

2.4 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 as well as through the effective interest rate amortisation process.

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

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 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in 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 for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

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

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, associates and joint ventures, 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

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.

Revenue recognition

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

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

(b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument 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, further details of which are given in note 31 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payments *(continued)*

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.

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 earnings per share.

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 People's Republic of China ("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 companies 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 and joint ventures 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 statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in 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 Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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 financial statements:

The Union Company is not a related party under HKAS 24

One of the major suppliers of the Group is a company beneficially owned by the staff union of the Group's PRC employees (the "Union Company"). The total purchases from the Union Company accounted for approximately 47.4% (2012: 43.4%) of the total corn kernels purchased by the Group for the year and the prepayment from this Union Company amounted to HK$113,533,000 (2012: HK$237,581,000) at the end of the reporting period. Since none of the directors nor senior management has taken part in the operations of the Union Company, and none of the Company's directors can exercise control or significant influence over the Union Company, the Union Company is not regarded as a related party to the Group under the definition of HKAS 24.

Classification of "non-current assets" and "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. To consider whether these criteria have been met, management will consider all the relevant facts and circumstances, including but not limited to, the existence of the potential purchaser(s) and the probability to obtain shareholders' approval (if applicable), in order to exercise its judgement. As at 31 December 2013, the Group recorded "Non-current assets held for sale" with carrying value amounting to HK$5,500,000 (2012: Nil) which are related to the resumption of these assets pursuant to the relocation of the Group's production facilities located at Lu Yuan District as further disclosed in note 19 to the financial statements.

Determination of cash-generating units

In the process of impairment assessment of the Group's non-financial assets, management is required to identify cash generating units. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of a cash-generating unit involves judgement. During the year ended 31 December 2013, a change of the identification of cash-generating units from that of the prior periods has been noted as a result of the Group's commencement of its relocation of production facilities from Lu Yuan District, Changchun, the PRC, to a new production site. Further details of the relocation of the production facilities are disclosed in note 19 to the financial statements.

Recognition of a deferred tax liability for withholding taxes

The Group determines that no dividends to be distributed from the PRC subsidiaries to the Company or any subsidiary outside Mainland China in the next five years could give rise to the recognition of withholding taxes. Therefore, no deferred tax liability for withholding taxes was recognised in these financial statements.

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

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.

Estimation of 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 the age, condition and functional obsolescence.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Goodwill associated with the operation disposed of should be included in the carrying amount of the operation when determining the gain or loss on disposal and measured on the basis of the relative values of the operations disposed of and the portion of the cash-generating unit retained. To assess whether impairment exists for the goodwill being allocated to the operation to be disposed of, management has compared the aggregate carrying amounts of the relevant cash-generating units to be disposed of and the portion of the goodwill allocated to the estimated fair value less costs of disposal. 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. The carrying amount of goodwill at 31 December 2013 was HK$183,538,000 (2012: HK$183,538,000). Further details are given in note 17 to the financial statements.

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as the 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 made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

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

Estimation uncertainty *(continued)*

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 undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

During the year ended 31 December 2013, management has identified the items of the non-current assets which will be retained at Lu Yuan District, Changchun, the PRC, which are recovered through compensation obtained from the local government. Further details of the resumption of assets and the relocation of the production facilities are disclosed in note 15 and note 19 to the financial statements. In the process of the impairment assessment of these items, management estimated the fair value less cost of disposal to determine the respective recoverable amounts. As certain assets items do not have an active market which indicated the respective market prices, management has estimated based on its best estimates. For example, management has made reference to the previous basis of compensation which was agreed between parties.

The carrying amount of property, plant and equipment as at 31 December 2013 was HK$1,576,123,000 (2012: HK$1,612,495,000). Further details are given in note 15 to the financial statements.

Impairment of trade receivables

The policy for provision for impairment loss 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.

Allowances for 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. As at 31 December 2013, the carrying amount of inventories was approximately HK$1,068,806,000 after netting off the allowances for inventories of approximately HK$52,119,000.

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 engages in the manufacture and sale of glucose syrup, maltose syrup, high fructose corn syrup, crystallised glucose, maltodextrin and sorbitol.

The management monitors the results of its 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 gains and expenses are excluded from such measurement.

Segment assets exclude cash and cash equivalents and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, the amount due to the ultimate holding company and other unallocated corporate liabilities as these liabilities are managed on a group basis.

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

The Group's revenue is derived from customers based in Mainland China and in regions other than Mainland China. Another basis on which the Group reports its segment information is by geographical region.

On 21 December 2012, the Company announced the decision of the directors to exit its retail beef business. Accordingly, the retail beef business was treated as a discontinued operation and was not included in the segment information.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2013	Corn refined products HK$'000	Corn based sweetener products HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	2,166,103	2,033,916	4,200,019
Intersegment sales	550,285	—	550,285
	2,716,388	2,033,916	4,750,304
Reconciliation:			
Elimination of intersegment sales			(550,285)
Revenue from continuing operations			4,200,019
Segment results	(165,515)	(54,733)	(220,248)
Reconciliation:			
Bank interest income			2,502
Unallocated gains			24,832
Corporate and other unallocated expenses			(13,537)
Finance costs			(97,255)
Loss before tax from continuing operations			(303,706)
Segment assets	1,995,541	1,839,707	3,835,248
Reconciliation:			
Elimination of intersegment receivables			(91,290)
Cash and cash equivalents and pledged deposits			412,910
Corporate and other unallocated assets			304,614
Assets related to a discontinued operation			6,331
Total assets			4,467,813
Segment liabilities	504,345	293,202	797,547
Reconciliation:			
Elimination of intersegment payables			(91,290)
Interest-bearing bank borrowings			1,357,606
Corporate and unallocated liabilities			365,578
Liabilities related to a discontinued operation			1,189
Total liabilities			2,430,630
Other segment information:			
Capital expenditure*	81,429	16,064	97,493
Depreciation	78,164	69,081	147,245
Gain on resumption of land	—	18,779	18,779
Amortisation of prepaid land lease payments	5,406	2,258	7,664
Impairment/(write-back) of trade and bills receivables	(6,350)	625	(5,725)
Write-off of other receivables	12,415	—	12,415
Write-down of inventories to net realisable value	29,266	16,975	46,241

Included in corn refined products segment were non-current assets held for sale amounted to HK$5,500,000, reclassified from properties, plant and equipment. Further details are detailed in note 19 to the financial statements.

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

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2012	Corn refined products HK$'000	Corn based sweetener products HK$'000	Total HK$'000
Segment revenue:			
Sales to external customers	1,875,841	2,644,305	4,520,146
Intersegment sales	551,844	—	551,844
	2,427,685	2,644,305	5,071,990
Reconciliation:			
Elimination of intersegment sales			(551,844)
Revenue from continuing operations			4,520,146
Segment results	(69,226)	75,910	6,684
Reconciliation:			
Bank interest income			2,989
Unallocated gains			22,241
Corporate and other unallocated expenses			(13,165)
Finance costs			(127,749)
Loss before tax from continuing operations			(109,000)
Segment assets	2,298,973	2,049,536	4,348,509
Reconciliation:			
Elimination of intersegment receivables			(123,110)
Cash and cash equivalents			557,551
Corporate and other unallocated assets			443,707
Assets related to a discontinued operation			6,685
Total assets			5,233,342
Segment liabilities	626,678	276,000	902,678
Reconciliation:			
Elimination of intersegment payables			(123,110)
Interest-bearing bank borrowings			1,801,667
Corporate and unallocated liabilities			326,991
Liabilities related to a discontinued operation			1,162
Total liabilities			2,909,388
Other segment information:			
Share of losses of joint ventures	—	(1,324)	(1,324)
Capital expenditure*	70,672	89,225	159,897
Depreciation	79,528	62,560	142,088
Amortisation of prepaid land lease payments	5,299	2,172	7,471
Impairment of trade and bills receivables	7,002	3,762	10,764
Write-down/(write-back) of inventories to net realisable value	(132)	1,087	955

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) *Revenue from external customers*

	2013 HK$'000	2012 HK$'000
Mainland China	3,948,175	4,290,111
Regions other than Mainland China	251,844	230,035
	4,200,019	4,520,146

The revenue information of continuing operations above is based on the locations of the customers.

(b) *Non-current assets*

	2013 HK$'000	2012 HK$'000
Mainland China	1,959,044	2,043,298
Regions other than Mainland China	3,471	3,652
	1,962,515	2,046,950

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue from continuing operations of approximately HK$310,619,000 (2012: HK$663,183,000) and HK$194,609,000 (2012: HK$21,470,000) during the year ended 31 December 2013 was derived from sales by the corn based sweetener products segment and the corn refined products segment, respectively, to group companies of the ultimate holding company.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains from continuing operations is as follows:

		Group	
	Notes	2013 HK$'000	2012 HK$'000
Revenue			
Sale of goods		4,200,019	4,520,146
Other income			
Bank interest income		2,502	2,989
Net profit arising from sale of packing materials and by-products		16,556	15,230
Government grants*		6,191	2,823
Exchange gain		105	—
Others		1,980	4,188
		27,334	25,230
Gains			
Gain on resumption of land**	19	18,779	—
Gain on bargain purchase	33	—	13,479
Exchange differences reclassified from reserves when the joint ventures became subsidiaries	33	—	12,582
Fair value loss of investments in joint ventures	33	—	(1,710)
		18,779	24,351
		46,113	49,581

* Government grants represented the rewards to certain subsidiaries of the Company located in Mainland China.

** Gain on resumption of land arose from the compensation granted by the local government for the resumption of a parcel of land located in Mainland China.

6. LOSS BEFORE TAX

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

		Group	
	Notes	2013 HK$'000	2012 HK$'000
Cost of inventories sold		3,379,860	3,451,397
Depreciation	15	147,245	142,088
Amortisation of prepaid land lease payments	16	7,664	7,471
Auditors' remuneration		3,082	3,081
Employee benefit expenses (excluding Directors' remuneration (note 8))			
Wages and salaries		66,014	55,351
Pension scheme contributions		8,797	6,590
		74,811	61,941
Foreign exchange differences, net		(105)	600
Gain on bargain purchase*	33	—	(13,479)
Exchange differences reclassified from reserves when the joint ventures became subsidiaries	33	—	(12,582)
Fair value loss of investments in joint ventures	33	—	1,710
Write-down of inventories to net realisable value#		46,241	955
Impairment/(write-back) of trade and bills receivables	22	(5,725)	10,764
Write-off of other receivables		12,415	—
Loss on disposal of items of property, plant and equipment		3,272	2,375

* Gain on bargain purchase is included in "Other income and gains" in the consolidated statement of profit or loss and other comprehensive income.

\# Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

7. FINANCE COSTS

An analysis of finance costs from continuing operations is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Interest on bank loans wholly repayable within five years	99,994	128,205
Finance costs for discounting bills receivables	—	4,480
Total interest expense on financial liabilities not at fair value through profit or loss	99,994	132,685
Less: interest capitalised	(2,739)	(4,936)
	97,255	127,749

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Fees	768	768
Other emoluments:		
Salaries, allowances and benefits in kind	5,855	5,580
Performance-related bonuses	1,170	—
Pension scheme contributions	30	28
	7,055	5,608
	7,823	6,376

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 special bonus. The amount of bonus payable to the executive directors for the year ended 31 December 2013 is determined by the board of directors pursuant to the management bonus mechanism with effect from 1 October 2013. No bonus was paid to the executive directors for the year ended 31 December 2012.

(a) Independent non-executive directors

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

	2013 HK$'000	2012 HK$'000
Mr. Chan Yuk Tong	264	264
Mr. Gao Yunchun*	240	240
Mr. Ho Lic Ki	264	264
	768	768

* Mr. Gao Yunchun resigned on 3 March 2014 and Mr. Lo Kwing Yu has been 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 (2012: Nil).

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

(b) Executive directors and the chief executive

2013	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Mr. Kong Zhanpeng	3,600	675	15	4,290
Mr. Zhang Fazheng**	1,055	270	–	1,325
Mr. Lee Chi Yung	1,200	225	15	1,440
	5,855	1,170	30	7,055

2012	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
Executive directors:				
Mr. Kong Zhanpeng	3,600	–	14	3,614
Mr. Zhang Fazheng**	780	–	–	780
Mr. Lee Chi Yung	1,200	–	14	1,214
	5,580	–	28	5,608

** Mr. Zhang Fazheng, one of the executive directors of the Company, is also the chief executive officer of the Company.

Ms. Wang Guifeng and Mr. Nie Zhiguo have been appointed as executive directors on 3 March 2014.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three (2012: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2012: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group 2013 HK$'000	Group 2012 HK$'000
Salaries, allowances and benefits in kind	1,079	1,085
Pension scheme contributions	30	28
	1,109	1,113

9. FIVE HIGHEST PAID EMPLOYEES *(continued)*

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

	Group 2013 Number of individuals	Group 2012 Number of individuals
Nil to HK$1,000,000	**2**	2

No emolument was paid by the Group to any of the directors or the five highest paid individuals 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 2013 and 31 December 2012.

10. INCOME TAX

No Hong Kong profits tax has been provided as the Group had no assessable profits arising in Hong Kong. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Group 2013 HK$'000	Group 2012 HK$'000
Current — Hong Kong	**—**	—
Current — Mainland China	**9,504**	20,402
Deferred (note 29)	**1,622**	4,354
Total tax charge for the year	**11,126**	24,756

10. INCOME TAX *(continued)*

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

Group — 2013	**Hong Kong**		**Mainland China**		**Total**	
	HK$'000	**%**	**HK$'000**	**%**	**HK$'000**	**%**
Loss before tax from continuing operations	**(20,782)**		**(282,924)**		**(303,706)**	
Tax at the statutory rate	**(3,429)**	**16.5**	**(70,731)**	**25.0**	**(74,160)**	**24.4**
Tax losses utilised from previous periods	**—**	**—**	**(599)**	**0.2**	**(599)**	**0.2**
Adjustments in respect of current tax of previous periods	**—**	**—**	**(1,830)**	**0.6**	**(1,830)**	**0.6**
Unrecognised tax losses	**3,070**	**(14.8)**	**61,215**	**(21.6)**	**64,285**	**(21.2)**
Temporary differences not recognised	**—**	**—**	**19,461**	**(6.9)**	**19,461**	**(6.4)**
Income not subject to tax	**(148)**	**0.7**	**—**	**—**	**(148)**	**0.1**
Expenses not deductible for tax	**507**	**(2.4)**	**3,610**	**(1.3)**	**4,117**	**(1.4)**
Tax charge at the Group's effective rate	**—**	**—**	**11,126**	**(4.0)**	**11,126**	**(3.7)**

Group — 2012	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Loss before tax from continuing operations	(489)		(108,511)		(109,000)	
Tax at the statutory rate	(81)	16.5	(27,128)	25.0	(27,209)	25.0
Tax losses utilised from previous periods	—	—	(287)	0.3	(287)	0.3
Adjustments in respect of current tax of previous periods	—	—	3,922	(3.6)	3,922	(3.6)
Unrecognised tax losses	3,124	(638.9)	40,031	(36.9)	43,155	(39.6)
Temporary differences not recognised	—	—	5,613	(5.2)	5,613	(5.2)
Income not subject to tax	(3,848)	786.9	—	—	(3,848)	3.5
Expenses not deductible for tax	805	(164.5)	2,605	(2.4)	3,410	(3.1)
Tax charge at the Group's effective rate	—	—	24,756	(22.8)	24,756	(22.7)

The statutory tax rate for all subsidiaries of the Company in Mainland China was 25% for the current year (2012: 25%).

11. LOSS ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated loss attributable to owners of the parent for the year ended 31 December 2013 includes a loss of HK$20,876,000 (2012: profit of HK$46,084,000) which has been dealt with in the financial statements of the Company (note 32(b)).

12. DISCONTINUED OPERATION

On 21 December 2012, the Company announced the decision of the Board to exit its retail beef business in order to eliminate the risks of quality assurance in view of the tightening food safety policy in Mainland China and to enable the Group to channel its resources to the core corn based business.

The results of the retail beef business for the year are presented below:

	2013 HK$'000	2012 HK$'000
Revenue	–	4,968
Cost of sales	–	(5,193)
Other revenue	37	3
Selling and distribution expenses	–	(486)
Administrative expenses	(3,889)	(8,731)
Other expenses	(1,545)	(110,380)
Loss before tax from the discontinued operation	(5,397)	(119,819)
Income tax	–	–
Loss for the year from the discontinued operation	(5,397)	(119,819)

The net cash flows incurred by the discontinued operation are as follows:

	2013 HK$'000	2012 HK$'000
Operating activities	48	(6,531)
Investing activities	–	(7)
Financing activities	–	1,270
Net cash inflow/(outflow)	48	(5,268)
Loss per share:		
Basic, from the discontinued operation	HK$(0.003)	HK$(0.075)
Diluted, from the discontinued operation	HK$(0.003)	HK$(0.075)

12. DISCONTINUED OPERATION *(continued)*

The calculations of basic and diluted loss per share amounts from the discontinued operation are based on:

	2013	2012
Loss attributable to ordinary equity holders of the parent from the discontinued operation	**HK$(5,127,000)**	HK$(113,828,000)
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation (note 14)	**1,527,586,000**	1,527,586,000
Weighted average number of ordinary shares used in the diluted loss per share calculation (note 14)	**1,527,586,000**	1,527,586,000

13. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2013 (2012: Nil).

14. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share is based on the consolidated loss for the year attributable to ordinary equity holders of the parent of approximately HK$319,959,000 (2012: HK$247,494,000) and the weighted average number of ordinary shares in issue throughout the year of 1,527,586,000 (2012: 1,527,586,000).

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 2013 and 2012, 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 2013 and 2012. Therefore, the diluted loss per share amounts were equal to the basic loss per share amounts for the years ended 31 December 2013 and 2012.

15. PROPERTY, PLANT AND EQUIPMENT

Group

31 December 2013	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
At cost:					
At 1 January 2013	786,999	1,326,332	34,629	107,091	2,255,051
Additions	846	9,985	3,105	83,557	97,493
Deficit on revaluation	(14,714)	–	–	–	(14,714)
Disposals	(904)	(15,040)	(2,775)	–	(18,719)
Transfers	366	6,221	1,302	(7,889)	–
Classified as non-current assets held for sale (note 19)	(23,571)	–	–	–	(23,571)
Exchange realignment	18,537	40,836	966	2,800	63,139
At 31 December 2013	767,559	1,368,334	37,227	185,559	2,358,679
Accumulated depreciation:					
At 1 January 2013	114,876	497,029	22,402	–	634,307
Depreciation provided during the year	24,355	117,846	5,044	–	147,245
Disposals	(184)	(10,916)	(1,992)	–	(13,092)
Classified as non-current assets held for sale (note 19)	(18,071)	–	–	–	(18,071)
Exchange realignment	3,905	19,132	672	–	23,709
At 31 December 2013	124,881	623,091	26,126	–	774,098
Impairment:					
At 1 January 2013	8,249	–	–	–	8,249
Exchange realignment	209	–	–	–	209
At 31 December 2013	8,458	–	–	–	8,458
Net book value:					
At 31 December 2013	634,220	745,243	11,101	185,559	1,576,123
At 31 December 2012	663,874	829,303	12,227	107,091	1,612,495
Analysis of cost or valuation:					
At cost	–	745,243	11,101	185,559	941,903
At 31 December 2013 valuation	634,220	–	–	–	634,220
	634,220	745,243	11,101	185,559	1,576,123

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

Group

31 December 2012	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
At cost:					
At 1 January 2012	754,747	1,268,923	30,408	45,039	2,099,117
Additions	4,843	14,308	3,640	88,413	111,204
Acquisition of subsidiaries (note 33)	15,827	12,206	487	–	28,520
Disposals	(630)	(11,240)	(331)	(818)	(13,019)
Transfers	3,363	22,770	–	(26,133)	–
Exchange realignment	8,849	19,365	425	590	29,229
At 31 December 2012	786,999	1,326,332	34,629	107,091	2,255,051
Accumulated depreciation:					
At 1 January 2012	89,453	382,155	16,463	–	488,071
Depreciation provided during the year	23,896	112,758	6,030	–	142,684
Disposals	(75)	(5,796)	(343)	–	(6,214)
Exchange realignment	1,602	7,912	252	–	9,766
At 31 December 2012	114,876	497,029	22,402	–	634,307
Impairment:					
At 1 January 2012	–	–	–	–	–
Impairment	8,249	–	–	–	8,249
At 31 December 2012	8,249	–	–	–	8,249
Net book value:					
At 31 December 2012	663,874	829,303	12,227	107,091	1,612,495
At 31 December 2011	665,294	886,768	13,945	45,039	1,611,046
Analysis of cost or valuation:					
At cost	–	829,303	12,227	107,091	948,621
At 31 December 2012 valuation	663,874	–	–	–	663,874
	663,874	829,303	12,227	107,091	1,612,495

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

Leasehold buildings

The Group's leasehold buildings with the lease terms of 50 years or shorter were stated at the recent valuation less accumulated depreciation and impairment.

At 31 December 2013, the Group's leasehold buildings were revalued on an open market value basis, by Savills Valuation and Professional Services Limited, independent professionally qualified values, at approximately HK$634,220,000. A deficit on revaluation of approximately HK$14,714,000 arising from the 2013 valuation has been debited to the asset revaluation reserve during the year ended 31 December 2013.

Fair value hierarchy

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

	Fair value measurement as at 31 December 2013 using			
	Quoted princes in active market (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Industrial properties	–	–	634,220	634,220

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.

	Industrial properties HK$'000
Carrying amount at 1 January 2013	663,874
Addition and transfer from construction in progress	1,212
Disposal and classified as to non-current assets held for sale	(6,220)
Depreciation provided during the year	(24,355)
Deficit on revaluation recognised in other comprehensive income	(14,714)
Exchange realignment	14,423
Carrying amount at 31 December 2013	634,220

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

Leasehold buildings *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation technique used and the key inputs to the valuation of buildings:

	Valuation technique	Significant Unobservable inputs	Range (weighted average)
Industrial properties	Depreciated replacement cost ("DRC") approach	a. Construction cost (RMB/sq.m)	a. 530 to 4,700
		b. Administrative expense rate	b. 3%
		c. Developer's profit margin	c. 8%-10%
		d. Interest rate	d. 6.00-6.15%
		e. Rate of newness	e. 60%-95%

The Group has determined that the highest and best use of the buildings at the measurement date would be to continue use as industrial buildings.

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 the age, condition and functional obsolescence.

A significant increase (decrease) in the estimated growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the property, plant and equipment. A significant increase (decrease) in the discount rate in isolation would result in a significant decrease (increase) in the fair value of the property, plant and equipment.

At 31 December 2013, no leasehold building of the Group was pledged to secure banking facilities granted to the Group (2012: Nil).

At 31 December 2013, the applications for building certificates for certain leasehold buildings of the Group with a total carrying amount of HK$99,013,000 (2012: HK$96,568,000) were still in progress.

Had the Group's leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amount would have been approximately HK$562,076,000 (2012: HK$577,016,000).

Other information

Included in the Group's property, plant and equipment as at 31 December 2013, HK$637,073,000 (2012: Nil) represented items which are identified by management to be recovered through sale pursuant to the relocation plan as imposed by the local government. These assets are located at the Lu Yuan District in Changchun, the PRC. In accordance with the current plan, management will not relocate these assets to the new production site. These assets are either operating under a less than normal capacity or becomes idle at the reporting date as to prepare for the relocation. Management has performed impairment assessment on these assets by comparing to their recoverable amounts. No provision has been noted.

16. PREPAID LAND LEASE PAYMENTS

	Note	Group 2013 HK$'000	2012 HK$'000
Carrying amount at 1 January		231,365	216,464
Additions		—	344
Acquisition of subsidiaries	33	—	19,829
Recognised during the year		(7,664)	(7,471)
Resumption of land		(25,930)	—
Exchange realignment		4,383	2,199
Carrying amount at 31 December		202,154	231,365
Current portion included in prepayments, deposits and other receivables		(7,317)	(7,501)
Non-current portion		194,837	223,864

The leasehold land with lease terms of 50 years or shorter is situated outside Hong Kong.

Included in the Group's prepaid land lease payments as at 31 December 2013, HK$99,283,000 (2012: Nil) represented parcels of land which are 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.

17. GOODWILL

	Group 2013 HK$'000	2012 HK$'000
Cost and net carrying amount at 1 January and 31 December	183,538	183,538

17. GOODWILL *(continued)*

Impairment testing of goodwill

Goodwill acquired through business combinations or acquisition of a non-controlling shareholder has been allocated to the following cash-generating units for impairment testing:

	2013 HK$'000	2012 HK$'000
Jinzhou Yuancheng Bio-chem Techonology Co., Ltd. ("Jinzhou Yuancheng")	33,588	33,588
Changchun Dihao Food Development Co., Ltd. ("Changchun Dihao")	—	149,950
Assets to be retained in the Lu Yuan District, PRC	149,950	—
	183,538	183,538

During the year, due to the commitment of the relocation plan, the goodwill has been allocated to different assets groups.

Certain of the Group's goodwill related to Jinzhou Yuancheng which was acquired by the Group during the year ended 31 December 2008. The recoverable amount of Jinzhou Yuancheng has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a fifteen-year period. The discount rate applied to cash flow projections is 14% (2012: 13%). No growth has been projected beyond the five-year period.

Assumptions were used in the value in use calculation of cash-generating units for 31 December 2013 and 31 December 2012. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

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

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

Raw materials price inflation — The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year for local markets from which raw materials are sourced.

The values assigned to the key assumptions on market development of industrial products and infrastructure industries, discount rates and raw material price inflation are consistent with external information sources.

Certain of the Group's goodwill related to Changchun Dihao which was acquired by the Group during the years ended 31 December 2004 and 2005. During the year, goodwill of HK$149,950,000 related to Changchun Dihao has been allocated to the group of assets which were identified by management to be retained in the Lu Yuan District pending for the disposal to the local government pursuant to a relocation plan. For goodwill associated with the cash-generating unit being identified to be disposed of, management has compared the carrying amount of the cash-generating unit together with goodwill allocated to the fair value less costs of disposal. 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.

17. GOODWILL *(continued)*

Impairment testing of goodwill *(continued)*

The recoverable amount of the associated assets to be disposed of that goodwill is allocated to is determined based on management estimated fair value less cost of disposal of the items of assets as associated therewith. The fair values of these items are determined by depreciated replacement cost approach. Based on the impairment assessment, no impairment has been noted.

The following table illustrates the fair value measurement hierarchy of the recoverable amounts of the assets to be retained in the Lu Yuan District:

	Fair value measurement as at 31 December 2013 using			
	Quoted princes in active market (Level 1) HK$'000	**Significant observable inputs (Level 2)** HK$'000	**Significant unobservable inputs (Level 3)** HK$'000	**Total** HK$'000
Fair value measurement for:				
Land	–	–	151,734	151,734
Leasehold buildings[1]	–	–	430,228	430,228
Plant and equipment	–	–	314,703	314,703
Total	–	–	896,665	896,665

1 Please refer to note 15 to the financial statements on fair value hierarchy for leasehold buildings.

18. OTHER INTANGIBLE ASSETS

31 December 2013	**Golf club membership HK$'000**	**Trademarks HK$'000**	**Total HK$'000**
At 1 January 2013 and at 31 December 2013	**3,243**	**–**	**3,243**
At 31 December 2013:			
Cost and net carrying amounts	**3,243**	**–**	**3,243**

31 December 2012	Golf club membership HK$'000	Trademarks HK$'000	Total HK$'000
At 1 January 2012	3,243	6,073	9,316
Amortisation provided during the year	–	(284)	(284)
Impairment	–	(5,789)	(5,789)
At 31 December 2012	3,243	–	3,243
At 31 December 2012:			
Cost	3,243	6,098	9,341
Accumulated amortisation	–	(309)	(309)
Impairment	–	(5,789)	(5,789)
Net carrying amount	3,243	–	3,243

19. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2013 HK$'000	2012 HK$'000
At 1 January:		
Reclassified from properties, plant and equipment	5,500	–
Net carrying amount at 31 December	5,500	–

Pursuant to the Company's announcement dated 7 January 2014, the Group committed to commencing a plan to relocate its production facilities located in Lu Yuan District, Changchun, the PRC ("Lu Yuan District") in response to the request of the local government.

During the year ended 31 December 2013, the Group entered into compensation agreements with the Changchun Land Reserve Centre (the "Land Reserve Centre") pursuant to which the Group has agreed to the resumption of a parcel of land located at Lu Yuan District (the "Land Compensation Agreement"), and the Land Reserve Centre agrees to make compensation to the Group of RMB35,320,000 (equivalent to HK$44,709,000). The transaction was completed during the year, the related assets have been derecognised and a gain on resumption of land which amounted to HK$18,779,000 (note 5) has been recognised in the current year profit or loss.

Apart from the above, during the year ended 31 December 2013, the Group entered into a compensation agreement with the Land Reserve Centre pursuant to which the Group has agreed to the resumption of certain buildings located in Lu Yuan District (the "Assets Compensation Agreement"). The Land Reserve Centre agrees to make compensation to the Group which amounted to RMB86,480,000 (equivalent to HK$109,468,000). This transaction has not been completed as of the reporting date which is subject to the mutual agreement on the settlement terms. No gain or loss has been recognised for this transaction during the current year. Subsequent to the reporting date, the settlement terms have been agreed and the compensation has been received.

With respect to the Assets Compensation Agreement set out in the preceding paragraph, the related buildings have been reclassified from the non-current assets "property, plant and equipment" to current assets "non-current assets held for sale". Management expect the sale of these assets will happen within twelve months after the reporting date.

Please refer to the Company's announcement dated 7 January 2014 for details of the relocation.

20. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013 HK$'000	2012 HK$'000
Unlisted shares	859,461	951,399

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities of HK$1,351,305,000 (2012: HK$1,363,881,000) and HK$451,944,000 (2012: HK$442,877,000), respectively, are unsecured, interest free and have no fixed term of repayment.

20. INVESTMENTS IN SUBSIDIARIES *(continued)*

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

Name	Place of incorporation/ registration and business	Nominal value of paid-up share/ registered capital	Percentage of equity attributable to the Company	Principal activities
Directly held:				
Global Sweeteners Investments Limited ("Global Sweeteners")	British Virgin Islands	US$100	100	Investment holding
Global Sweeteners (China) Limited ("GS (China)")	British Virgin Islands	US$2	100	Investment holding
Global Sweeteners (HK) Limited	Hong Kong	HK$1,000	100	General administration
Global Sweeteners Retail Investment Company Limited	Hong Kong	HK$10,000	100	Investment holding
Changchun Dihao Foodstuff Development Co., Ltd.*	The People's Republic of China (the "PRC")/ Mainland China	RMB81,000,000	100	Manufacture and sale of corn based sweetener products
Jinzhou Yuancheng Bio-chem Technology Co., Ltd.*	PRC/Mainland China	US$49,504,000	100	Manufacture and sale of corn refined products
Shanghai Hao Cheng Food Development Co., Ltd.*	PRC/Mainland China	US$6,668,000	100	Manufacture and sale of corn based sweetener products
Changchun Dihao Crystal Sugar Industry Development Co., Ltd.*	PRC/Mainland China	US$22,200,000	100	Manufacture and sale of crystallised sugar
Jinzhou Dacheng Food Development Co., Ltd.*	PRC/Mainland China	US$7,770,000	100	Manufacture and sale of corn based sweetener products
Global Sweeteners Trade Development (Dalian) Co., Ltd.*	PRC/Mainland China	US$9,100,000	100	International trading, exhibition and consultation
Changchun Jincheng Corn Development Co., Ltd.	PRC/Mainland China	RMB98,700,000	100	Manufacture and sale of corn refined products
Global Starch (Changchun) Investments Limited	Hong Kong	HK$10,000	100	Investment holding
Longjiang GSH Grains Co., Ltd.*	PRC/Mainland China	RMB12,000,000	100	Corn procurement
Beipiao GSH Grains Trading Co., Ltd.*	PRC/Mainland China	RMB3,000,000	100	Corn procurement
Shanghai Da Yi Food Co., Ltd.*	PRC/Mainland China	US$3,000,000	100	Manufacture and sale of corn based sweetener products
Global Sweeteners HFCS (Holdings) Limited	Hong Kong	HK$1,000	100	Investment holding

* 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.

21. INVENTORIES

	Group 2013 HK$'000	2012 HK$'000
Raw materials	898,725	931,002
Finished goods	170,081	134,425
	1,068,806	1,065,427

22. TRADE AND BILLS RECEIVABLES

	Group 2013 HK$'000	2012 HK$'000
Trade receivables	576,307	899,656
Bills receivable	201,583	186,938
Impairment	(78,561)	(82,205)
	699,329	1,004,389

The Group normally allows credit terms of 90 days to established customers, and credit terms of 180 days were allowed 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 30% of the total trade and bills receivables as at 31 December 2013 (2012: three customers accounted for 26%).

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:

	Group 2013 HK$'000	2012 HK$'000
Within 1 month	267,017	287,436
1 to 2 months	106,142	237,847
2 to 3 months	30,326	158,103
Over 3 months	295,844	321,003
	699,329	1,004,389

22. TRADE AND BILLS RECEIVABLES *(continued)*

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

	2013 HK$'000	2012 HK$'000
At 1 January	82,205	12,703
Impairment losses recognised	837	69,376
Impairment losses reversed	(6,562)	(31)
Exchange realignment	2,081	157
	78,561	82,205

Included in the above provision for impairment of trade and bills receivables is a provision for individually impaired trade and bills receivables of HK$78,561,000 (2012: HK$82,205,000) with a carrying amount before provision of HK$91,938,000 (2012: HK$95,877,000).

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:

	Group	
	2013 HK$'000	2012 HK$'000
Neither past due nor impaired	513,438	743,390
Less than 1 month past due	21,629	62,251
1 to 3 months past due	38,107	69,879
Over 3 months past due	112,778	115,197
	685,952	990,717

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 are of the opinion 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.

22. TRADE AND BILLS RECEIVABLES *(continued)*

Transferred financial assets that are derecognised in their entirety

At 31 December 2013, the Group endorsed certain bills receivable accepted by banks in the Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK$433,685,000 (2012: HK$193,778,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "Continuing Involvement"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the year ended 31 December 2013, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

Included in the Group's trade receivables are amounts due from the Group's fellow subsidiaries of HK$126,883,000 (2012: HK$406,804,000) which are repayable on similar terms to those offered to the major customers of the Group.

As at 31 December 2013, two subsidiaries have pledged bills receivables of approximately HK$105,091,000 (2012: Nil) to secure bank loans.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Prepayments	**1,455**	1,416	**241**	1,278
Deposits and other receivables	**164,382**	285,850	**–**	–
PRC value-added tax ("VAT") receivables and other tax receivables	**7,169**	1,737	**–**	–
Current portion of prepaid land lease payments	**7,317**	7,501	**–**	–
	180,323	296,504	**241**	1,278

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group	
	2013 HK$'000	2012 HK$'000
Financial product, at fair value	22,658	—

Management designated this financial product as financial asset at fair value through profit or loss, which is carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

25. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Cash and bank balances	353,975	505,207	25,695	33,166
Time deposits	58,935	52,344	53,232	52,344
	412,910	557,551	78,927	85,510
Less: Pledged for issuance of bills payables	(5,703)	—	—	—
Cash and cash equivalents	407,207	557,551	78,927	85,510

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$356,775,000 (2012: HK$407,198,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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.

26. TRADE AND BILLS PAYABLES

	Group 2013 HK$'000	2012 HK$'000
Trade payables	421,310	489,072
Bills payable	5,703	—
	427,013	489,072

The Group normally obtains credit terms ranging from 30 to 90 days from its suppliers, except for the purchase of corn kernels from farmers, which is normally settled on a cash basis. The carrying amounts of trade and bills payables approximate to their fair values.

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

	Group 2013 HK$'000	2012 HK$'000
Within 1 month	174,741	65,423
1 to 2 months	12,863	12,693
2 to 3 months	7,392	4,594
Over 3 months	232,017	406,362
	427,013	489,072

Included in the Group's trade payables are amounts due to the Group's fellow subsidiaries of HK$218,442,000 (2012: HK$411,054,000) which are repayable on similar credit terms to those offered by fellow subsidiaries to their major customers.

As at 31 December 2013, the Group's bills payable were secured by time deposits of HK$5,703,000.

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Payables for purchases of machinery	42,449	29,651	—	—
Customer deposits/receipts in advance	60,171	38,720	—	—
VAT and other duties payable	59,401	50,931	—	—
Accrued welfare and others	59,567	58,373	8,820	6,906
	221,588	177,675	8,820	6,906

Other payables are non-interest-bearing and have an average repayment term of three months.

28. INTEREST-BEARING BANK BORROWINGS

Group

	31 December 2013			31 December 2012		
	Effective interest rate %	Maturity	HK$'000	Effective interest rate %	Maturity	HK$'000
Current						
Bank loans — unsecured	3.73-7.32/ HIBOR	On demand/ 2014	1,225,649	3.15-7.07/ HIBOR	On demand/ 2013	1,171,728
Bank loans — secured	6.16	2014	94,772	—	—	—
Long term bank loans repayable on demand — unsecured	—	—	—	3.85-7.07	On demand	306,914
			1,320,421			1,478,642
Non-current						
Bank loans — unsecured	6.65-7.32	2015	37,185	3.73-7.32	2014/2015	323,025
			1,357,606			1,801,667

Company

	31 December 2013			31 December 2012		
	Effective interest rate %	Maturity	HK$'000	Effective interest rate %	Maturity	HK$'000
Current						
Bank loans — unsecured	HIBOR	On demand	60,000	HIBOR	On demand	70,000

	Group		Company	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	1,320,421	1,478,642	60,000	70,000
In the second year	37,185	310,680	—	—
In the third to fifth years	—	12,345	—	—
	1,357,606	1,801,667	60,000	70,000

28. INTEREST-BEARING BANK BORROWINGS *(continued)*

Notes:

(a) As at 31 December 2013, certain of the Group's bank borrowings were secured by the pledge of certain of the Group's bills receivable amounting to HK$105,091,000 (2012: Nil).

In addition, the Group's bank borrowings were guaranteed by the Company with an aggregate amount of approximately HK$1,012,961,000 as at 31 December 2013 (2012: HK$1,015,618,000). At 31 December 2012, the Group's bank borrowings amounting to HK$592,593,000 were also guaranteed by the Company's ultimate holding company.

(b) As at 31 December 2013, the Group's bank borrowings of HK$1,273,759,000 (2012: HK$1,687,967,000), HK$23,847,000 (2012: HK$43,700,000) and HK$60,000,000 (2012: HK$70,000,000) were denominated in RMB, United States dollars and Hong Kong dollars, respectively.

29. DEFERRED TAX

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

Deferred tax liabilities — Group	**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
At 1 January 2012	31,039	46,953	20,071	98,063
Deferred tax charged to profit or loss during the year (note 10)	4,976	—	—	4,976
Acquisition of subsidiaries (note 33)	—	3,959	—	3,959
Exchange realignment	698	—	—	698
At 31 December 2012 and 1 January 2013	36,713	50,912	20,071	107,696
Deferred tax charged to profit or loss during the year (note 10)	1,789	—	—	1,789
Deferred tax credited to other comprehensive income during the year	—	—	(3,678)	(3,678)
Exchange realignment	1,574	—	—	1,574
At 31 December 2013	40,076	50,912	16,393	107,381

29. DEFERRED TAX *(continued)*

Deferred tax assets — Group	**Inventories provision** HK$'000
At 1 January 2012	1,383
Deferred tax credited to profit or loss during the year (note 10)	622
Exchange realignment	17
At 31 December 2012 and 1 January 2013	2,022
Deferred tax credited to profit or loss during the year (note 10)	167
Exchange realignment	51
At 31 December 2013	2,240

The Group had accumulated tax losses arising in Hong Kong of approximately HK$43,781,000 (2012: HK$32,279,000) 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 five PRC subsidiaries of approximately HK$424,333,000 (2012: HK$179,474,000) 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 2018. In the opinion of the directors, deferred tax assets have not been 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.

At 31 December 2013, 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. In the opinion of the directors, 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$149,569,000 at 31 December 2013 (2012: HK$364,002,000).

30. SHARE CAPITAL

Shares

	2013 **HK$'000**	2012 HK$'000
Authorised:		
100,000,000,000 (31 December 2012: 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 (31 December 2012: 1,527,586,000) ordinary shares of HK$0.10 each	**152,759**	152,759

31. 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.

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:

	2013		2012	
	Weighted average exercise price HK$ per share	Number of options '000	Weighted average exercise price HK$ per share	Number of options '000
At 1 January	1.67	31,400	1.67	31,400
Forfeited during the year	1.67	(6,000)	—	—
At 31 December	1.67	25,400	1.67	31,400

31. SHARE OPTION SCHEME *(continued)*

The exercise prices and exercise periods of the share options outstanding as at that the end of the reporting period are as follows:

2013

Exercise period	**Grant date**	**The closing price immediately preceding the date of grant** HK$	**Exercise price*** HK$	**Number of options** '000
11-7-2011 to 10-7-2016	11-7-2011	1.67	1.67	25,400

2012

Exercise period	Grant date	The closing price immediately preceding the date of grant HK$	Exercise price* HK$	Number of options '000
11-7-2011 to 10-7-2016	11-7-2011	1.67	1.67	31,400

* 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.

There were no additional share options granted during the year ended 31 December 2013 and 2012. The fair value of the share options granted during the year ended 31 December 2011 was HK$0.59 each.

The fair value of equity-settled share options granted during the year 2011 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	1.00
Expected volatility (%)	63.00
Risk-free interest rate (%)	1.44
Expected life of options (month)	60
Weighted average share price (HK$)	1.67

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

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

At the end of the reporting period, the Company had 25,400,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 25,400,000 additional ordinary shares of the Company and additional share capital of HK$2,540,000 and share premium of HK$39,878,000 (before issue expenses).

32. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 47 of the financial statements.

(b) Company

	Contributed surplus HK$'000	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Exchange fluctuation reserve HK$'000	Total HK$'000
At 1 January 2012	491,695	1,074,879	18,526	74,092	(30,257)	1,628,935
Total comprehensive income for the year	–	–	–	46,084	–	46,084
At 31 December 2012 and 1 January 2013	491,695	1,074,879	18,526	120,176	(30,257)	1,675,019
Total comprehensive loss for the year	–	–	–	(20,876)	–	(20,876)
Transfer of the share option reserve upon the forfeiture of share options	–	–	(3,540)	3,540	–	–
At 31 December 2013	491,695	1,074,879	14,986	102,840	(30,257)	1,654,143

Note: The contributed surplus of the Company represents the difference between the cost of investments in subsidiaries pursuant to the Reorganisation 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 account 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 account may also be distributed in the form of fully paid bonus shares.

33. BUSINESS COMBINATION

On 30 March 2012, Global Sweeteners Investment Limited, a wholly-owned subsidiary of the Company entered into a sales and purchase agreement with Cargill, Incorporated ("Cargill Inc.") to acquire (i) the remaining 50% equity interest in Global Bio-chem-Cargill (Holdings) Limited (now known as Global Sweeteners HFCS (Holdings) Limited) ("SPV-HK"), who held 80% equity interest in GBT-Cargill High Fructose (Shanghai) Co., Ltd. (now known as Shanghai Da Yi Food Co., Ltd.) ("SPV-PRC"); (ii) the remaining 10% equity interest in SPV-PRC held by Cargill Investments (China) Ltd. ("Cargill China"); and (iii) the rights, interest and benefits of a promissory note in favour of Cargill, Inc. in the principal amount of HK$40 million due on 25 September 2101. The consideration for (i) and (iii) was HK$26,661,858 while the consideration for (ii) is HK$6,314,714, which were all satisfied by cash. The consideration for (i) and (iii) was paid on 30 March 2012 while the consideration for (ii) was paid on 18 October 2012. SPV-HK and its subsidiary SPV-PRC are engaged in the manufacture and sale of high fructose corn syrup.

33. BUSINESS COMBINATION *(continued)*

After the completion of (i) and (iii) on 30 March 2012, SPV-HK and SPV-PRC, the former joint ventures of the Company, became the subsidiaries of the Company.

This is regarded as a business combination achieved in stages. The Group accordingly remeasured its previously held equity interest in SPV-HK and SPV-PRC at the acquisition date at fair value and recognised the resulting loss of HK$1,710,000 in the consolidated statement of profit or loss and other comprehensive income. The exchange differences of HK$12,582,000 and the revaluation surplus of HK$419,000 recognised in the prior years' other comprehensive income have also been reclassified to the Group's profit or loss and the Group's retained profits, respectively, as would be required if the Group had disposed directly of the previously held equity interest.

The fair values of the identifiable assets and liabilities of SPV-HK and SPV-PRC as at the date of acquisition were as follows:

	Notes	**Fair value recognised on acquisition** HK$'000
Property, plant and equipment	15	28,520
Prepaid land lease payments	16	19,829
Inventories		862
Prepayments and other receivables		1,794
Due from fellow subsidiaries		319
Cash and bank balances		90,903
Dividend payable		(20,000)
Trade payable		(117)
Due to fellow subsidiaries		(957)
Other payables		(688)
Tax payable		(202)
Deferred tax liability	29	(3,959)
Due to shareholders		(1,456)
Total identifiable net assets at fair value		114,848
Gain on bargain purchase recognised in profit or loss	5	(13,479)
Fair value of non-controlling interest		(7,746)
Assignment of a promissory note		1,456
		95,079
Satisfied by:		
Cash		26,662
Fair value of investments in joint ventures held before the acquisition		28,417
Loan to a joint venture*		40,000
		95,079

* Loan to a joint venture represented a quasi-equity loan lent by the Group since the incorporation of the joint venture.

The fair value of prepayments and other receivables as at the date of acquisition amounted to HK$1,794,000. The gross contractual amounts of prepayment and other receivables were HK$1,794,000.

33. BUSINESS COMBINATION *(continued)*

The Group incurred transaction costs of HK$1,282,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of the remaining interests in the joint ventures is as follows:

	HK$'000
Cash consideration	(26,662)
Cash and bank balances acquired	90,903
Net inflow of cash and cash equivalents included in cash flows from investing activities	64,241
Transaction costs of the acquisition included in cash flows from operating activities	(1,282)
	62,959

Since the acquisition, SPV-HK and its subsidiary SPV-PRC contributed HK$947,000 to the Group's turnover and caused a loss of HK$905,000 to the consolidated loss for the year ended 31 December 2012.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year ended 31 December 2012 would have been HK$4,520,146,000 and HK$254,899,000, respectively.

34. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at the end of the reporting period.

The Company provided guarantees for banking facilities granted to certain subsidiaries. These subsidiaries utilised the banking facilities to the extent of approximately HK$1,012,961,000 as at 31 December 2013 (2012: HK$1,015,618,000).

35. COMMITMENTS

At 31 December 2013, the Group had capital commitments as follows:

	Group	
	2013 HK$'000	2012 HK$'000
Contracted, but not provided for:		
Leasehold buildings	**30,294**	19,886
Plant and machinery	**11,453**	19,201
	41,747	39,087

The Company did not have any other significant commitments as at 31 December 2013.

36. RELATED PARTY TRANSACTIONS

(i) Transactions with related parties

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

	Notes	2013 HK$'000	2012 HK$'000
Purchases from fellow subsidiaries			
— Corn starch	(a)	113	197,705
Sales to fellow subsidiaries			
— Corn sweeteners	(b)	310,619	663,183
— Corn starch and corn steep liquor	(b)	121,968	21,470
— Corn oil	(b)	72,641	—
Reimbursement of cost of utilities provided by a fellow subsidiary	(c)	184,342	197,932
Agency fee charged by a fellow subsidiary	(d)	7,275	9,659

Notes:

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

(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.

(ii) Other transactions with related parties

No bank loan was guaranteed by the Company's ultimate holding company in the current year (2012: HK$592,593,000) as at the end of the reporting period.

(iii) Balances with related parties

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

36. RELATED PARTY TRANSACTIONS *(continued)*

(iv) Compensation of key management personnel of the Group:

	2013 HK$'000	2012 HK$'000
Short term employee benefits	5,855	5,580
Performance – related bonuses	1,170	—
Post-employment benefits	30	28
Total compensation paid to key management personnel	7,055	5,608

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

	Group			
	2013		2012	
	Loans and receivables HK$'000	Financial asset at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Financial asset at fair value through profit or loss HK$'000
Trade and bills receivables	699,329	–	1,004,389	—
Financial assets included in prepayments, deposits and other receivables	164,382	–	285,850	—
Financial asset at fair value through profit or loss	–	22,658	—	—
Due from the immediate holding company	21,709	–	21,408	—
Due from fellow subsidiaries	91,823	–	239,091	—
Pledged deposits	5,703	–	—	—
Cash and cash equivalents	407,207	–	557,551	—
Total	1,390,153	22,658	2,108,289	—

37. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

Financial liabilities

	Group	
	2013 Financial liabilities at amortised cost HK$'000	2012 Financial liabilities at amortised cost HK$'000
Trade and bills payables	427,013	489,072
Financial liabilities included in other payables and accruals	102,016	88,024
Interest-bearing bank borrowings	1,357,606	1,801,667
Due to fellow subsidiaries	258,344	277,682
Due to the ultimate holding company	30,482	26,739
Total	2,175,461	2,683,184

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

Financial assets

	Company	
	2013 Loans and receivables HK$'000	2012 Loans and receivables HK$'000
Due from the ultimate holding company	81,800	81,800
Due from the immediate holding company	624	323
Due from subsidiaries	1,351,305	1,363,881
Cash and cash equivalents	78,927	85,510
Total	1,512,656	1,531,514

Financial liabilities

	Company	
	2013 Financial liabilities at amortised cost HK$'000	2012 Financial liabilities at amortised cost HK$'000
Financial liabilities included in other payables and accruals	8,820	6,906
Due to subsidiaries	451,944	442,877
Due to fellow subsidiaries	32,468	32,468
Interest-bearing bank borrowings	60,000	70,000
Financial guarantee contracts	12,224	104,162
Total	565,456	656,413

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Group

	Carrying amounts		Fair values	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Financial asset				
Financial asset at fair value through profit or loss	22,658	–	22,658	–
Financial liability				
Interest-bearing bank borrowings	1,357,606	1,801,667	1,357,606	1,801,667

Company

	Carrying amounts		Fair values	
	2013 HK$'000	2012 HK$'000	2013 HK$'000	2012 HK$'000
Financial liabilities				
Interest-bearing bank borrowings	60,000	70,000	60,000	70,000
Financial guarantee contracts	12,224	104,162	12,224	104,162
	72,224	174,162	72,224	174,162

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, and balances with fellow subsidiaries, the ultimate holding company and the immediate holding company approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the interest-bearing bank loans and financial guarantee contracts have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank loans as at 31 December 2013 was assessed to be insignificant.

The fair values of financial asset at fair value through profit or loss have been calculated based on quoted market prices.

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

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

Assets measured at fair values:

Group
As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial asset at fair value through profit or loss	22,658	–	–	22,658

The Group did not have any financial assets measured at fair value as at 31 December 2012.

Liabilities measured at fair values:

Company
As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial guarantee contracts	–	12,224	–	12,224

Company
As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial guarantee contracts	–	104,162	–	104,162

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 for both financial assets and financial liabilities (2012: Nil).

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities for which fair values are disclosed:

Group
As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	1,357,606	–	1,357,606

Group
As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	1,801,667	–	1,801,667

Company
As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	60,000	–	60,000

Company
As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank borrowings	–	70,000	–	70,000

39. OFFSETTING FINANCIAL INSTRUMENTS

During the year, the Group entered into set-off arrangements in respect of the balances with its fellow subsidiaries.

Financial instruments subject to netting arrangements and similar agreements are set out as follows:

As at 31 December 2013

	Gross amounts of recognised financial assets/ (liabilities) HK$'000	Gross amounts of recognised financial (assets)/ liabilities set off in the consolidated statement of financial position HK$'000	Net amounts of financial assets/ (liabilities) represented in the consolidated statement of financial position HK$'000
Trade receivables	309,363	(309,363)	—
Trade payables	(309,363)	309,363	—
Due from fellow subsidiaries	156,830	(156,830)	—
Due to fellow subsidiaries	(156,830)	156,830	—

There are no set-off arrangements in respect of the balances with its fellow subsidiaries as at 31 December 2012.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial assets of the Group include cash and cash equivalents, trade and bills receivables, prepayments, deposits and other receivables, amounts due from fellow subsidiaries, amounts due from ultimate holding company and an amount due from the immediate holding company. Financial liabilities of the Group include trade and bills payables, other payables and accruals, interest-bearing bank borrowings, an amount due to the ultimate holding company and amounts due to fellow subsidiaries.

Financial assets of the Company include cash and cash equivalents, amounts due from subsidiaries, an amount due from the immediate holding company and an amount due from the ultimate holding company. Financial liabilities of the Company include other payables and accruals, amounts due to subsidiaries, amount due to fellow subsidiaries, interest-bearing bank borrowings and financial guarantee contracts.

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.

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.

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

Interest rate risk *(continued)*

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

	Group			Company	
	Increase/ (decrease) in interest rate	Increase/ (decrease) in loss before tax	Increase/ (decrease) in equity	Increase/ (decrease) in interest rate	Increase/ (decrease) in equity
	%	HK$'000	HK$'000	%	HK$'000
2013					
Hong Kong dollar	1	(3,894)	(2,715)	1	(501)
Hong Kong dollar	(1)	3,894	2,715	(1)	501
2012					
Hong Kong dollar	1	(11,165)	(8,495)	1	(585)
Hong Kong dollar	(1)	11,165	8,495	(1)	585

Credit risk

The Group trades only with recognised and creditworthy third parties. 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, 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 instruments.

Since the Group trades only with recognised and creditworthy third parties, 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 22 and 23 to the financial statements.

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.

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

Liquidity risk *(continued)*

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

Year ended 31 December 2013 – The Group

	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	—	427,013	—	—	—	427,013
Other payables	102,016	—	—	—	—	102,016
Interest-bearing bank borrowings	60,000	20,065	1,283,247	38,906	—	1,402,218
Due to fellow subsidiaries	258,344	—	—	—	—	258,344
Due to the ultimate holding company	30,482	—	—	—	—	30,482
	450,842	447,078	1,283,247	38,906	—	2,220,073

Year ended 31 December 2012 – The Group

	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 payables	—	489,072	—	—	—	489,072
Other payables	88,024	—	—	—	—	88,024
Interest-bearing bank borrowings	306,914	172,715	1,076,410	344,589	—	1,900,628
Due to fellow subsidiaries	277,682	—	—	—	—	277,682
Due to the ultimate holding company	26,739	—	—	—	—	26,739
	699,359	661,787	1,076,410	344,589	—	2,782,145

Year ended 31 December 2013 – The Company

	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
Other payables	8,820	—	—	—	—	8,820
Due to subsidiaries	451,944	—	—	—	—	451,944
Due to fellow subsidiaries	32,468	—	—	—	—	32,468
Financial guarantee contracts	—	—	975,776	37,185	—	1,012,961
Interest-bearing bank borrowings	60,000	564	—	—	—	60,564
	553,232	564	975,776	37,185	—	1,566,757

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

Liquidity risk *(continued)*

Year ended 31 December 2012 – The Company

	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
Other payables	6,906	—	—	—	—	6,906
Due to subsidiaries	442,877	—	—	—	—	442,877
Due to fellow subsidiaries	32,468	—	—	—	—	32,468
Financial guarantee contracts	—	135,803	556,790	323,025	—	1,015,618
Interest-bearing bank borrowings	60,000	10,616	1,741	564	—	72,921
	542,251	146,419	558,531	323,589	—	1,570,790

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. The Group's policy is to maintain the gearing ratio around 50%. Net debt represents interest-bearing bank borrowings less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of the reporting periods were as follows:

	Group		Company	
	2013 HK$'000	2012 HK$'000	**2013 HK$'000**	2012 HK$'000
Interest-bearing bank borrowings	**1,357,606**	1,801,667	**60,000**	70,000
Less: Cash and cash equivalents	**(407,207)**	(557,551)	**(78,927)**	(85,510)
Net debt	**950,399**	1,244,116	**(18,927)**	(15,510)
Equity attributable to owners of the parent	**2,043,378**	2,329,732	**1,806,902**	1,827,778
Gearing ratio	**47%**	53%	**(1%)**	(1%)

41. EVENT AFTER THE REPORTING PERIOD

On 31 March 2014, the Group announced the decision to halt its production of upstream products in Changchun for a period of approximately nine months commencing from April 2014 pending its relocation of production facilities to the Xinglongshan Site. The halt of production does not have significant impact on the financial statements.

42. COMPARATIVE AMOUNTS

The trade nature portions of amounts due from fellow subsidiaries of HK$406,804,000 as at 31 December 2012 (1 January 2012: HK$428,358,000) were reclassified from amounts due from fellow subsidiaries to trade receivables, and the trade nature portions of amounts due to fellow subsidiaries of HK$411,054,000 as at 31 December 2012 (1 January 2012: HK$452,043,000) were reclassified from amounts due to fellow subsidiaries to trade payables. In the opinion of the Directors, such reclassification provides better presentation as to the nature of the transaction and accords with the current year's presentation.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 31 March 2014.

FIVE YEAR FINANCIAL SUMMARY

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

	Year ended 31 December				
	2013 HK$'000	2012 HK$'000	2011 HK$'000	2010 HK$'000	2009 HK$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**4,200,019**	4,520,146	4,274,680	3,190,443	2,532,253
Cost of sales	**(4,062,266)**	(4,169,239)	(3,730,026)	(2,820,212)	(2,226,513)
Gross profit	**137,753**	350,907	544,654	370,231	305,740
Other income and gains	**46,113**	49,581	62,469	28,500	18,349
Selling and distribution expenses	**(237,843)**	(255,812)	(231,210)	(157,601)	(108,877)
Administrative expenses	**(113,273)**	(108,830)	(105,943)	(68,844)	(75,558)
Other expenses	**(39,201)**	(15,773)	(4,588)	(432)	(3,259)
Finance costs	**(97,255)**	(127,749)	(73,682)	(51,613)	(34,228)
Share of profits/(losses) of joint ventures	**–**	(1,324)	(2,598)	1,196	3,312
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	**(303,706)**	(109,000)	189,102	121,437	105,479
Income tax expense	**(11,126)**	(24,756)	(43,926)	(33,768)	(20,643)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**(314,832)**	(133,756)	145,176	87,669	84,836
DISCONTINUED OPERATION					
Profit/(loss) for the year from a discontinued operation	**(5,397)**	(119,819)	(1,846)	3,393	1,366
PROFIT/(LOSS) FOR THE YEAR	**(320,229)**	(253,575)	143,330	91,062	86,202
Attributable to:					
Owners of the parent	**(319,959)**	(247,494)	144,072	89,402	85,681
Non-controlling interests	**(270)**	(6,081)	(742)	1,660	521
	(320,229)	(253,575)	143,330	91,062	86,202

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December				
	2013 HK$'000 Consolidated	2012 HK$'000 Consolidated	2011 HK$'000 Consolidated	2010 HK$'000 Consolidated	2009 HK$'000 Consolidated
TOTAL ASSETS	**4,467,813**	5,233,342	5,338,321	3,274,321	2,853,882
TOTAL LIABILITIES	**(2,430,630)**	(2,909,388)	(2,775,388)	(1,347,409)	(1,218,087)
NON-CONTROLLING INTERESTS	**6,195**	5,778	(90)	(7,376)	(5,716)
	2,043,378	2,329,732	2,562,843	1,919,536	1,630,079

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Kong Zhanpeng *(Chairman)*
Zhang Fazheng *(Chief Executive Officer)*
Lee Chi Yung
Wang Guifeng *(Appointed on 3 March 2014)*
Nie Zhiguo *(Appointed on 3 March 2014)*

Independent non-executive Directors

Chan Yuk Tong
Gao Yunchun *(Resigned on 3 March 2014)*
Ho Lic Ki
Lo Kwing Yu *(Appointed on 3 March 2014)*

COMPANY SECRETARY

Lee Chi Yung, ACCA, HKICPA

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Hong Kong

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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913889 TW