UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2015

Commission File Number: 000-54191

SINO AGRO FOOD, INC.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**33-1219070**
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification Number)

Room 3801, Block A, China Shine Plaza
No. 9 Lin He Xi Road
Tianhe District, Guangzhou City, P.R.C. 510610
(Address of principal executive offices, including zip code)

Registrant's Telephone Number, including area code: (860) 20 22057860

Copies to:

Marc Ross, Esq.
Henry Nisser, Esq.
Sichenzia Ross Friedman Ference LLP
61 Broadway, 32nd Floor
New York, New York 10006
Telephone: (212) 930-9700

Securities registered pursuant to Section 12(b) of the Exchange Act: None

Securities registered pursuant to Section 12(g) of the Exchange Act: Common Stock, $0.001 par value per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐	Accelerated Filer ☒
Non-Accelerated Filer ☐	Smaller Reporting Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the issuer on June 30, 2015, based upon the $13.49 per share closing price of such stock on that date, was approximately $220,405,596.

There were 20,133,757 shares of common stock outstanding as of December 31, 2015.

Documents incorporated by reference: None

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Annual Report") contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including "anticipates," "believes," "expects," "can," "continue," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predict," "should" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions; uncertainties and other factors may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Our expectations are as of the date this Annual Report is filed, and we do not intend to update any of the forward-looking statements after the date this Annual Report is filed to confirm these statements to actual results, unless required by law.

This Annual Report also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other industry data. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. We have not independently verified the statistical and other industry data generated by independent parties and contained in this Annual Report and, accordingly, we cannot guarantee their accuracy or completeness, though we do generally believe the data to be reliable. In addition, projections, assumptions and estimates of our future performance and the future performance of the industries in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors" and elsewhere in this Annual Report. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

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PART I

ITEM 1. DESCRIPTION OF BUSINESS

In this Annual Report, unless the context requires otherwise, references to the "Company," "Sino Agro," "SIAF," "we," "our company" and "us" refer to Sino Agro Food, Inc., a Nevada corporation together with its subsidiaries.

Sino Agro Food, Inc.
SIAF is an agriculture technology and natural food holding company with principal operations in the People's Republic of China. The Company acquires and maintains equity stakes in a cohesive portfolio of companies that SIAF forms according to its core mission to produce, distribute, market and sell natural, sustainable protein food and produce, primarily seafood and cattle, to the rapidly growing middle class in China. SIAF provides financial oversight and strategic direction for each company, and for the interoperation between companies, stressing vertical integration between the levels of the Company's subsidiary food chain. The Company owns or licenses patents, proprietary methods, and other intellectual properties in its areas of expertise. SIAF provides technology consulting and services to joint venture partners to construct and operate food businesses, primarily producing wholesale fish and cattle. Further joint ventures market and distribute the wholesale products as part of an overall "farm to plate" concept and business strategy.

Revenues by division were as follows (in millions of U.S. dollars):

Division (on Sales of Goods)	**2015**	**2014**
Fisheries (CA)	$ 85.4	$ 105.8
Organic Fertilizer (HSA & SJAP)	164.6	122.0
Cattle (MEIJI)	35.3	32.9
Plantation (JHST)	13.7	11.1
Corporate, Marketing & Trading (SIAF)	37.9	50.9
Total Revenues derived on sales of goods	$ 336.9	$ 322.7

Division (on consulting & services)	**2015**	**2014**
CA (Fishery related developments)	$ 88.5	$ 76.8
MEIJI (Cattle farm developments)	0	0
SIAF (Other developments)	3.8	4.9
Total Revenues derived on consulting & services	$ 92.3	$ 81.7

History
The Company, which was formerly known as Volcanic Gold, Inc. and A Power Agro Agriculture Development, Inc., was incorporated on October 1, 1974 in the State of Nevada. The Company was formerly engaged in the mining and exploration business but ceased the mining and exploring business in 2005. On 24 August 2007, the Company entered into a merger and acquisition agreement with CA, a Belize corporation and its subsidiaries CS and CH. Effective of the same date, CA completed a reverse merger transaction with the Company.

For two years after its introduction in China, the Company operated in the dairy segment, but sold the dairy business in December of 2009 and began to implement its five year plan to develop its vertically integrated business operations consisting of (i) cattle fattening and production of beef products and (ii) cultivation of fish and prawn and related products. The Company now operates as an engineering, technology and consulting company specializing in building and operating agriculture and aquaculture farms in China.

Our principal executive office is located at Room 3801, 38th Floor, Block A, China Shine Plaza, No. 9 Lin He Xi Road, Tianhe District, Guangzhou City, Guangdong Province, PRC, 510610.

The table below provides an overview of key events in the development of the business of the Company.

Year	Event
2006	• Initiates agriculture and aquaculture consulting activities in China.
2007	• Changes name from A Power Agro Agriculture Development, Inc. to Sino Agro Food, Inc. • Acquires the Belize holding company Capital Award. Today, Capital Award is Sino Agro Food's subsidiary operating many of the Company's aquaculture activities. • Acquires the dairy operations through a 78 percent ownership stake in ZhongXing Agriculture and Husbandry. • Acquires the HU Plantation through a 75 percent ownership stake in Jiang Men City Heng Sheng Tai Agriculture Development.
2009	• Conducts a strategic review and divests the dairy business in December due to poor industry fundamentals with control of the industry concentrated in a few very large value-added manufacturers. • Founds Qinghai Sanjiang A Power Agriculture ("SJAP"). SJAP manufactures bioorganic fertilizer, livestock feed and develops other agriculture projects in the County of Huangyuan, in the vicinity of Xining City, Qinghai Province.
2010	• Creates a five-year plan to develop vertically integrated businesses in primary production, distribution and marketing of beef cattle, beef products and seafood through proprietary recirculating aquaculture systems. • Begins construction of the Company's first fish farm, Fish Farm 1, with targeted capacity of 1,000 metric tons per year.
2011	• Begins construction of Prawn Farm 1 & 2, Cattle Farm 1 and Fish Farm 2. • Becomes a fully reporting SEC company on the OTCQB (as defined below).
2012	• Acquires a 75 percent ownership in Fish Farm 1 and Cattle Farm 1. Advances construction of Cattle Farm 2 and Wholesale Center 1 in Guangzhou. • Produces 1,800 MT of seafood and raises 6,000 head of cattle.
2013	• Closes the Zhongshan Prawn Farm agreement, targeting production of 10,000 MT of prawn p.a. in 2016/2017 and 100,000 MT in 2024. • SJAP awarded Dragon Head Enterprise status by the Qinghai provincial government. • Mr. George Yap and Mr. Nils-Erik Sandberg join SIAF's Board of Directors, as independent directors. • Produces 4,700 MT of seafood and raises 15,000 head of cattle.
2014	• SJAP's abattoir and meat processing facilities commence operations. SJAP signs supplier and concession agreements with Tesco, PLC China for packaged meat products. • Advances construction of a wholesale and distribution center in Shanghai, targeting ultimate capacity of 12,000 MT of meat and 6,000 MT of seafood per annum. • Mr. Anthony Soh and Mr. Dan Ritchey join SIAF's Board of Directors as independent directors. • Ms. Olivia Lai is hired as Chief Financial Officer. • Produces 5,600 MT of Seafood and raises 26,000 head of cattle during 2014.
2015	• Sino Agro Food announces a long-term vision to become a leading sustainable aquaculture company focused on organically farmed fish and prawns. • Wholesale Center 2 in Shanghai initiates operations • Mr. Bertil Tiusanen is hired as Chief Financial Officer. Ms. Lai becomes the Company's Chief Corporate Affairs Officer. • Sino Agro Food announces contemplated plan to divest its aquaculture operations and seek a separate listing on the Oslo Stock Exchange.
2016	• Sino Agro Food was admitted to the Merkur market in Oslo. • The Company upgraded to OTCQX Premier from the OTCQB® Venture Market. • Mr. Bertil Tiusanen resigned as Chief Financial Officer and was appointed as SVP Business Development, New Ventures Europe • Mr. Dan Ritchey was appointed as Chief Financial Officer.

In all of its development projects, the Company has been contracted as Turnkey Contractor to the owners and developers of the C&S Project Companies and acted as the master engineer, pioneering the construction and building of farms, from raw land into fully operational facilities. The Company completes the construction and building of infrastructure including staff quarters, offices, processing facilities, storage, and all related production facilities. The Company's management teams are responsible for developing all business activities into effective and efficient operations.

In just a few years, Sino Agro Food has matured into a company dedicated to the agriculture and aquaculture industry in China. The Company currently maintains operation of its HU Plantation (see description in section 4.10 below) as well as its services in engineering consulting, specializing in the development of two major products, namely meat derived from the rearing of beef cattle and seafood derived from the growth of fish, prawns, eel and other marine species.

Background

After successfully developing many aquaculture fishery farms, cattle farms and related business operations (along with sales and marketing of produce and products) in Australia and Malaysia since 1998, SIAF's management team introduced our business activities in China in 2006. We are an engineering and consulting company that specializes in building and operating agriculture and aquaculture farms.

To accomplish this, we use our expertise and know how in specific agriculture and aquaculture technologies. Our "A Power Re-circulating Aquaculture System," sometimes referred to herein as APRAS, is a patented and proven technology for indoor fish farming. We have developed modern techniques and technologies to grow, feed and house both fish and cattle. These are engineered into the designs of, and the management systems for, indoor and outdoor fishery and cattle farms. Our experience managing crops, and employing technologies, including hydroponic, to work within climate and growing conditions optimizes production of organic, green and natural agricultural produce.

In all of our developments we have acted as the master engineer, pioneering the construction and building of farms, from raw land into fully operational facilities. We complete the construction and building of infrastructure including staff quarters, offices, processing facilities, storage, and all related production facilities. Our management teams are responsible for developing all business activities into effective and efficient operations.

In just a few years, SIAF has matured into a company dedicated to the agriculture and aquaculture industry in China. We currently maintain operation of our HU Plantation as well as our services in engineering consulting, specializing in the development of two major products, namely meat derived from the rearing of beef cattle and seafood derived from the growth of fish, prawns, eel and other marine species.

Revenues are generated from activities that we divide into five stand-alone business divisions or units: (1) Fishery, (2) Cattle & Beef, (3) Organic Fertilizer, (4) HU Plantation, and (5) Marketing and Trading. This fifth and newest division, "Marketing and Trading" represents our strongest push to vertically integrate the Company's operations, furthering the Company's overall "farm to plate" concept.

Corporate Acquisitions
On September 5, 2007, we acquired two businesses in the People's Republic of China ("**PRC**"):

(a) Tri-Way Industries Ltd., Hong Kong ("**TRW**") (formerly known as Tri-way Industries Limited), a company incorporated in Hong Kong; and

(b) Macau EIJI Co. Ltd., Macau ("**MEIJI**") (formerly known as Macau Eiji Company Limited), a company incorporated in Macau, and the owner of 75% equity interest in Enping City Juntang Town Hang Sing Tai Agriculture Co. Ltd. ("**HST**"), a PRC corporate Sino Foreign joint venture.

On November 27, 2007, MEIJI and HST established a corporate Sino Foreign joint venture, Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd, China ("**JHST**") (formerly known as Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd.), a company incorporated in the PRC with MEIJI owning a 75% interest and HST owning a 25% interest. HST was dissolved in 2010.

In September 2009, we formed a 100% owned subsidiary in Macau, A Power Agriculture Development (Macau) Ltd., China ("**APWAM**") (formerly known as A Power Agro Agriculture Development (Macau) Limited). APWAM presently owns 45% of a corporate Sino Foreign joint venture, Qinghai Sanjiang A Power Agriculture Co. Ltd. ("**SJAP**"). SJAP is engaged in the business of manufacturing bioorganic fertilizer, livestock feed and development of other agriculture projects in the County of Huangyuan, in the vicinity of the Xining City, Qinghai Province, PRC.

On February 28, 2011, TRW applied to form a corporate joint venture, Enping City A Power Prawn Culture Development Co. Ltd., China ("**EBAPCD**") (formerly known as Enping City Bi Tao A Power Fishery Development Co., Limited), which is incorporated in the PRC. TRW initially owned a 25% equity interest in EBAPFD. On November 17, 2011, TRW formed Jiangmen City A Power Fishery Development Co. Ltd, China ("**JFD**") (formerly known as Jiang Men City A Power Fishery Development Co., Limited) in which it acquired a 25% equity interest, while withdrawing its 25% equity interest in EBAPFD. As of December 31, 2011, we had invested $1,258,607 in JFD. JFD operates an indoor fish farm. On January 1, 2012, we acquired an additional 25% equity interest in JFD for total cash consideration of $1,662,365. On April 1, 2012, we acquired an additional 25% equity interest in JFD for the amount of $1,702,580. We presently own a 75% equity interest in JFD and control its board of directors. As of September 30, 2012, we had consolidated the assets and operations of JFD.

On April 15, 2011, MEIJI applied to form Enping City A Power Beef Cattle Farm 2 Co. Ltd., China ("**EAPBCF**") (formerly known as Enping City A Power Cattle Farm Co., Limited), all of which we would indirectly own a 25% equity interest in as of November 17, 2011. On September 13, 2012 MEIJI formed Jiangmen City Hang Mei Cattle Farm Development Co. Ltd., a company incorporated in the PRC ("**JHMC**") (formerly known as Jiang Men City Hang Mei Cattle Farm Development Co., Limited) in which it owns 75% equity interest with an investment of $3,636,326, while withdrawing its 25% equity interest in ECF. As of September 30, 2012, we had consolidated the assets and operations of JHMC.

Cross-Listing on the Merkur Market
On January 13, 2016, securities representing beneficial interests in the shares of common stock on the Company, referred to as VPS Shares, began to be traded on the Oslo Børs' Merkur Market under the symbol "SIAF-ME." The Company's common shares continued to trade on the OTCQB under the symbol "SIAF."

The Merkur Market is a multilateral trading facility operated by Oslo Børs ASA. The Merkur Market is subject to the rules in the Norwegian Securities Trading Act and the Securities Trading Regulations that apply to such marketplaces. These rules apply to companies admitted to trading on the Merkur Market, as do the marketplace's own rules, which are less comprehensive than the rules and regulations that apply to companies listed on Oslo Børs and Oslo Axess. The Merkur Market is not a regulated market, and is therefore not subject to the Norwegian Stock Exchange Act or to the Stock Exchange Regulations. Investors should take this into account when making investment decisions.

Up listing to the OTC QX Premier

On January 19, 2016, the Company's shares of common stock began to be traded on the OTCQX® Best Market in the U.S. under its existing ticker symbol "SIAF." The Company upgraded to OTCQX Premier from the OTCQB® Venture Market.

The OTCQX® Market is the top tier of the U.S. over-the-counter markets operated by OTC Markets Company. It is reserved for established investor-focused companies meeting high financial and governance standards, and sponsored by professional third party advisors. SIAF has qualified to trade on OTCQX U.S. Premier, for which eligibility standards are higher still. For comparison, as of December 31, 2015, there were 942 companies traded on the OTCQB, 425 companies traded on the OTCQX and 98 companies traded on OTCQX U.S. Premier, of which only 17 are non-bank companies.

With OTCQX admission, OTC Market Company's Blue Sky Monitoring Service provides the Company with a customized daily audit of its compliance status in all 50 states. Blue Sky compliance is mandatory for broker-dealers and registered investment advisors to solicit or recommend a security to investors.

U.S. investors can find current financial disclosure and Real-Time Level 2 quotes for the Company on www.otcmarkets.com.

Emerging Growth Company

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012. We will remain an emerging growth company until the earlier of (1) the last day of the fiscal year (a) in which we have total annual gross revenue of at least $1.0 billion or (b) in which we are deemed to be a large accelerated filer, which means the market value of our common stock that is held by non-affiliates exceeded $700.0 million as of the prior June 30, and (2) the date on which we have issued more than $1.0 billion in non-convertible debt during the prior three-year period. We refer to the Jumpstart Our Business Startups Act of 2012 herein as the "JOBS Act" and references herein to "emerging growth company" shall have the meaning associated with it in the JOBS Act.

As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

- only two years of audited consolidated financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Conditions and Results of Operations" disclosure;
- reduced disclosure about our executive compensation arrangements;
- no requirement that we hold non-binding advisory notes on executive compensation or golden parachute arrangements; and
- exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

We have taken advantage of some of these reduced burdens, and thus the information we provide stockholders may be different from what you might receive from other public companies in which you hold shares.

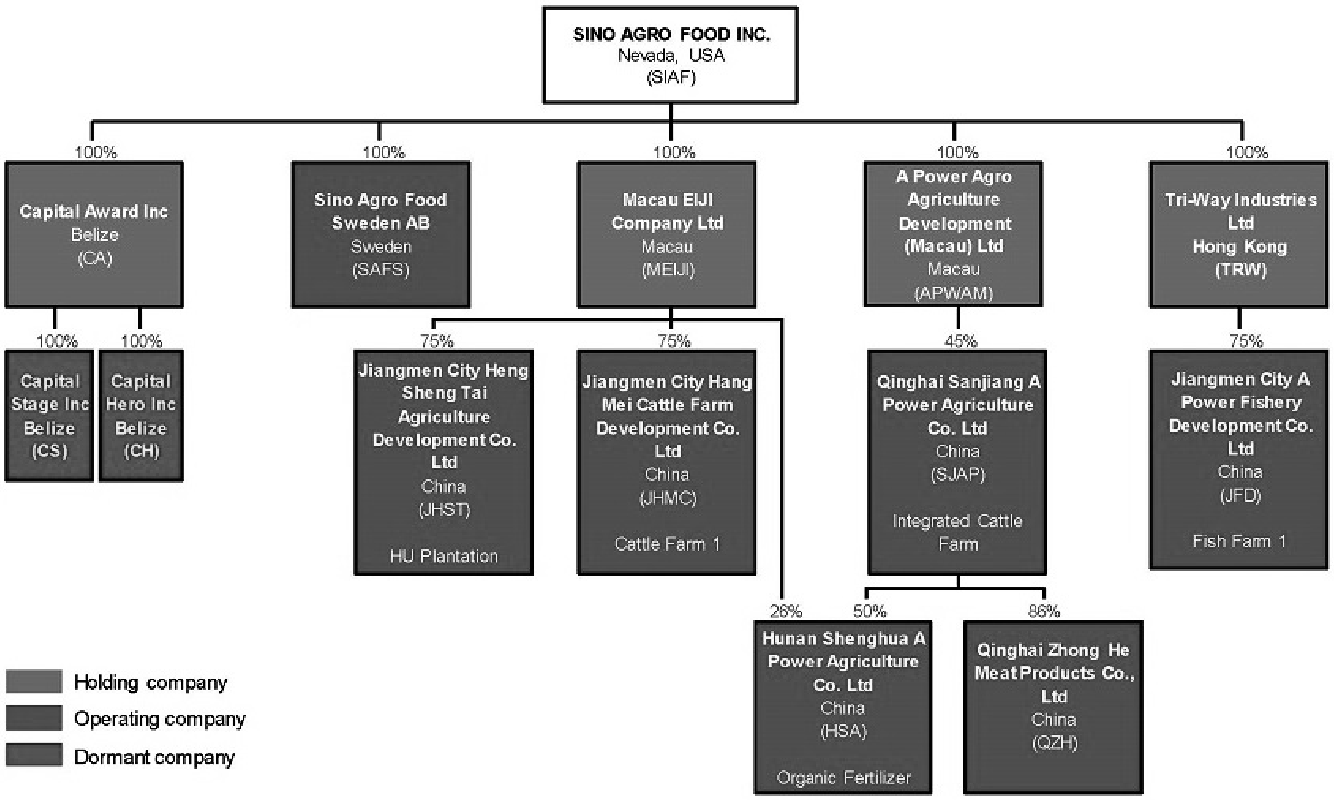
In addition, Section 107 of the JOBS Act also provides that an emerging growth company can take advantage of the extended transition period provided in Section 7 (a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. However, we are choosing to "opt out" of such extended transition period, and as a result, we will comply with new or revised accounting standards on the relevant dates on which adoption of such standards is required for non-emerging growth companies. Section 107 of the JOBS Act provides that our decision to opt out of the extended transition period for complying with new or revised accounting standards is irrevocable.

Reverse Split

On November 10, 2014, the board of directors of Sino Agro Food, Inc. approved an amendment to our Articles of Incorporation to effectuate a reverse stock split (the "**Reverse Split**") of our common stock, par value $.001 per share, affecting both the authorized and issued and outstanding number of such shares by a ratio of 1 for 9.9. The Reverse Split became effective in the State of Nevada on December 16, 2014. The Market Effective Date of the Reverse Split was December 16, 2014, having been approved by the Financial Industry Regulatory Authority, Inc. ("**FINRA**") on December 15, 2014. As a result of the Reverse Split, each 9.9 shares of common stock authorized as well as each such share issued and outstanding prior to the Reverse Split has been converted into 1 share of common stock, and all options, warrants, and any other similar instruments convertible into, or exchangeable or exercisable for, shares of common stock have been proportionally adjusted. All references to common stock have been retroactively restated.

Legal structure
The Company is primarily a holding company whose operations are carried out through its subsidiaries.

The following table sets out information about the entities in which the Company, as of the date of this Annual Report, holds (directly or indirectly) more than 10 percent of the outstanding capital and votes.

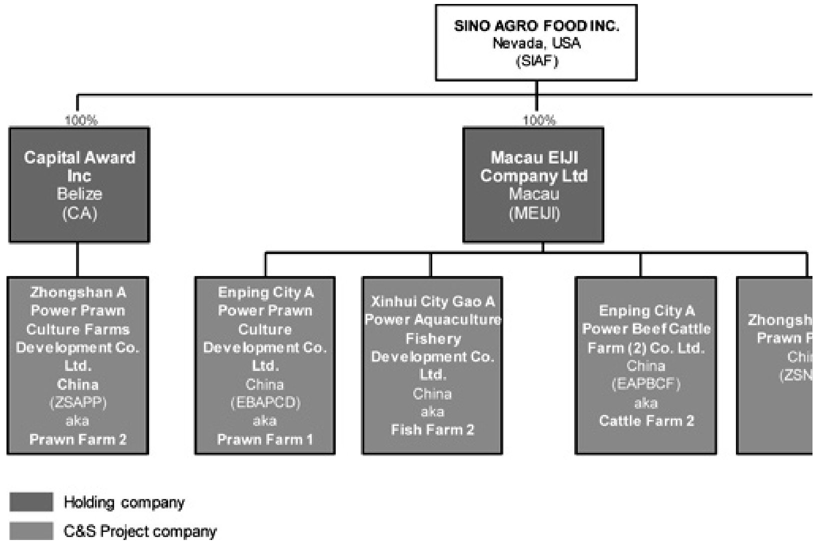


The table below sets out a brief description of the companies within the Company as well as the Company's respective holdings within such companies and their domiciles.

Company	Country of incorporation	Field of activity	% Holding
Sino Agro Food, Inc.	US	Engineering consulting (general types of developments), business management, trading, sales and marketing	
Capital Award Inc. (CA)	Belize	Engineering consulting (mainly in development of fishery), management of fishery operation, marketing and sales of fishery produces and products	100
Tri-way Industries Limited (TRW)	Hong Kong	Holding company and holder of technology licenses	100
Macau Eiji Company Limited (MEIJI)	Macau	Engineering consulting (mainly in cattle farming and vegetable farming), management service and marketing and sales of cattle and related products	100
A Power Agro Agriculture Development (Macau) Limited (APWAM)	Macau	Holding company	100
Sino Agro Food Sweden AB (publ) (SAFS)	Sweden	Various support and service to parent company, asset management, finance, consulting and provision of services in agriculture and aquaculture, marketing and sale of agricultural products, consultancy for business development in China, and related business	100
Capital Stage Inc. (CS)	Belize	Dormant	100
Capital Hero Inc. (CH)	Belize	Dormant	100
Jiangmen City A Power Fishery Development Co. Ltd. (JFD or Fish Farm 1)	China	Growing of fish (sleepy cod species), eels (flower pattern species) and prawns	75
Jiangmen City Hang Mei Cattle Farm Development Co. Ltd. (JHMC or Cattle Farm 1)	China	A demonstration farm for growing cattle in a semi-tropical climate	75
Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd. (JHST)	China	HU plantation, immortal vegetable planning, processing and sales of produces and products	75
Hunan Shenghua A Power Agriculture Co. Ltd. (HSA)	China	Existing activities: manufacturing of organic fertilizer, 100% pure organic mixed fertilizer and lake fish farming organic fertilizer. Cattle rearing.	76
Qinghai Sanjiang A Power Agriculture Co. Ltd. (SJAP)	China	Existing activities: manufacturing of organic fertilizer (permits valid until December 2016), bulk and concentrated livestock feed, and rearing of cattle and cooperative farming. Slaughter and deboning of cattle and value added processing of beef products.	45
Qinghai Zhong He Meat Products Co. Ltd. (QZH)	China	Cattle slaughter and deboning	86%

In addition to the legal entities included in the chart and table above, the Company is providing technology know-how with consulting service and turnkey contracting services ("**C&S**") to various Chinese owned Project Companies ("**C&S Project Company**") which mainly are private companies formed in China with Chinese citizens acting as legal representatives. Sino Agro Food does not have any ownership in these C&S Project Companies. However, in consideration of the Company's right to protect its technology and know-how granted to the C&S Project Companies, the Company has an option to acquire equity stakes in the future SFJVC at an agreed value equivalent to the project's development cost. The chart below sets out the various C&S Project Companies in which the Company is currently involved. The maximum equity stake, which may be obtained in any C&S Project Company is 75%.

On October 25, 2015, both QZH and new stockholder, Qinghai Quanwang Investment Management Co., Ltd (" **QQI** ") contributed additional capital of $4,157,682 and $769,941, respectively. As of result, SJAP decreased its equity interest from 100% to 85% and QQI owned a 14% equity interest. In addition, regarding the investment agreement between QZH and QQI, (i) QQI enjoyed 6% annual interest on its capital contribution, but not any profit distribution; (ii) investment period was 3 years, and (iii) SJAP shared 100% (2014: 100%) on profit or loss after 6% interest payment to QQI and enjoyed 100% (2014: 100%) voting rights of QZH's board and stockholders meetings.



Company	Field of activity
"**EAPBCF**" or "**Cattle Farm 2**" Enping City A Power Beef Cattle Farm 2 Co. Ltd.	Cattle rearing
"**Fish & Eel Farm 2**" XinHui City Gao A Power Aquaculture Fishery Development Co. Ltd.	Growing fish, eels and prawns. Production started in 2014, although construction is on-going.
"**EBAPCD**" or "**Prawn Farm 1**" Enping City A Power Prawn Culture Development Co. Ltd.	Grow-out of mainly prawns, production started in Q3 2013. Additional production commenced from 10 additional APM tanks in Q2 2015.
"**ZSAPP**" or "**Prawn Farm 2**" Zhongshan A Power Prawn Culture Farms Development Co. Ltd.	Hatchery and Nursery operation of prawns, production started from Q2 2012. Growing of prawns using open-dams applying re-circulating filtration systems, with production started from Q3 2013, with construction still being in progress.
"**ZSNPP**" or "**Zhongshan New Prawn Project**" (Guangzhou City A Power NaWei Trading Co. Ltd.)	Grow-out of prawns and other seafood. Hatchery and Nursery operation of prawns and hydroponics to be commenced in the future. Trails for stocking of fingerling at its Phase (1) Stage (1) farms started from late February 2016.
"**APNW**" or "**Wholesale Center 1&2**" (Guangzhou City A Power NaWei Trading Co. Ltd.)	Marketing, sales and distribution of seafood and meats and related products

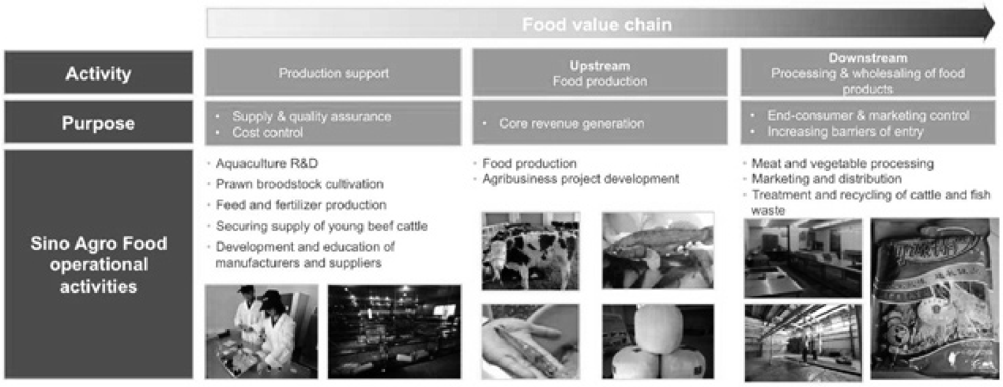
Business model

The Company works with Chinese investors to form operating companies, in which Sino Agro Food retains the option to acquire equity interest. After a certain period of time and successful operating results, the Company and the Chinese investor may form a Sino Foreign Joint Venture Company ("**SFJVC**"). Prior to the formal naming, registration, and incorporation of an anticipated SFJVC, the Company prepays a deposit toward the consideration of its future SFJVC stake as a percentage of the assets of the fully developed farm. Upon conversion, the prepayments become equity capital.

The Company oversees financing and provides interoperating strategies, encouraging vertically integrated growth. China has problems with quality assurance in primary production, distribution and poor origin traceability, as well as low food quality. This has created a market where consumers pay significant price premiums for organic food with brands guaranteeing quality and consistency.

A vertically integrated operation in a fragmented and poorly regulated environment such as in China is the strategy that will yield the most success for the Company. Our presence in retailing and wholesale markets generates market power and provides potential for both margin maintenance and expansion.

Integration into fertilizer and feed production for rearing of beef cattle together with breeding of prawn brood stock decreases primary production operational risks as well as the price volatility in production input goods.



Sino Agro Food uses expertise and know-how in specific agriculture and aquaculture technologies. The Company's "A Power Re-circulating Aquaculture System" (the "**APRAS**") is a proven recirculating aquaculture system ("**RAS**") technology for indoor fish farming. Sino Agro Food has developed modern techniques and technologies to grow, feed and house both fish and cattle. These are engineered into the designs of, and the management systems for, indoor and outdoor fishery and cattle farms. Today Sino Agro Food is the world's largest operator of RAS aquaculture for prawns. In all developments Sino Agro Food acts as the master engineer, pioneering the construction and building of farms, from raw land into fully operational facilities. Sino Agro Food builds the infrastructure including staff quarters, offices, processing facilities, storage, and all related production facilities; then, manages developing of all business activities into effective and efficient operations. Sino Agro Food's largest customer represents a Company of thirty separate live seafood wholesalers at the Guangzhou wholesale markets.

The Company holds licenses for fertilizer formulas and for indoor fish farm techniques, including a "master license" in China for "A Power Technology" ("**APT**"), a modular land based fish growing system and technology utilizing RAS.

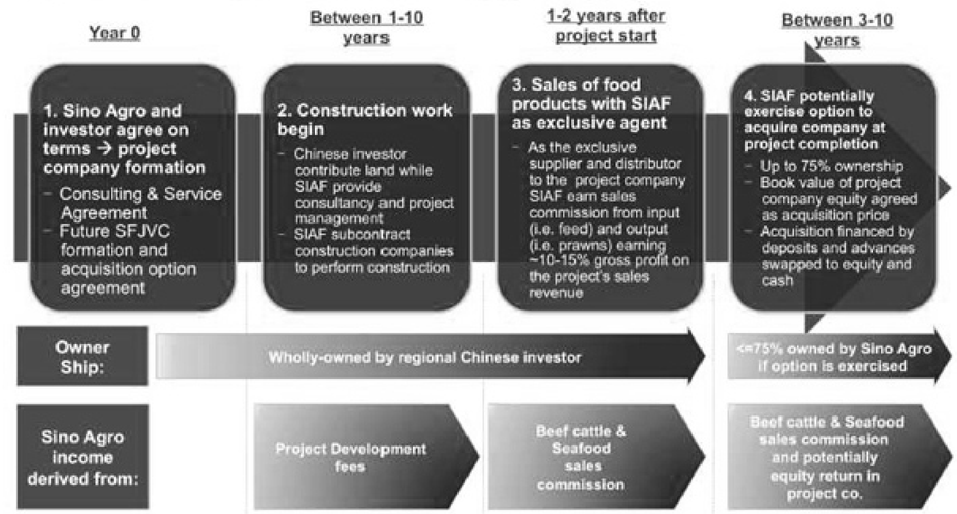
Sino Agro Food partners with Chinese investors in food projects as a turnkey project manager

The Company engages in projects as a technological and engineering expert, partnering with local and regional investors in food related projects. Sino Agro Food generally has exclusive marketing, sales and distribution rights for each project company. For example, CA purchases all marketable fish and prawns from the farms and distributes them to wholesale markets. CA also supplies the farms with fingerling, baby or adult fish or prawns and stock feed. MEIJI operates similarly with the cattle that are grown by Cattle Farm 1.

Generally, Sino Agro Food exercises an option to acquire a majority equity stake in the project company once development of the operating company has matured and successful operating results are demonstrated. Prior to acquisition, Sino Agro Food prepays a deposit toward the acquisition consideration of the project company. Upon acquisition and conversion into a SFJVC, the pre-payments together with a cash consideration become equity capital, with Sino Agro Food becoming a majority shareholder.

Acquired project companies are operated and managed by the management team and the Chinese investor, and overseen by Sino Agro Food.

Lifecycle of a Consulting & Services and SFJVC project company



<u>Land ownership in China</u>
In China, nearly all land is owned by the Central Government or local village collectives, which grant "usufructuary" rights (i.e., the right to use and enjoy the derived benefits for a period of time) in the form of land use rights. This is similar to "leasehold" land rights in the United States. Corporate entities and individuals may own the property (buildings) erected on Government land. Land use rights may be transferred, but they are based on agricultural contracts, and cannot be changed arbitrarily to non-agricultural purposes.

Business overview

<u>Introduction</u>
Sino Agro Food is an agriculture technology and natural food holding company with principal operations in China participating in the ongoing transformation of China's fragmented agrarian sector into a modern food production industry using sustainable and profitable methods. Sino Agro Food focuses on seafood and beef production with integrated wholesale distribution. The Company acquires and maintains equity stakes in a cohesive portfolio of companies that Sino Agro Food forms according to its core mission to produce, distribute, market and sell natural, sustainable protein food and produce, primarily seafood and cattle, to the rapidly growing middle class in China.

Sino Agro Food employs a strategy of vertical integration from primary production through processing, distribution and marketing of high quality, organic food products in the food value chain. China's fast growing middle class is creating rapidly rising demand for gourmet and high-quality protein food. The Company's core products are live prawns, live eels, whole beef cattle and packaged beef meat.

The Company's operations and strategy are executed through a number of subsidiaries located in China, and the Company contributes financial oversight and strategic direction to otherwise independent management teams which employ the Company's intellectual property and proprietary methods within aquaculture, beef cattle rearing and production of organic fertilizer.

Sino Agro Food has enjoyed strong growth since the Company initiated its business activities in China in 2006. During the fiscal year of 2015, the Company's consolidated revenues amounted to USD 429 million. The four principal factors that have enabled the growth are:

- Joint venture investment models with existing local Chinese investors in agriculture and aquaculture;
- Technological competitive advantages in recirculating aquaculture, beef rearing and livestock slaughter;
- Strong growth in Chinese consumers' demand for quality protein food; and
- The Chinese Government's policy to consolidate the agrarian sector and increase the efficiency of China's food production industry.

Sino Agro Food provides consulting and services to a number of private Chinese third party companies to construct and operate primary production facilities for fish, prawn and beef cattle, as well as wholesale marketing and distribution centers. As part of its consulting and service agreements, Sino Agro Food has the option to acquire these operations in order to expand Sino Agro Food's proprietary production and wholesaling capacity.

Revenues are generated from activities that are divided into five stand-alone business divisions:

(i) Aquaculture (CA: inclusive Technology engineering consulting & services (Project Development division) and sales of goods)
(ii) Integrated Cattle Farm (SJAP & QZH) and Organic Fertilizer (HSA)
(iii) Cattle Farm (MEIJI: sales of goods)
(iv) Plantation, and
(v) Seafood & Meat Trading (SIAF GZ: inclusive Technology engineering consulting & services (Project Development division) and sales of goods and corporate affairs)

Aquaculture division
Operated by CA, the Aquaculture division is the business unit of Sino Agro Food active in sale of seafood. Revenue for fiscal year ended December 31, 2015 was USD 85.4 million, or 25.6 percent of the Company's total sales of goods' revenue of USD 336.8 million in the same period. Gross profit for the Aquaculture division for the fiscal year ended December 31st 2015 was USD18.3 million, or 24.0 percent of the Company's total gross profit on sales of goods of USD 75.9 million in the same period. The table below lists aquaculture project companies with status and schedule for each.

CA has entered into several CSC's. Their information and status are shown in the table below:

Name of the Developments	**Fish Farm 1**	**Prawn Farm 1**	**Fish Farm 2: The Fish & Eel Farm**	**Prawn Farm 2: Hatchery, Nursery & Grow-out Farm**
Abbreviation of company Name	**JFD**	**EBAPCD**	**Fish & Eel Farm 2**	**ZSAPP**
Location	Enping	Enping City	Xin Hui District, Jiang Men	San Jiao Town, Zhong San City
Annual capacity (as designed)	1,200 MT	2013=400MT 2014=800MT 2015=1200 MT	2014=800 MT 2015= 1600 MT 2016=2000MT	2013: 1.6 Billion Fingerlings and 400MT Prawns increasing yearly. By 2015:3.2 billion Fingerlings and 1200 MT Prawns
Land area or built up area	9,900 m2	23,100 m2	165,000 m2	120,000 m2
Current phase and stage	Fully operational	2 phases and road work	4 phases	3 phases
Date development commenced	July 2010	Phase 1: June 2011 Phase 2.1 + 2.2 Road Work: August 2012	Phase 1: January 2012 Bridge & Road Oct. 2012 Phase 3: 2013 Phase 4: 2014	Phases 1 and 2: May 2012 Phase 3 2014
Contractual amount (in millions of U.S. Dollars)	$5.3M	Phase 1: $11.6M Phase 2: $6.39M Road Work: $2.94M Phase 3:$ 3.5 M Phase 4:$ 2.7 M	Phase 1: $8.73M Bridge & Road $2.48M Phase 3 $4.38M Phase 4 $10.63M	Phase 1 $9.26M Phase 2 $8.42 M Phase 3 $11.5M Phase 4: $12 M
% complete as at March 28 2015	Fully Operational	Phase (1) In operation Phase 2 : Production started Q2 2015 Road work: completed Phase 2 additional 10 APMs completed and operational	Phase 1 completed Bridge & Road completed Phase 3 Completed Phase 4 not started Pending on owners' decision for further work to be commenced.	Phase 1 fully operational Phase 2 in operation Phase 3 85% completed but production started. Phase 4 started and 30% work has been done

CA is the sole marketing, sales and distribution agent of the APRAS fishery and prawn farms. CA purchases all marketable fish and prawn from the farms, and then sells them to wholesale markets. CA also supplies the farms with fingerlings, baby or adult fish or prawns, and stock feed. CA generates revenue from the sale of seafood bought from farms that are Company subsidiaries or C&S Project Companies, as well as from contracted growers as further described below.

Jiangmen City A Power Fishery Development Co. Ltd. (JFD or Fish Farm 1): The Company owns a 75 percent equity interest in JFD, the owner and operator of Fish Farm 1, growing fish (sleepy cod species), eels and prawns. Fish Farm 1 is located in the Guangdong Province in China.

Built on a block of land measuring 9,900m2, Fish Farm 1 contains staff quarters that provide accommodation for up to 15 workers, a self-contained office, a laboratory, external live bait holding tanks, all season red worms nurturing tanks, dry and cold storage, workshops, processing facilities, a heating room, 500 Metric Tons ("**MT**") of water holding tanks, landscape gardens, standby generator rooms, all related underground and above ground infrastructure, and a 4,000m2 fish grow-out farm.

This farm supports 16 RAS (or APM) tanks, each measuring 10m x 10m x 3m in depth and holding up to 240,000 liters (or 240 MT of water. Each tank has production capacity to grow up to 80 MT of aquatic animals per year depending on stocking cycles (frequency of stocking of fish), and initial size of the fish in each cycle. In other words, if the initial stocked fingerling is around 30-40 mm per fish, then it will take over 12 months to grow the fish into a marketable fish (averaging over 500 gram per fish) such that its annual production is only up to 30-35 MT per tank; however if the initial fish being stocked are at an average of 200 to 300 grams each then its stocking and harvesting cycle is four times per year, enhancing annual production capacity to up to 80 MT per tank.

Xinhui Gao A Power Fishery Development Co. Ltd. (Fish & Eel Farm 2):

Growing fish, eels and prawns. Production started in 2014, although construction is on-going.

CA was appointed exclusive wholesale distributor and marketing agent for the products produced by Fish & Eel Farm 2 for a period of three years from 1 September 2015. Under the terms of the relevant agreement, the off-take prices for the products shall be determined and fixed at the latest prices for Guangdong Province, Guangzhou City, Huangsha Wholesale Fish Market's daily sales prices (as published on the web page of the National Agricultural Products Commercial Information).

Enping City Bi Tao A Power Prawn Culture Development Co. Ltd. (EBAPCD or Prawn Farm 1): The proposed name of the Company's future SFJVC is subject to approval by relevant Chinese authorities under its application for SFJVC status. EBAPCD was established to own and operate Prawn Farm 1. EBAPCD commenced to generate revenue during Q3 2013. CA recognizes income (booked in the Aquaculture Division's sales of goods) by receiving a distribution fee on the seafood sold by Prawn Farm 1 to the wholesale markets.

On 22 April 2013, the Company placed the first 500,000 Mexican White prawn fingerlings in Prawn Farm 1, and has noted that prawns are meeting growth benchmarks with low mortality, and reaching around 15 cm per prawn in size. The Mexican White shrimp are known in the west as "Western White Shrimp," or by their genus species "Penaeus Vannamei."

By Mid-year 2015, an additional of 10 RAS (or APM) tanks were built in Prawn Farm 1 as such the farm is now in operation with a total 14 RAS (APM) tanks.

CA was appointed exclusive wholesale distributor and marketing agent for the products produced by EBAPCD for a period of three years from August 31, 2015. Under the terms of the relevant agreement, the off-take prices for the products shall be determined and fixed at the latest prices for Guangdong Province, Guangzhou City, Huangsha Wholesale Fish Market's daily sales prices (as published on the web page of the National Agricultural Products Commercial Information).

Zhongshan A Power Prawn Culture Farms Development Co. Ltd. (ZSAPP or Prawn Farm 2): Subject to approval by relevant Chinese authorities under application for SFJVC status, the proposed name of the future SFJVC is ZSAPP. Prior to the said official formation of the SFJVC, CA acts as Prawn Farm 2's sole marketing agent and recognizes income from the following: (i) management fees and commission fees charged to Prawn Farm 2 based on RMB 20 per 10,000 pieces of White leg shrimp post-larvae and RMB 40 per 10,000 pieces of Giant River Prawn post-larvae and (ii) the purchases of prawns and fishes from Prawn Farm 2 and sale to the wholesale markets.

CA was appointed exclusive wholesale distributor and marketing agent for the products produced by ZSAPP for a period of three years from 7 September 2015. Under the terms of the relevant agreement, the off-take prices for the products shall be determined and fixed at the latest prices for Guangdong Province, Guangzhou City, Huangsha Wholesale Fish Market's daily sales prices (as published on the web page of the National Agricultural Products Commercial Information).

Zhongshan New Prawn Project ("**ZSNPP**"): In March of 2014, Sino Agro Food announced that CA was granted a contract to build an 8,000 MU prawn and agriculture center in Zhongshan City. CA has been engaged to provide construction and development services, as well as consulting support in the form of management, supervision, and training. The contract price for Phase 1 of the project is stipulated at USD 180 million +/- 15 %. If project costs exceed this number, there are no provisions in the agreement providing for extra compensation. However, under Chinese law, CA is entitled to be compensated if the Chinese party has asked for work in excess of what the estimation in the current contract has been based on. The fees payable to CA are presently estimated to total approximately USD 149.6M, consisting of USD 104.3M from construction and development, and USD 45.3M from consulting, including USD 8.5M in license fees for up to 350 A-Power Modules that the licenses that are valid for 50 years. CA anticipates being designated as the marketer and distributor of the project's end product prawns, eels, fish and produce.

To date, the Company has completed or is just about to complete the following:

(i) A complex of office space, staff quarters, staff canteen, storage, parking areas and landscaping encompassing a total of 2,000 square meters on 15,000 square meters of land (about 23 MU or about four acres). These facilities are sufficient to house the staff personnel and working areas to administer Phase 1 of the project.

(ii) Two out of three buildings in Phase (1) development, with each building occupies 8,560 m2 of floor area, houses 48 standard units of APM filters (with each standard APM filter controls and situated in between two APM tanks that collectively act as one unit has the capacity to contain up to 400 MT of water within its dimension of 12 m x 12 m x 3m in depth) are 95% completed with initial trials for stocking of prawn fingerling commenced in late February 2016; as of the date of this Annual Report, said prawn fingerling have been grown to an average size of 2 cm prawns that were transferred into 2nd stage grow-out tanks for their 2nd stage grow-out.

(iii) A 3.5 Km coastal boundary road and over 5 Km of internal roads.

(iv) Basic infrastructure in landfills and leveling, electricity and water supplies, underground drainages and pipes and cables have been laid and connected covering total areas measured up to 132 acres within the project property of 635 acres.

(v) A demonstration model consists of 4 opened (RAS or APM) dams is 80% completed on a 10 acre block of land.

(vi) 60% of construction work has been completed for the development of salt water, fresh water and wastewater holding dams with inbuilt filters (using the RAS or APM technology) on a 12 acre block of land.

The Phase (1) model targets production capacity of 10,000 metric tons of prawns within said 3 buildings, with trials having commenced at the end of February 2016 and commercial operations of the Phase (1) Stage (1) built farms in said Building (1 & 2) scheduled to begin in July 2016.

<u>Integrated Cattle Farm division (SJAP)</u>
Operated by SJAP, the Integrated Cattle Farm division is the business unit of Sino Agro Food active in beef cattle rearing and value added processing of domestic and imported beef meat. Revenue for fiscal year ended December 31, 2015 was USD 144.6 million or 42.9 percent of the Company's total sales of goods revenue of USD 336.8 million in the same period. Gross profit for SJAP in the fiscal year ended December 31, 2015 was USD 33.3 million, or 43.9 percent of the Company's total gross profit in sales of goods of USD 75.9 million in the same period.

1. Beef cattle rearing
Within the beef cattle farm division, the Company applies a co-operative farming model creating an intermediary supply pipeline to ramp up production at lower marginal cost to its operations.

The cattle grown by the Company are primarily Simmental, Charolais, and Angus. In general, local farmers buy 12 to 15 month old cattle from the Company's cattle agents, and the Company commits to repurchasing the cattle between 21 months to 24 months old.

SJAP now has twelve cattle houses, with its smaller buildings housing a minimum of 200 head and larger cattle houses accommodating up to 350 head.

Within the Chinese agriculture market, small farmers lack commercial scale and expertise and therefore benefit from a strategic alliance. The Company works with the local government, soliciting their help to introduce and initiate a farmers' co-operative, such as in the Huangyuan County, Xining City. This concept of strategic alliance with smallholder farmers under a co-operative farming model was originated and has been based on the following key characteristics and value enablers:

- The Company assesses the ability of the regional farmers to grow crops and pastures as its nominated contractors, using the Company's land that is leased to the Company free of rent by the local government or using the farmer's own land. The regional farmers use the Company's plant and equipment for their planting and harvesting. The Company provides the farmers with supervision and associated services, seeds and organic fertilizer on credit terms, and also purchases crops and pastures from them.

- The Company also uses this regional farmers' concept when growing cattle. The farmers are the Company's contractors using the Company's bulk livestock feed and concentrated livestock feed on credit terms. The Company buys the mature cattle, which the regional farmers raised on the Company's livestock feed.

- Ultimately, the Company is aiming to obtain cattle that will be qualified as "organically raised cattle," in order to produce organic beef products on a commercial scale.

The key features of the co-operative farming model are set out in the illustration below:

As of the date of this report, SJAP has established 22 farmer co-operatives that have the capacity to fatten up to 20,000 head of cattle per year based on a 3-month turn-around program. The cost of rearing cattle is expected to be lower as a result of concentrating efforts on manufacturing and/or selling livestock feed. The regional farmers are contracted to grow crops and pasture for the Company using the Company's land that has been provided lease-free by the local Government or by using their own land, the Company's equipment operated by its workers for planting and harvesting, and the Company's supervision and associated services, as well as seed and organic fertilizer. These items are provided to them on credit, which are then charged against their account when the Company purchases the crops and pasture grass from them in return. Regional farmers also raise cattle for the Company using its bulk and concentrated livestock feed under the same credit terms and conditions described above. That is, when the Company purchases the mature cattle from the regional farmers, their accounts are charged for the feed against the amount paid.

2. The Organic Chain: (Organic Beef Product and Supply Chain)

The Company prepares its agricultural wastes into bioorganic fertilizer.[1] Also the livestock feed[2] is prepared into bioorganic livestock feed. Bioorganic fertilizer and the bio-organic livestock feed is sold to farmers that work on the Company's land-use rights, which is owned by the government and leased with a subsidy or rent free, due to the many benefits for the community. Fertilizer and livestock feed ~~is~~ are prepared based on the Company's patented enzyme. The use of the enzyme is synergistic, as the production of fertilizer and livestock feed is permissible all 12 months of the year, which is a competitive advantage.

The farmers use the bioorganic fertilizer on the soil and feed the grain to the cows together with the livestock feed. Government tests show:

- Additional average weight gain per head of fattening cattle;
- Additional fresh milk is produced;

[1] Through the environmental friendly "Bacterial and Bio-organic Fertilizer Manufacturing Technology"

[2] Consists of raw material consisting of crop wastes as well as locally grown and available wild wheat plus wild wheat sterns, wild peas with sterns and leaves, and selective pastures grown in the wild. These raw materials will be finely cut and put through a number of aging and fermentation processes by adopting a technology and method called "Stock Feed Manufacturing Technology," duly licensed by TRW, a 100 percent owned subsidiary of the Company, and catalyzed by the enzyme developed by SJAP. Thereafter, the end materials will be packed and sealed in airtight and weatherproof packaging ready for storage.

- All feeds are much easier to digest resulting in much cleaner environment in the cattle yards and houses;
- No ill effects were recorded due to the Company's feed;
- All cattle preferred to eat the Company's feed and were reluctant to revert back to the consumption of their old feed after they had consumed the Company's feed during the period.

Through an acquired patent,[3] the fat content of a 15 month-old cattle can be decreased from 15 kg to 5 kg, which improves the quality of the meat and its yield. The inventor of the patent is now an equity partner in SJAP.

3. Feed

On February 28, 2013, SJAP completed its development of the Concentrated Livestock Feed ("**CLF**") manufacturing factory, and started the production and sales of CLF. This CLF complements SJAP's bulk livestock feed to provide the local cattle and sheep farming industry with a completed feed formula that can cater to the rearing of cattle and sheep at various growing cycles (e.g., specially formulated mixes with efficient nutrients for dairy cows and sheep, weaning, fattening and mature cattle and sheep). The advantage of the formulated feed combination is that the cattle and sheep growers will realize cost savings in production knowing precisely the amount of concentrated feed that will be needed by their livestock, thus avoiding wasted excess concentrated feed due to over feeding, which results in worthless excess fat in mature animals. In this respect, the Chinese central government has placed an order with SJAP to reserve up to 5,000 MT of CLF annually as part of the country's annual reserve emergency livestock feed inventory. Thus, since March 2013 onward, SJAP has generated additional revenue generated from the sales of CLF.

SJAP sells its organic fertilizer and bulk livestock feed mainly to its cooperative and regional farmers in addition to using it to rear its own grown cattle, but because its geographic location is so far away from other major provinces there are high costs associated with selling its fertilizer, bulk livestock feed and live cattle other than to local purchasers. Conversely, equivalent imports from other provinces must be purchased at a higher cost, providing SJAP with a competitive edge. Furthermore, Qinghai Province is a region rearing millions of cattle and sheep per year, providing an ample market for SJAP's fertilizer and livestock feed.

In the longer term, the Company believes that wholesale prices of SJAP's livestock feed will maintain a steady growth rate of 5% to 10% per annum influenced mainly by rising labor cost of the country.

4. Value Added Processing and distribution

In 2014 the Company initiated operations in slaughter and deboning services to farmers at its abattoir and deboning facilities. SJAP received a business permit from the Chinese authorities on April 17, 2013, and construction commenced on April 21, 2013 on the abattoir, deboning factory, and related packaging facility. Since it is rare and difficult to obtain a permit for an abattoir facility in China, having this facility is expected to become a very valuable asset for the Company. To date, SJAP's abattoir, deboning factory and packaging facilities are fully operational.

Before the abattoir and related facilities were operational, the Company sold mostly live cattle to or through various cattle wholesalers to existing wholesale and distribution markets that did not require much marketing efforts and networking.

In China, beef is customarily distributed through various tiers of established wholesalers and distributors that source their beef from various slaughter and deboning houses located across many districts in China. Most of these wholesalers sell multiple types of frozen or freshly chilled meats (including pork and poultry, etc.), and some slaughterhouses specialize in and solely supply beef. These wholesalers and distributors supply beef to regional supermarket chain stores, retailing wet and frozen food markets, the catering industry, etc. Therefore, after having established its own slaughterhouse and deboning factory, SJAP is expected to automatically become the primary supplier of beef. As such, many existing wholesalers and distributors will source their beef supplies directly from the Company. With the current ever increasing demands of quality beef meats due to the increase of middle class consumers, the Government's enforcement of food safety regulation, and of anti-smuggling and illegal imports of beef, the right opportunity exists for SJAP to market its high-quality beef product. Therefore, the Company is confident it will successfully sell its beef meats in domestic markets. Also, a portion was exported to South Asian countries (i.e., Malaysia, Singapore, Hong Kong, Middle East countries and Thailand etc.) in 2014, as the Local Government encourages the Company to do.

The following table shows the current average mark-up margin for most of the sellers and operators in the beef trade in China:

Type of wholesalers, distributors or retailers	Mark-up Margin in Localities (Low / High)		
	Tier 1 Cities	**Tier 2 and Tier 3 Cities**	**Tier 4, Tier 5 & Lower Cities**
Slaughter cum deboning houses	30% / 35%	33% / 38%	39% / 42%
1st tier wholesalers and distributors	10% / 12%	12% / 15%	15% / 20%
2nd and 3rd tier wholesalers and distributors	15% / 20%	18% / 25%	20% / 30%
1st tier retailers (i.e. supermarket chains)	22% to 35%	22% / 35%	22% / 35%

[3] T1 Enzyme Technology (T1), Patent number ZL2005 10063039.9.

The Company’s marketing strategy to sell its beef meats and beef products targets the middle class consumers through the following developments:

Development Items and Marketing Channels	Estimated Annual Beef Production in Metric Tons (MT)			Share of Sales		
	2014	2015	2016	2014	2015	2016
	6,000	9,000	18,000			
Develop up to five sales and distribution outlets in Guangzhou, Beijing, Tianjin, Chongqing and Shanghai City						
(A) Existing localized 1st, 2nd and 3rd tier wholesalers and distributors in these cities				60%	45%	35%
(B) Own sales and distribution outlets*				40%	30%	30%
Develop up to five sales and distribution outlets in Fuzhou, Changsha, Suzhou, Shenzhen and Xiamen City						
(A) Existing localized 1st, 2nd and 3rd tier wholesalers and distributors in these cities					15%	20%
(B) Own sales and distribution outlets *					10%	15%

*The Company’s own sales distribution outlets will include the development and operation of the following:

- 1st and 2nd Tier Wholesale and Distribution Network directly competing with, and supplying to, existing local wholesalers.
- Distribution and service networking into supermarket chains, restaurant chains and domestic distributors.
- Franchising of “Bull” Restaurants that will sell the Company’s own beef and beef products

Currently the Company’s “Bull” restaurant serves as a demonstration model. Converted from an old cattle house, and situated next to the renovated cattle houses at SJAP’s complex, the “Bull” restaurant seats over 130 and uses on average one head of cattle every three days.

The Company assumes that in big cities, compared to the small community of Huangyuan where the demonstration restaurant is located, a similar restaurant must have the capacity to use up to at least two head of cattle per day, equal to 730 head per year. Therefore, if and when the Company develops additional “Bull” restaurants, it is anticipated realizing sales of up to 36,500 head of cattle in a year, which is more than SJAP targets to slaughter in 2016 (i.e., 30,000 head).

The table below lists some of the biggest wholesale frozen food (including beef) markets in Tier 1 cities (i.e., Beijing, Shanghai and Guangzhou City) from which there are many established logistic services to channel frozen goods to other Tier 2 and Tier 3 cities, where many existing localized wholesalers and distributors are situated and operating:

City	Name of Wholesale (cold storage) Markets	Address
Beijing	XinFa Di Wholesale Market of Agricultural Produce	XinFa Di Bridge, Jingkai Highway, Fengtai District, Beijing
	Jing Hua Jin Niu Qing Zhen Wholesale Market of Meat and Aquatic Produce	No.6 Nanding Road, Fengtai District, Beijing
	YueGeZhuang wholesale Market	No.34 Fengtai Road, Beijing
	Jin Xiu Da Di Wholesale Market of Meat	No.69 Fushi Road, Haidian District, Beijing
Shanghai	Shanghai City Beef and Mutton Wholesale Trade Market	No.178 Nanda Road, Baoshan District, Shanghai
	Cao An Hu Tai Agricultural Wholesale Market	Mei Ling North Road, Putuo District, Shanghai
	Shanghai Agricultural Produce Wholesale Market Centre	Hunan Road, Pudong District, Shanghai
	Shanghai Qi Bao Agricultural and Sideline Products Integrated Trading Market	Laiting North Road, Minxing District, Shanghai
	Shanghai Jiang Yang Agricultural Produce Wholesale Market	Jiang Yang North, Baoshan District, Shanghai
	HuiFeng Frozen Produce Market	No. 5 Shui Chang Road, Huang Shi Xi Road, Guangzhou
	Zi You Ma Frozen Produce Wholesale Market	No.1 Huang Shi Xi Road, Guangzhou
	Da Luo Tang International Frozen Produce Centre	Qiao Xing Avenue, Panyu District, Guangzhou

Note: the Company intends to acquire an existing wholesale establishment in each of these Tier 1, Tier 2, and Tier 3 Cities to be its main sales and distribution outlets, and as its main regional sales administration centers.

With the slaughterhouse, deboning and value added processing facilities ("**VAF**") operational since Q1 2014, the Company expects rapid growth of revenue and profits for SJAP, thereafter.

The combined operation of SJAP achieved sales revenues of USD144.6 million in 2015 compared to USD102.04 million in 2014, representing a growth rate of 41.7 %.

Overall, SJAP expects that revenues from operations will multiply and increase rapidly as a result of the addition of further herds, and of comprehensive value added processing and marketing facilities.

In this respect, SJAP's fully owned subsidiary Qinghai Zhong He Meat Company (or QZH, the company that operates the VAF) increased sales revenue by USD 44.3 million or 336% from 2014's USD13.2 million to 2015's USD 57.6 million and generated gross profit of USD15.1 million in 2015 compared to USD3.9 million in 2014.

In 2014, the Company expected a trend of continuous increases in beef and cattle prices given the increase in demand for quality beef and beef products (including value-added products) in tandem with the rise of living standards in China, the short supply of quality breeding stock that will be required to produce enough cattle to satisfy the increased demand. However, this prediction turned out to be wrong because the Chinese government changed its beef import policy during the 2nd quarter of 2015 relaxing the restriction on beef imports from eleven countries (e.g., New Zealand, Brazil, Australia, etc.), which started to affect the local cattle and beef industry primarily due to the drop of local cattle and beef prices from June 2016 as supplies were increasing rapidly while the growth rate of China's middle-class did not keep pace in such a short space of time; (i.e., early months 2015 averaged wholesale prices for live weight cattle was at about RMB32 / Kg and it went as low as to RMB20 / Kg by December 2015).

In this respect, SJAP's overall cattle division (excluding QZH) achieved sales revenue of USD86.97 million in 2015 compared to 2014's USD88.8 million (representing a negative growth rate of -1.86%) and gross profit dropped to USD18.25 million from 2014's USD26.95 million (representing a drop of 32.3%).

In order that the impact of said governmental change of policy affecting the local cattle and beef industry could be minimized, the Company decided to implement the following business plan and direction (the "**Program**"):

- Increase its VAP activities by importing more beef from other countries (Australia and Brazil, etc.);
- Upgrade its cattle herd by 2018 aiming at annual production thereon at rates of 3,000 head of Wagyu cattle, 2,500 head of 500-day grain fed angus and 2,500 head of pure organically grown angus, thus reducing its current cattle herd makeup gradually down to zero by 2018 starting from last quarter of 2015;
- To add more value added processing lines of activities (i.e. canning division etc.) to gain more export sales apart from its domestic sales;
- To expand its marketing network to cover major cities of nearby provinces that collectively have more than 350 million in population; and
- To train and to recruit suitable human resources effectively and efficiently.

The Program will involve additional capital expenditure and working capital over a 3-year period; as such, the Company may divest SJAP and list it as a stand-alone entity on a Chinese Stock Exchange such that it will be able to raise capital to finance the development needs of the Program. There can be no assurance that the Company will ultimately pursue this plan or, if it does, when such a spin-off would occur.

Organic Fertilizer (HSA) division

The business division Organic Fertilizer refers to the operations of the subsidiary HSA in Linli District, Hunan Province. Revenue for the fiscal year ended December 31, 2015 was USD 20 million, or 5.9 percent of the Company's total sales of goods revenue of USD 336.8 million in the same period. Gross profit for the Organic Fertilizer division for the fiscal year ended December 31, 2015 was USD8.5 million, or 11.2 percent of the Company's total gross profit for sales of goods of USD 75.9 million in the same period.

The operation in Linli District, Hunan Province, is run by HSA, a 76% owned Chinese subsidiary. HSA conducts the following business activities, both of which are in the development stage:

- manufacturing and sales of organic and mixed fertilizer,
- cultivation of pastures and crops in preparation for the establishment of beef cattle farms, and
- rearing of beef cattle

By January 2013, the first organic fertilizer production plant was established and started its production of organic fertilizer. On March 5, 2013, HSA secured the rights to use an enzyme developed by a Hong Kong company some twenty years ago that has been utilized by global manufacturers of organic fertilizer. The advantage of this particular enzyme is that when it is applied to the organic fertilizer it has the ability to convert part of the organic raw materials into potash and phosphate without having to add in chemically formulated potash and phosphate, such that the Company's end fertilizer can be qualified as pure organic fertilizer made with 100% natural organic raw materials. With this pure organic fertilizer, HSA is in a position to fully explore the potential market for fish in farm lakes and thereby to attempt to align itself with the government's policy of encouraging lake fish farmers to use pure organic fertilizer instead of chemical fertilizers. In addition, cost savings from avoiding the use of chemical potash and phosphate will, in management's belief, result in a better profit margin for the Company. Sales of pure organic fertilizer commenced at the end of Q1 2013.

Currently, chemical fertilizers in the region are sold at wholesale between RMB 3,000 to 3,600 per MT depending upon their chemical composition, compared to organic fertilizer from HSA selling at an average of RMB 1,200 to RMB 1,300 per MT. The Company's new 100% pure organic fertilizer with up to 8% potash is currently being marketed between RMB 2,000 to RMB 2,200 per MT targeting to reach an average up to RMB2,600 per MT such that its prices will be at the mid-range between organic and chemical fertilizer.

HSA produced 50,000 MT of organic fertilizer and organic mixed fertilizer in 2014 under its newly completed production plant and facilities, and aims to ultimately increase its capacity to about 90,000 MT per year in stages. The main hardship related to selling fertilizer is the requirement to provide longer credit terms (sometimes up to 180 days) to the Company's end buyers because these end users normally can afford to pay for them only after they sell their products. Therefore, the Company must assess creditworthiness of its prospective customers, and only consider the farmers who can be deemed creditworthy, and who follow the Company's requirements for planting their fields and harvesting crops each year.

Development of HSA in Linli District, Hunan Province, follows SJAP's business model. HSA is situated in a much better growing environment than SJAP, a farming rich province in central China. Thus, HSA benefits from cheaper logistics costs, close proximity to large markets, and a more favorable climate (milder winters and longer summers versus SJAP's long bitterly cold winters and short summers). However, financial support from the Government is more difficult to obtain in the Hunan Province because more entities share the Government's support provisions.

HSA endures both higher development costs and longer time to construct its facilities when compared to SJAP, whose property had 40 older (yet salvageable) buildings, which it has renovated to meet its needs.

Hunan Province is one of the biggest primary producing provinces of China with over four million primary producers that grow rice, tea, tobacco, grapes, citrus, cotton, seedlings, sunflowers, herb plants and many varieties of cash crops. Hunan also has a long-standing history in lake aquaculture producing millions of tons of fish and other seafood annually (e.g., total primary production is over RMB 450 Billion, or about USD 75 Billion, recorded in 2011 as announced by Hunan Province Agriculture Department).

At the Company's newly built fertilizer factory, the 100% pure organic mixed fertilizer ("**POMF**") is generating stable income and revenues reached targets in 2015 of over 13,037 MT of Organic Fertilizer, 36,232 MT of Organic Mixed Fertilizer and 180 MT of retailed packed fertilizer, collectively amounting to just under 50,000 MT.

Construction work to develop HSA's cattle station that began in March 2012 with preparation work on its general layout is now, as of December 2015, a 2,000 head capacity cattle farm built and ready for operation. The Company cultivated 75 acres of its land, situated below the fertilizer factory, and planted crops and pasture.

The Company's plan for HSA is to process cattle waste from its own cattle farm to be used as raw materials for the manufacturing of fertilizer, thus there will be substantial saving in its cost of fertilizer manufacturing (estimated at over USD2.5 million per year based on current sales), and with such cost of saving, HSA will be able to self-finance the development of its Yellow Cattle Program designed to eventually produce the Yellow Cattle into one of the top quality beef cattle in Asia, aiming to reach meat quality on par with Japanese Wagyu Cattle.

Therefore the Company's plan is to merge Cattle Farm (1) & (2) with HSA sometime in 2016 or 2017, at the latest, such that CF (1 & 2) will be the breeding station to supply yearlings for HSA to grow into full grown cattle (up to 3 years old) that will be sold in the Chinese market. The Yellow Cattle is very similar in body size and weight and quality to the Japanese Wagyu cattle and has distinct meat texture, flavor and quality that are in high demand in China.

Cattle farms (MEIJI) division

The business division Cattle Farms, or MEIJI, refers to SIAF's cattle rearing operations in Jiangmen, Guangdong Province. Revenue for fiscal year ended December 31, 2015 was USD 35.3 million, or 10.5 percent, of the Company's total sales of goods revenue of USD 336.8 million in the same period. Gross profit for the Cattle Farm (MEIJI) division for the 12 months ended December 31, 2015 was USD 1.9 million, or 2.5 percent of the Company's total gross profit on sales of goods of USD 75.9 million in the same period.

Currently there are two operations in this segment, Cattle Farm 1 and Cattle Farm 2. Sales for 2015 amounted to 14,947 head of cattle.

Cattle Farm 1: Cattle Farm 1 was built as a demonstration farm to show that cattle can be raised in a semi-tropical climate using the Company's semi-grazing and housing method. Using the Company's semi-free growing management system, the cattle are allowed to graze in the field during the early morning and kept indoors and out of the sun during the hot summer days. This method has proven reliable, with the growth rate of the cattle measuring slightly higher than the cattle at SJAP (i.e., averaging around 0.28 kg per day per cattle more).

Cattle Farm 2: Cattle Farm 2 is a beef cattle farm situated in Guangdong Province, Guangzhou City. Cattle Farm 2 is operated by a private company formed in China with Chinese citizens acting as its legal representative as required by Chinese law. EAPBCF will become a Sino Agro Food subsidiary when its SFJVC is officially formed. This is expected to occur during 2016 or 2017 pending availability of free cash flow of the Company; however, no guarantee can be made that the SFJVC will be formed.

Cattle Farm 2 is complementary to Cattle Farm 1, having an additional 76 acres of land suitable for growing the Company's type of pasture (a cross between elephant grass and yellow grass) that has a very high yield rate of over 35 MT per 1/6 acre per year, and containing an average of over 9 percent protein that is very suitable for consumption by cattle. Between the two farms, under normal seasons, they have a capacity to produce up to 30,000 MT of pasture/year collectively that is capable to feed up to 5,000 head of cattle/year based on the consumption rate on average of 6 MT/head.

MEIJI is the marketing and distribution agent for all cattle farms that are and will be developed by MEIJI using its "Semi-free growing" management systems and aromatic-feed programs and systems to grow beef cattle.

Similar to CA in its business model, MEIJI purchases fully-grown cattle from Cattle Farm 1 and sells them to the cattle wholesalers. MEIJI also buys young cattle from other farmers and sells the young stock to Cattle Farm 1. All cattle farms developed by MEIJI will utilize its "semi-free growing" management system and aromatic-feed programs and systems to raise beef cattle.

Yellow Cattle (Beef meat) is traditionally a high-end market in China, as it is mainly sold in higher end markets. This situation is rapidly changing, though, owing to urbanization and rising incomes, the rising demand for such quality beef, such that we foresee that eventually, locally grown and produced high quality beef from local breeds like the Yellow Cattle will establish its "Brand" and in turn premium prices in China similar to how many locally bred Japanese Cattle found their market niches in Japan.

Plantation division

The business division Plantation refers to SIAF's produce production situated at Enping City, Guangdong Province. Revenue for 12 months ended December 31, 2015 was USD 13.7 million or 4 percent of the Company's total sales of goods revenue of USD 336.8 million in the same period. Gross profit for the Organic Fertilizer division for the 12 months ended December 31, 2015 was USD 9.3 million, or 12.2 percent of the Company's total gross profit for sales of goods of USD 75.9 million in the same period.

JHST is an SFJVC that is 75 percent owned by SIAF. Situated at Enping City, Guangdong Province, it is consolidated as a subsidiary, and is the owner and operator of a Plantation where mainly Hylocereus Undatus, or Dragon Fruit, is grown.

Hylocereus Undatus is a cactus commonly referred to as dragon fruit. JHST conducts two main operations: (i) growth and sales of flowers that are consumed as vegetables in China, and (ii) drying and value added processing and sales of HU flower products (used in health-related soups and teas). JHST cultivates 187 acres of Hylocereus Undatus in the Guangdong Province.

HU cacti take three years to reach maturity, though they will flower a little even in their first year, and can produce for as long as twenty years. JHST began planting in late 2007, and by 2015 all of the plants are mature (averaging over four years). HU blooms for a very short period, sometimes only one night, and flowers must be 20 to 25 cm long when picked before they turn from green to white. HU is a delicate crop and the harvest season runs from July through October.

Fresh flowers are sold to regional wholesale and retail markets due to their short shelf life. Some are dried and packed; these flowers are sold to a few major wholesalers, who distribute them to wholesale and retail markets and export traders through the winter and spring months (from October to June) in Guangdong Province. HU is a seasonal revenue product; more than half of JHST's revenues are recognized in the third quarter. No sales are made in the first quarter.

The Company originally expected that by 2014, dried and pickled flowers would make up 96 percent of the division's flower income as produce is diverted away from delicate fresh flowers. In 2013, the Company planted a special selenium-rich Chinese herb (called XueYingZi, or "Immortal Vegetable" in China, and Snowsakurako in Japan) among the HU plants hoping to prolong the shelf life of the fresh flowers from 2-3 days up to 12-14 days and increasing the sales of fresh flowers. This did not occur, so that the Company processed up to 80 percent of HU as dried flowers in 2013. The Company's organic Immortal Vegetable plants have properties that some believe induce good health. The Company has processed these into small gift packs - selling them as organic vegetables with leaves for tea and stems for soup. Laboratory test results show that each kilo of fresh Immortal Vegetables contains 0.58 gram of selenium, which adds value to their sales. In December 2013, the Company started trials to plant other cash crops in between the HU plants with the aim of improving revenue covering all seasons. As of the date of this Annual Report there are 70 Mu Immortal vegetables on the plantation being cultivated in and generating revenue for the HU plantation.

HU flowers are in greater demand than supply can meet for several reasons; (i) In Guangdong Province, HU plants can only be grown commercially along certain districts; there were over 40,000 acres of HU Plantation in 2005, but due to the growth of industrialization and modernization, acreage is now less than 4,000 acres, and (ii) farm laborers are getting harder to find. With the increase of cost of wages and salaries, the rapid rise of the land cost and the increase cost of farm developments, it is extremely difficult to start up a big acreage HU plantation. For these reasons the Company anticipates that prices of dried HU flowers will enjoy a steady rise at an average rate of 8 to 12 percent per year, which has been the trend since 2009. However, the biggest risk to yield is weather, as substantially wet rainy seasons can limit the yield of any harvest.

The Company is planning to merge the plantation with a health and herbal Company that has chains of health food shops and to change the plantation into a producer of selenium rich and calcium rich health products using the HU flowers and immortal plants as its core produce within 2016, subsequently to spin it off as an independent company listed on a suitable stock exchange aiming to obtain optimal returns beneficial to the Company's shareholders.

Marketing & Trading Division

Revenue for 12 months ended December 31, 2015 was USD 37.9 million or 11.2 percent of the Company's total sales of goods revenue of USD 336.8 million in the same period. Gross profit for the 12 months ended December 31, 2015 was USD 4.74 million or 6.25 percent of the Company's total gross profit for sales of goods of USD 75.9 million in the same period.

The Company distributes imported meat and seafood through two completed and operational facilities from which it has acted as turnkey project developer to construct and manage these operations:

1) Wholesale and distribution facilities (**"Wholesale Center 1"**) for Guangzhou City NaWei Trading Co. Ltd (**"NWT"**), an unrelated Chinese third party owned company situated at the Guangzhou City, LiWan District, New Wholesale Market.

2) The Shanghai Distribution Center which was built to accommodate a capacity of 50 metric tons of meat per day and to distribute 5,000 metric tons of seafood within two years.

In 2013, the Company also constructed a trading complex (the "Trading Center") for the Import and Export at another building adjacent to Wholesale Centers 1 and 2. The Trading Center has imported frozen and fresh chilled and live seafood (i.e., cuttlefish, squid, prawns, salmon, crabs and eels) from Malaysia, Thailand, Russia and Madagascar and other local coastal fishing towns. The seafood was sold to Wholesale Center 1, which distributed and sold it into various reputable food chain outlets, wholesale market stores and supermarket chains in the Guangzhou City, Shanghai City as well as in the southern coastal towns of the Guangdong Province.

Primarily, the Company distributes meat imported from Australia and seafood from Madagascar through these operations, with an expanding number of suppliers from other countries.

Project Development Division

In 2015, there were project developments (or Technology engineering consulting and services) work carried out by CA on aquaculture related projects and by SIAF on non-aquaculture projects:

Introduction

The Project Development division earns revenue by providing turnkey project management and engineering services today mainly within aquaculture. Project development revenue for 12 months ended December 31, 2015 was USD 92.3 million or 21.5 percent of the Company's total revenue of USD 429 million in the same period. Gross profit for project development for the 12 months ended December 31, 2015 was USD 35.2 million or 31.7 percent of the Company's total gross profit of USD 111 million in the same period. All project development activity for the year was carried out through Capital Award for the aquaculture division.

As of March 28, 2016, CA has entered into ten (10) project development and consulting and services contracts. Information and status are shown in the table below:

Number	Year	Name	Stage of completion
1	2010	Fish Farm 1 (JFD)	Completed and acquired by SIAF
2	2011	Fish Farm 2	Under expansion by owner
3	2011	Cattle Farm 1 (JHMC)	Completed and acquired by SIAF
4	2011	Prawn Farm 1 (EBAPCD)	Completed with hydroponic farm to go
5	2011	Prawn Farm 2 (ZSAPP)	Under expansion by owner
6	2012	Cattle Farm 2 (EAPBCF)	Completed
7	2012	Wholesale Center 1 - Guangzhou (APNW)	Completed
8	2012	Central kitchen, distribution network, signature restaurants	Completed
9	2013	Zhongshan New Prawn Project (ZSNP)	Under construction
10	2014	Wholesale Center 2 - Shanghai (APNW)	Completed

Together with its subsidiaries, the Company essentially constitutes an engineering company providing services in engineering consultancies, supervision and management on the development of agriculture and food based projects in China. These include the construction of farms (or other facilities) as well as the development of business operations of related projects that are apply and use the Company's principal technologies, including the following:

- A recirculating aquaculture system (RAS) and designs for the growing of aquatic animals (fishery);
- Semi-free range cattle growing systems and designs for raising cattle and sheep in locations of China having tropical hot climates, (i.e. Cattle Farm 1 at Enping district; and
- Other associated technologies.

CA's standard principal terms and conditions for its Aquaculture project development consulting and service contracts are outlined below:

- CA is the consulting and service provider as the turnkey contractor of the project;
- The Chinese businessmen are the clients of CA and the investors and owners of the project company;
- CA creates and manages development schedules for the project;
- CA is responsible to build the Aquaculture project (including development of its business operation) using the Company's APRAS technology, systems, know-how, and management expertise and systems for and on behalf of the developer;
- The developer is responsible to pay CA for its work, including all sub-contractors and suppliers appointed by CA in a timely manner, normally a 60 day term;
- Provision clauses allow CA to appoint and to select sub-contractors and suppliers;
- Clauses allow extra work and additional work and extra cost provisions; and
- Contracts generally include i) warranty and limitation of liabilities, ii) scope of work and lists of supplies (including all plant and equipment), iii) installation, training and commissioning of the developments and business operation; and iv) granting to CA rights to management of operation, and marketing and sales of the produce and products from the farm's operation.

The Company's services are comprehensively supportive with vertically integrated operational activities to provide service for the construction of and the business development of the projects to joint ventures. Consulting services include research and development on grown and growing animals, supply of foundation animals (baby calves, fingerling and breeding stocks etc.), supplying designed and configured plants and equipment to the marketing and sales of the end product.

Aquaculture Project Development
Engineering consulting and services provide a comprehensive range of services in the field of aquaculture. These include research and development, brood stock supply, nurturing of fish fingerlings and prawn post-larvae as well as growing of fish and prawns, engineering designs and planning of farms and associated operations, technology and related implementation, supervision, training and conducting trials, management of farm operation and construction, supply of plants and equipment, training of maintenance and operational services, sales, transportation and marketing of fish and prawns, as well as financing. The Company's management team and staff in Guangzhou conduct the engineering and consulting work. Sino Agro Food directs the scope of work so that building subcontractors deliver projects efficiently and cost effectively. Using locally manufactured equipment, parts and components customized to the Company's proprietary designs and engineering specifications, production costs for machinery and facilities are far lower compared to foreign aquaculture systems. The Company believes that it delivered the first indoor re-circulated aquaculture prawn farm in Asia.

Other Project Development
The Company has also, acting as a turnkey project developer, built 8 restaurants with central kitchen and bakery facilities in the greater Guangzhou area.

- Restaurant 1, at River South District, Guangzhou. Operated since Q1 2012.
- Restaurant 2, at the UU Park Complex in Tianhe District, Guangzhou. Operated since Q3 2012.
- Restaurant 3, at the Sporting Complex in Tianhe District, Guangzhou. Operated since Q1 2013. The Company stopped operating Restaurant 3 in Q3 2013 due to landlord's failure to provide a Fire Safety Permit.
- Restaurant 4, at Harbor City Shopping Center, Guangzhou. Operated since Q3 2013.
- Restaurant 5, at the center of Zhungzhen City. Operated since Q1 2014.
- Restaurant 6, at the Li Wan District and next to Wholesale Center 1, Guangzhou. Operated since 2014.
- Restaurant 7, at Xining City which is the 2nd "BULL" restaurant established in Qinghai Province operated since 2015.
- Restaurant 8, at JianJiang City, JianJiang District, Guangdong Province, operated since August 2015.

Intellectual Property Rights
The Company and its business are, to some extent, dependent on patents, licenses and other intellectual property rights. As of the date of this Annual Report, the Company holds intellectual property for fertilizer formulas, livestock feed fermenting formulas and indoor fish farm techniques. These include an enzyme technology master license registered under a Chinese patent for the manufacturing of livestock feed and bioorganic fertilizer, and an aromatic-feed formula technology for the production of aromatic cattle. Further, Sino Agro Food holds a "master license" in China for "A Power Technology" (for further information, see the section entitled "Material agreements – License rights"), a modular on-land fish growing system and technology based on a re-circulating aquaculture system, as well as a license to exploit sleep cod breeding technology to grow out sleep cod and a bacterial cellulose technology license.

On 12 November 2008, Tri-way Industries Limited entered into a Sales and Purchase of Technology Master License Agreement with the inventor of a patent, Mr Shan Dezhang, concerning the sale and purchase of the master licence rights of a patent registered in China under the name of "Zhi Wu Jei Gan Si Liao Chan Ye Hua Ji Qi Zhi Bei Fang Fa", with patent number ZL200510063039.9. The patent relates to methods of processing plant straw into animal fodder and industrialisation of product of plant straw fodder. Under the agreement, Tri-way Industries Limited is licenced to use and to licence others to use the secrets, copyrights processes and other intellectual property rights associated with the patent in any territories in the world free from all encumbrances with all rights to the patented intellectual property and related brand and label as provided under the laws of China. The total purchase price of the patent was USD 8,000,000, to be paid in several installments. As Tri-way Industries Limited is not a Chinese company, relevant Chinese authorities must under applicable Chinese law, approve the assignment. The patent assignment has not been registered. Consequently, under Chinese law, the patent shall not take priority over the interests of third parties who are in good faith.

On 15 May 2009, Tri-way Industries Limited (as licensor) entered into a sub-licence agreement with Qinghai Sanjiang A Power Agriculture Co. Ltd (as licensee) concerning the sub-licensing of the above-mentioned patent (ZL200510063039.9). The licence period is 50 years, and the annual licence fee is stipulated at USD 450,000. However, as effective patent protection for the patent is 20 years, the excess part of the term is void under Chinese law. The contracting parties of the aforesaid sub-licence agreement have never performed the terms of the said agreement and no payment has ever been made by the licensee to the licensor. The parties have no intention to perform the sub-licence agreement, and the contracting parties have terminated the said agreement accordingly.

On 20 June 2011, SJAP entered into an agreement with Guangzhou City Garwor Trading Company Limited, pursuant to which Guangzhou City Garwor Trading Company Limited transferred its trademarks with registration numbers, 3713869 and 3713868, as well as a microbial patent with patent number ZL200610033295.8. The total transfer fee for the trademarks and the patent was RMB 12 million and the transfer fee for the technology secrets was RMB 1 million. According to the said agreement, the transfer fees shall be paid by the interest generated from the utilization of the patent. Moreover, the said agreement stipulates that any new technology improvements of the invention shall belong to both parties, and that any resulting profits shall be shared equally. Guangzhou City Garwor Trading Company Limited is a shareholder in the transferee and therefore a related party. An evaluation report was not filed with the transaction. Although this is not a formal requirement under Chinese law and the contract is valid, this may lead to the contract being challenged in the future on the basis of unfairness. Moreover, as the transferor, Guangzhou City Garwor Trading Company Limited, is not the owner of the trademark, the said agreement is void under Chinese law and SJAP has therefore not obtained ownership of the aforementioned trademarks. This may be corrected if and when SJAP enters into an agreement with the trademark owner. If SJAP uses the trademark without prior consent of the trademark owner, this would constitute trademark infringement. However, SJAP is intending to write off said trademark, and does not intend to use the trademark in question.

Borrowings, loans receivables and contractual obligations

Material borrowings

Short-term financial debt

Name of Lender	Total facility	Utilized facility	Interest Rate	Tenure	Comment
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province	RMB 35,000,000 (USD 5,468,750)	RMB 25,000,000 (USD 3,906,250)	6.4%	23 October 2015 – 23 October 2016	Issued to SJAP Secured by land use rights and guaranteed by third party

Long-term financial debt

Name of Lender	Total facility	Utilized facility	Interest Rate	Tenure	Comment
GanGuo Village Committee Bo Huang Town, Huangyuan County, Xining City, Qinghai Province, the P.R.C	USD 151,447	USD 151,447	12.2%	June 2012 – June 2017	
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province	RMB 20,000,000 (USD 3,125,000)	RMB 20,000,000 (USD 3,125,000)	6.4%	23 October 2015 – 23 October 2016	Issued to SJAP Long-term loan
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province	RMB 35,000,000 (USD 5,468,750)	RMB 0	6.4%	23 October 2015 – 23 October 2016	Issued to SJAP Project loan
EuroChina Capital Stockholm, Sweden	USD 33,000,000	USD 33,000,000	10.50%	24 August 2014 – 28 February 2020	Convertible, Junior to all outstanding debt

Agricultural Development Bank of China Credit Facilities:
On the October 23, 2015, the Company's subsidiary SJAP entered into three agreements regarding credit facilities with the Agricultural Development Bank of China, Huangyuan County Branch. The agreements grant SJAP a credit of RMB 35 million, RMB 20 million and RMB 35 million, respectively, at an interest rate of 6.40 percent. The agreements are valid for 12 and 60 months after the date of each agreement. The credit facilities are personally guaranteed by Mr. Zhao Yilin, the general manager and legal representative of SJAP who has given personal guarantees for the repayment of the loan sums of RMB 25 million and RMB 15 million plus interest and charges payable under the loan agreements. Land use rights and building ownership rights with net carrying amount of USD 471,048 also secure the credit facilities. Agreements between SJAP and the Agricultural Development Bank of China regarding credit facilities have been entered into on a yearly basis during the last three years.

Negotiable Convertible Promissory Notes
On August 29, 2015, TRW issued negotiable promissory notes to three fund companies and one individual for $3,450,000 and the Company acted as guarantor for repayment.

- Issuer: Tri-way Industries Limited ("**TRW**")
- Principal amount: $3,450,000
- Interest rate 2.50% per month on principal amount. Interest shall be calculated on the basis of a 30/360 day count convention
- Default interest rate: 15% per month on principal amount. Interest shall be calculated on the basis of a 30/360 day count convention
- Interest payment: Accrued interest on the principal amount shall be paid by cash in arrears on each interest payment date
- Repayment date: Repaid in full within 120 calendar days from the issue of notes
- Security: Corporate guarantee by the Company
- Conversion option: Note holders can convert the notes at any time from and including the day falling 60 calendar days from the date of the notes, upon the note holders giving not less than 5 business days prior written notice to TRW and the Company, into shares of the Company. TRW may in its discretion choose to settle such conversion option with newly issued shares or existing shares, in its sole discretion. The initial conversion price is USD 12.00. In the event of a dividend, share split or consolidation or spin-off (each a "Corporate Event") by the Company, the conversion price shall be adjusted to provide the same economic value to the note holders as if such Corporate Event did not occur.

As of December 31, 2015, the amount outstanding under these notes was USD 865,968.

Euro China Capital Convertible Note:
On August 29, 2014 the Company completed the closing of a private placement financing transaction with an accredited investor, Euro China Capital AB ("**ECAB**"), which purchased a 10.5% convertible note (the "**Note**") in the aggregate principal amount of up to USD 33,300,000. The Company received a total advance of USD 25 million. The Note carries an original issue discount of 25%.

Interest on the Note shall accrue on the outstanding principal balance of the Note from August 29, 2014. Interest shall be payable quarterly on the last day of each of March, June, September and December commencing September 30, 2014 provided, however, that the Noteholder may elect to require the Company to issue to the Noteholder a promissory note in lieu of cash in satisfaction of any interest due and payable at such time. Any interest payment note shall be subject to the same terms as the Note. The Note has a maturity date of February 28, 2020.

The Note is convertible, at the discretion of the Noteholder, into shares of the Company's common stock (i) at any time following an event of default, or (ii) for a period of thirty (30) calendar days following October 1, 2015 and each anniversary thereof, at an initial conversion price per share of USD 9.90, subject to adjustment for stock splits, reverse stock splits, stock dividends and other similar transactions and subject to the terms of the Note. As long as the Note is outstanding, the Noteholder shall have a right of first refusal, exercisable for thirty (30) calendar days after notice to the Noteholder, to make loans to the Company and its subsidiaries or to purchase securities proposed to be offered and sold by the Company or its subsidiaries. The Company is required to promptly give the Noteholder written notice of such proposed transaction.

The Note agreement contains regular provisions requiring timely repayment of principal and accrued interest, payment of default interest in the event of default, default and optional conversion and does not contain specific financial covenants. To the Company's knowledge, the Company is in material compliance with the terms of the Note.

Moreover, the Note provides that upon the satisfaction of the Payee Conditions (defined as the date upon which the Noteholder shall have advanced a principal total amount of at least USD 33,300,000 and has delivered to the Company a notification notifying the Company that the Noteholder has formed a bondholders committee consisting of two to four persons), the Company shall not hire a new Chief Financial Officer (or any other person that performs the functions typically performed by a Chief Financial Officer) without the prior written consent of the Noteholder.

Except as otherwise approved by the Noteholder in an aggregate amount not to exceed USD 5,500,000 of indebtedness and other payables currently owed to vendors and lenders, the Company is prohibited from entering into any agreement with any vendor or lender that involves the issuance of any equity securities as payment for any amounts owed to such vendor or lender or actually issue any such equity securities to such vendor or lender as payment for any such amounts from and after the date of the Note.

Upon the Noteholder's request, the Company is required to use its best efforts to promptly have the Note listed through Euroclear on any exchange on which the Noteholder may request, maintain such listing of the Note and register the Note with the United States Securities and Exchange Commission (the "**SEC**").

Facility	Total Facility	Utilized facility	Unutilized facility	Interest rate	Maturity date
10.50% convertible note	USD 25 M (following 25% discount)	USD 25 M	USD 0	10.5%	28 February 2020

The Company calculated the fair value of the Note and the beneficial conversion feature utilizing the Discounted Cash Flows model at the date of the issuance of the Note. The relative fair values were allocated to the liability and equity components of the debt. Accordingly, a discount was created on the debt and this discount will be amortized to interest expense over the life of the debt. Debt premium amortization as of December 31, 2015 was USD 276,013.

As of December 31, 2015, there was USD 33,043,924.12 in principal outstanding owed under the Note.

Loan agreements
All the loan agreements set out above under the heading "Borrowings, loans receivables and contractual obligations" in the tables above contain regular provisions requiring timely repayment of principal amount and accrued interest, payment of default interest in the event of default, and contain no specific financial covenants. To the Company's knowledge, the Company is currently in compliance with the loan agreements.

There are no provisions in the Company's bank borrowings and long term debts that would accelerate repayment of debt as a result of a change in credit ratings or a material adverse change in the Company's business. Under certain agreements, the Company has the option to retire debt prior to maturity, either at par or at a premium over par.

Under the terms of the loan agreements with Agricultural Development Bank of China, proposed changes in the shareholding of SJAP requires 30-days prior written notice and prior approval from the Agricultural Development Bank of China. However, this will not be triggered by indirect changes or changes in the shareholding of the Company.

Material Agreements

Joint Venture Agreements
The Company has two types of SFJVCs established under Chinese law:

- Contractual Joint Ventures ("**CJV**"); and
- Equity Joint Ventures ("**EJV**").

Of the five Chinese joint venture project companies which are CJVs or EJVs, four are CJVs (JFD, JHMC, JHST, SJAP) and one is an EJV (HSA).[4]

The main difference between an EJV and a CJV is that in a CJV, the obligation of capital contribution shall be determined by the contractual parties themselves. The proportions of capital contribution do not have to be fixed between the Chinese and foreign parties. Profit distribution and risk sharing ratio shall also be determined by the contracting parties themselves which do not have to be the same proportions as the parties' capital contribution or shareholding therein. The capital contributing parties may specify their profit and risk sharing ratio only and may or may not specify their shareholdings in the CJV. One party may make capital contribution by way of non-monetary assets such as rights in lands, factories and machineries etc. while the other party may make capital contribution by way of cash.

In an EJV, the shareholders contribute capital and operate business jointly, and share profits, risks and losses in proportion to their equity contributions. Foreign investor's capital contribution shall not be less than 25 percent of the total registered capital.

[4] According to the official documents of Sino Agro Food's Chinese subsidiary JHMC, the registered capital of such subsidiary is USD 2 million that was paid in full by year ended 31 December 2014. As of the date of this Annual Report, MEIJI, a subsidiary of Sino Agro Food, has contributed USD 400,000 of the subscribed capital, whereas USD 1.6 million of the subscribed capital has not been paid. Moreover, according to the official documents of Sino Agro Food's Chinese subsidiary HSA, the registered capital of such subsidiary is USD 2.5 million and shall be paid in full no later than 18 July 2013. As of the date of this Annual Report, MEIJI, a subsidiary of Sino Agro Food, has contributed USD 865,000 of the subscribed capital, whereas USD 234,500 of the subscribed capital has not been paid by the Chinese owner. The aforementioned deadlines can be re-arranged by all the promoters. If no new deadline is agreed upon, failure by MEIJI to make full payment may lead to the other promoters making full payment of the capital contribution on MEIJI's behalf and requesting MEIJI to compensate for their payment and losses.

The Company engages in projects based on consulting and service agreements (as described under "Consulting and Services agreements" below), whereby Sino Agro Food can choose whether the cooperation shall continue under a consulting and service agreement or be acquired by Sino Agro Food.

Consulting and Services Agreement

Consulting and service ("**C&S**") agreements are important for the operation of Sino Agro Food's subsidiaries and partners. Only the Sino Agro Food subsidiaries SJAP and HSA do not and have not operated under C&S agreements.

Initially, agriculture and aquaculture investors invite Sino Agro Food to act as a developer and project manager of an agribusiness or food-related project. If the management of Sino Agro Food sees the proposal as interesting, Sino Agro Food carries out an in-depth study of the target company including legal due diligence, business plan, budget and projected financial information. Sino Agro Food makes the decision through a resolution of the Board of Directors. If Sino Agro Food determines to proceed, the Chinese investor forms a private Chinese company dedicated to the project and the parties sign a C&S agreement.

Sino Agro Food acts as the project manager providing turnkey services to the Chinese developer of the project, meaning that Sino Agro Food builds the project using Sino Agro Food's technology, systems, know-how, and management expertise and systems. As such, Sino Agro Food's expenditure in the project includes Sino Agro Food's own administration and operational expenses provided for and incurred in the project (charged and recorded under Sino Agro Food's general and administrative operation expenses), which are billed to the Chinese developer. All other development expenditures (inclusive of Sino Agro Food's subcontractors' and sub-suppliers' costs and Sino Agro Food's marked up profits) are billed to the Chinese developer who will pay accordingly.

When the project company initiates production Sino Agro Food acts as the sole marketer of food products and the supplier for the C&S Project Company under the terms and conditions of the C&S agreement. Sino Agro Food acts as the selling supplier and buying wholesaler to the company supplying items such as feed, young cattle, and RAS technological components and buys mature prawns, sleepy cod, eels and live cattle. Sino Agro Food earns a gross profit of between 10-15 percent based on the C&S Project Company's revenue on this exclusivity.

The C&S Project Company will remain wholly-owned by the Chinese developer until Sino Agro Food exercise the acquisition option and subsequently converts the company into an SFJVC where the Chinese investor remains as a minority shareholder. The acquisition price is normally determined in accordance with the book value of the Chinese company as of the acquisition date. Consideration will normally consist partly of cash and partly of project loans owed by the Chinese investor, which offset and decrease the purchase proceeds in the corresponding amount. Generally, the agreements that Sino Agro Food has entered into governing the formation of the unincorporated companies into SFJVCs do not regulate the maturity date for the formation of SFJVC. The date for the formation of the SFJVC is generally left to the discretion of the Company, based on the development and profitability of the relevant project.

As of the date of this Annual Report, Sino Agro Food has entered into ten C&S agreements. A portion of the C&S agreements contain an acquisition premium clause, in which the accumulated C&S project development fees billed by Sino Agro Food will be paid in addition to the equity book value at the time of acquisition. In the event that either of the investors decides to sell all or part of its equity in the SFJVC to any third party, a portion of the agreements require the selling investor to obtain prior consent of the other investor before such sale and to grant the right of first refusal to the other investor on the like terms for the intended sale.

Sino Agro Food targets to acquire a number of the C&S project companies in which the Company is currently involved. These contemplated acquisitions are dependent upon Sino Agro Food's availability of cash for financing and obtaining the relevant approval by Chinese authorities to form the SFJVCs. To date, two out of ten project companies have been acquired and transformed to SFJVC's.

Land leases

Private ownership of land is not permitted in China. Therefore, Sino Agro Food leases land that is either collectively owned land or state owned land, through land use rights. Corporate entities and individuals may own the property (buildings) erected on the land.

Land use rights may be transferred, but they are based on agricultural contracts and cannot be changed arbitrarily to non-agricultural purposes. The lease term varies from 27 to 60 years. There are certain uncertainties (e.g., lease term may not exceed 30 years and all transfers have not yet been registered correctly) in respect of certain leased land due to the fact that not all requirements have been fulfilled or not yet registered. However, the Company believes it is protected against these uncertainties through its agreements with the relevant local Chinese partners and relevant registration processes have been initiated. The Company's subsidiary HSA has acquired land use rights for state owned land located in OuChi Village, FengHuo Town, LinLi County, Hunan Province. However, HSA has not obtained a land use right certificate for such land, which therefore, for the time being, cannot be lawfully mortgaged or transferred. Moreover, the Company's subsidiary CA has entered into a Rural Land Management Rights Sub-Sales Agreement for the acquisition of the contractual operating and use rights of 202 mu of collective owned land located in Da San Dui Wei You Nan Village, Shenwan Town, Zhongshan City for a period of 30 years. However, the transfer procedures for the land in question have not been completed. CA is not an enterprise registered in mainland China and therefore, according to Chinese law, cannot acquire the contractual operating and use rights of collective owned land. The Company is currently negotiating with Beijing Hengxintianyi Investment Guarantee Co. Ltd. to designate a subsidiary of the Company in China for the purpose of entering into a new Rural Land Management Rights Sub-Sales Agreement.

Currently, the Company has leased the following lots of land:

Owner	Location	Hectares	Date Acquired	Tenure	Cost, USD	Monthly amortization	Nature of ownership	Zoning type
HSA	Ouchi Village, Fenghuo Town, Linli County	12.92	5 April 2011	43	242,703	470	Lease	Agriculture
HSA	Ouchi Village, Fenghuo Town, Linli County	12.92	5 April 2011	43	242,703	470	Lease	Agriculture
HSA	Ouchi Village, Fenghuo Town, Linli County	3.34	24 May 2011	40	376,489	789	Land use right	Industrial
JHST or HU Plantation	Yane Village, Liangxi Town, Enping City	3.33	10 Aug 2007	60	1,064,501	1,478	Management right	Agriculture
JHST or HU Plantation	Nandu Village of Yane Village, Liangxi Town, Enping City	11.24	14 March 2007	60	1,037,273	1,441	Management right	Agriculture
JHST or HU Plantation	Nandu Village of Yane	24.57	14 March 2007	60	2,267,363	3,149	Management right	Agriculture
JHST or HU Plantation	Village, Liangxi Town, Enping City	22.13	12 Sept 2007	60	2,041,949	2,836	Management right	Agriculture
JHST or HU Plantation	Jishilu Village of Dawan Village, Juntang Town, Enping City	11.66	12 Sept 2007	60	960,416	1,334	Management right	Agriculture
JHST or HU Plantation	Liankai Village of Niujiang Town, Enping	12.89	1 Jan 2008	60	821,445	1,141	Management right	Agriculture
JHST or HU Plantation	Nandu Village of Yane Village, Liangxi Town, Enping City	16.67	1 Nov 2011	26	5,716,764	18,323	Management right	Agriculture
JHST or HU Plantation	Shangchong Village of Yane Village, Liangxi Town, Enping City	4.57	1 Nov 2011	26	1,466,393	5,020	Management right	Agriculture
JHMC or Cattle Farm 1	Xiaoban Village of Yane Village, Liangxi Town, Enping City	16.67	1 April 2011	20	5,082,136	21,176	Management right	Agriculture
SJAP	Chengguan Town of Huangyuan County, Xining City, Qinghai Province	8.54	1 Nov 2011	40	527,234	1,098	Land use right & building ownership	Commercial
JHST or HU Plantation	Niu Jiang Town, Liangxi Town, Enping City	2.54	4 March 2013	10	489,904	4,083	Management right (lease)	Agriculture

License Rights

Pursuant to an agreement dated August 1, 2006, entered into between the Company and Infinity Environmental Company Limited (“**Infinity**”), the Company was granted an A Power Technology License. The license allows the Company to develop service, manage and supply A Power Technology Farms in China, using the A Power Technology and Systems (“**APTS**”). The duration of the agreement is indefinite; however, the agreement may be terminated by Infinity by written notice to the Company if the Company breaches any provision of the agreement and has failed to remedy such breach within thirty days of receipt of written notice requiring it to be remedied. Infinity may also by notice in writing terminate the agreement if an insolvency situation occurs.

The agreement grants the Company an exclusive right to use the license within the aquaculture development in all provinces of the People's Republic of China of the A Power fish farms in locations identified by the Company.

The Company is allowed to use operator licenses for the A Power Modules, which shall remain valid for 55 years from the date of the operation of the A Power Modules. The license fee under the agreement is to be calculated based in USD 5,000 per A Power Module sold.

On 12 November 2008, the Company's subsidiary TRW entered into an agreement with the inventor of a patent, Mr. Shan Dezhang, concerning the sale and purchase of the master licence rights of a patent registered in China with patent number ZL200510063039.9.

On 15 May 2009, TRW (as licensor) entered into a sub-licence agreement with SJAP (as licensee) concerning the sub-licensing of the above-mentioned patent (ZL200510063039.9). For further information on the aforementioned agreements, please refer to the section entitled "Intellectual Property Rights" above.

Spinoff
The Company has announced that it has begun the first of three or four contemplated divestitures. The Company is currently exploring various opportunities for a spinoff including a listing on Oslo Stock Exchange for a new aquaculture company, comprised of its aquaculture operations. The proposed new company would have one single share class and conform to Nordic corporate governance standards. It is targeted to include the bulk of the Company's aquaculture operations; namely:

- Jiang Men City A Power Fishery Development Co., Ltd. (Fish Farm 1);
- Enping City Bi Tao A Power Prawn Culture Development Co., Ltd. (Prawn Farm 1);
- Zhongshan A Power Prawn Culture Farms Development Co., Ltd. (Prawn Farm 2), and;
- Zhongshan New Prawn Project (ZSNPP) Phase 1 as well as an opportunity to acquire additional phases of the project as development continues. The ZSNPP is targeted to reach an annual production capacity of at least 200,000 metric tons over the long term.

Establishing the proposed new company would in management's view expedite several strategic objectives:

- Simplify the structure of the Company by creating a rapidly growing, profitable aquaculture company focused on the production of seafood with unique expansion potential;
- Create a company with an independent board of directors, a shareholder nomination committee, a single share class, a separate management team and auditors, dedicated reporting and investor relations functions;
- Expose the new company to institutional investors with in-depth knowledge and high appreciation of aquaculture businesses. The Oslo Stock Exchange has more than 15 listed companies in the seafood sector, with a combined market capitalization of more than NOK 150 billion (approximately USD 18 billion as of the date of this Annual Report). The sector trades at an average 2015 price/earnings multiple of 10.5x;
- Facilitate funding to increase ownership in existing aquaculture facilities, and;
- Create an independent company to secure funding for the future development of additional stages at the significant Zhongshan New Prawn.

Legal proceedings
The Company is not involved in any governmental, legal or arbitration proceedings which may have, or have had in the recent past, a significant effect on the Company's and/or the Company's financial position or profitability, and the Company is not aware of any such proceedings which are pending or threatened.

Industry Overview
This section discusses the industry in which the Company operates. Certain of the information in this section relating to market environment, market developments, growth rates, market trends, industry trends, competition and similar information are estimates based on data compiled by professional organizations, consultants and analysts, in addition to market data from other external and publicly available sources.

Economic outlook in China

China's economy is at present second only to that of the United States, having overtaken Japan's role as number two in 2010.[5] The OECD expects that China's real GDP will grow by 6.9 percent in 2016.[6] The IMF expects that China will be the world's largest economy in 2017 with 18.3 percent of the world economy. The United States' share of the world economy is expected to fall to 17.9 percent by 2017.[7]

The strong growth in China has delivered major improvements in living standards and poverty has been reduced dramatically.[8] Based on the World Bank's classification, China recently graduated from lower to upper middle-income status. A growing emphasis on improving access to health and education as well as high investment in infrastructure have helped spread the benefits of growth nationally including in rural areas, where incomes have enjoyed consistently strong gains.

Agriculture in China

China is the world's largest agricultural economy. It is the leading producer of many agricultural commodities such as pork, horticultural products, rice and cotton and also the largest consumer of many agricultural products, such as pork, rice and soybeans. While China generally has been successful in meeting its rapidly rising demand for food and grains by increasing domestic production, it has emerged as a leading global importer of several agricultural commodities, including cotton, soybeans, vegetable oils, and animal hides. As its domestic agricultural production has grown, China has also become the largest exporter in global markets for several horticultural products, including mandarin oranges, apples, apple juice, garlic and other vegetables.

China's increasingly important position in global agricultural markets followed decades of gradual growth in domestic food production and consumption. After the introduction of market-based reforms in 1978 that included the elimination of the collective production system and relaxation of government direction over certain farmer production and marketing decisions, Chinese agricultural output grew significantly. Between 1978 and 2008, China almost doubled its production of grains (rice, wheat and corn) and quadrupled its production of meats; the production of fruit and milk was about 30 times greater in 2008 than in 1978. During these three decades, population growth of about 1 percent annually, coupled with annual per capita income growth of 8 percent, fueled a large increase in demand for more and higher-value agricultural products, especially by China's large and growing middle class. China's rapid growth in food consumption was largely met by domestic production growth, enabling it to remain self-sufficient in most major commodities.

About 40 percent of China's population of 1.3 billion is employed in the agricultural sector, and agriculture contributes about 11 percent to China's GDP.[9]

China's support for agriculture

China's government support for agriculture is low compared to that of developed countries, such as the United States and European Union, but in line with that of other rapidly growing economies, according to USITC. As measured by the OECD's PSE[10], the amount of support provided to Chinese farmers was low (and sometimes negative) during the 1990's, but gradually rose during the period 2008-2010. Compared with other countries at a similar level of development, including Brazil, Mexico, Russia, and South Africa, China's support for farmers falls in the middle of the range. China's PSE reflects changes in the central government's policy priorities from grain self-sufficiency and low consumer prices toward a stronger focus on raising farm household incomes, according to USITC.

Government support to China's agricultural sector indicates that Chinese policymakers are placing a renewed emphasis on the rural economy. Indirect support, in the form of general services, is very high relative to similar support programs in other countries, due largely to investments in agricultural infrastructure. General services include modern research and extension services, food safety agencies, and agricultural price information services, most of which provide benefits to producers and consumers throughout the economy. Compared with direct payments to farmers, general services support is less production-distorting to the sector.

Agricultural consumption

China is a major global consumer of agricultural products. It consumes one-third of the world's rice, one-fourth of all corn, and half of all pork and cotton, and it is the largest consumer of oilseeds and most edible oils. The traditional Chinese diet centers around staple foods (mainly grains and starches), which account for nearly half of the daily caloric intake. Average Chinese per capita consumption recently stabilized at approximately 3,000 calories per day, one of the highest levels among Asian countries.

Chinese food consumption is influenced by factors such as population size and demographics, income, food prices, and general preferences. Per capita income growth and urbanization are the two factors most responsible for altering recent consumption patterns in China. Rising income translates into higher per capita food consumption, while increasing urbanization is driving diversification of food choices because of greater availability and choice offered through increasingly diverse sales outlets.

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[5] The World Bank: China 2030, Building a Modern, Harmonious, and Creative Society (pages 3, 376-377), 2013

[6] OECD Economic Outlook No. 92 (database)/OECD economic surveys: China 2013

[7] IMP, October 2012

[8] The World Bank; China 2030, Building a Modern, Harmonious, and Creative Society, 2013 (pages 3, 376-377)

[9] USITC: China's Agricultural Trade: Competitive Conditions and Effects on U.S. Exports, March 2011 pages 1-1 and 1-8

[10] OECD: PSE is defined as the estimated monetary value of transfers from consumers and taxpayers to farmers, expressed as a percentage of gross farm receipts (defined as the value of total farm production at farmgate prices), plus budgetary support.

Chinese consumers generally fall into one of three categories: rural consumers; urban low-income consumers; or urban high-income consumers. Although urban high-income consumers can afford to buy more and better-quality food, the ubiquity of food outlets in cities means that nearly every urban resident, regardless of income, has available an increasingly diverse food selection. Compared to rural diets, urban diets contain less grain and more non-staple items, including processed and convenience foods. Rural migrants to cities tend to adopt the urban diet.

Expenditure on food

Food is the largest class of household expenditure for all Chinese income groups; even housing takes a smaller share of average household income, according to USITC. As income rises, the absolute amount of food expenditure increases, although the share of income spent on food falls. Urban residents spend substantially more on food than their rural counterparts, according to USITC. Higher incomes lead to an increase in both the quantity and quality of food demanded. However, while demand for higher quantities of food appears to level off in the top income households, demand for higher-quality foods continues to rise with income.

Spending on food consumed outside the home is on the rise. In 2003, about 18 percent of urban household food expenditures and over 11 percent of rural household food expenditures were made outside the home. In 2008, the average per capita annual expenditure on dining out was USD 127 among urban residents, up 26 percent from a year earlier. Per capita expenditures on food consumed away from home vary among regions, with Shanghai spending the most (USD 300) and Tibet the least (USD 84). Most such expenditures are made in restaurants, both independent establishments and fast-food chains. Although consumption away from the household is increasing, most foods are still eaten at home. The exception is meat, with about half of all meat consumed outside the home.

Food preferences

Along with more varied consumption, higher incomes are leading to changing food preferences, including the demand for better quality and safer foods. Food preferences determine where urban Chinese purchase their foods, whether it be at local “wet markets”, urban supermarkets, or restaurants. Chinese value the diversity in food products that different shopping outlets offer. In the future, analysts predict that further income growth and urbanization will continue to increase demand for a variety of higher quality foods, according to USITC.

Like that of other countries at similar stages of development, the traditional Chinese diet comprises mostly grains and other starches. Consumption of non-staple, higher-value foods such as meat, dairy, fruits, vegetables, and processed food has grown significantly in the past three decades; 30 percent of the food currently consumed in China has been processed in some way, according to USITC.

China’s per capita expenditures for animal proteins for 2008 averaged USD 184, up from USD 137 in the previous year. The Chinese consume about four times as much pork as poultry, the second most popular animal protein. Pork consumption has been encouraged by improved cold storage distribution, as the product can be transported greater distances to reach more customers. Pork consumption levels are also high due to government support programs, including purchasing pork for reserves and occasionally subsidizing pork purchases for low-income consumers.

The market for aquatic products and aquaculture in China

The information in this section regarding aquatic and aquaculture, including graphs, is taken from the USDA’s GAIN Report Number: CH12073 per 12/28/2012 unless otherwise stated.[11]

Total Aquatic Products Production

China has the world’s largest aquatic production and its market share of the world’s fish production has risen from 7 percent in 1961 to 37 percent by 2012. China alone accounted for 62.3 percent of the aquaculture production in the world by volume in 2012. Aquaculture represents more than 70 percent of the total fish production in China. Total 2012 aquatic production in China increased 7.5 percent to reach 58.9 million tons, compared to the 54.8 million tons in 2011, according to the FAO.[12]

Fish production accounts for 59 percent of the total aquatic production, followed by shellfish and crustaceans at 22.6 percent and 10 percent, respectively. Fish production is, according to the USDA, expected to continue its upward growth trend to reach 34.5 million tons in 2012, up from 33 million tons in 2011 and 31.3 million tons in 2010.

[11] Definition of terms: China’s definition of aquatic products includes both cultured (farm-raised) and wild caught products; aquatic products include fish, shrimp/prawn/crab, shellfish, algae, and other. Aquatic catch production is total volume of both fresh and seawater wild caught aquatic products; Aquaculture production is the total volume of both fresh and seawater cultured (farmed) aquatic products. This report will use Chinese terminology to maintain consistency between Chinese statistics and product categories. Total aquatic trade statistics below do not include fishmeal.

[12] Food Outlook, October 2014, FAO

In 2011, Shandong, Guangdong, Fujian and Zhejiang provinces profited from favorable coastal locations and abundant freshwater resources/facilities to rank as the top four aquatic production areas. In terms of freshwater cultured production, Hubei, Guangdong, and Jiangsu provinces are the largest producers.

Aquaculture
China remains the world largest aquaculture producer with total cultured aquatic production accounting for about 70 percent of the world total in recent years. Total aquaculture production is increasing steadily and world aquaculture reached 90.4 million tons, with 66.6 million tons of food fish and 23.8 million tons of aquatic algae in 2012. Unconfirmed numbers state that world food fish aquaculture production rose 5.8 percent to 70.5 million tons in 2013. China alone accounted for 43.5 million tons of food fish and 13.5 of aquatic algae in 2013. China has had a CAGR of 5.5 percent in aquaculture production from the year 2000 through 2012.

Total aquatic products in China amounted to 59.1 million tons, where seawater aquatic products represented 30.3 million tons or 51.34 percent and freshwater aquatic products amounted to 28,743,000 tons or 48.66 percent of the total production. Fish is the most produced product and accounts for almost 61 percent of the total production, followed by shrimp, prawn and crab and shellfish. The majority of the production is in the region Shandong, Guangdong, Fujian, Zhejiang and Jiangsu. These five regions represented more than 55 percent of the total production of aquatic products in China. All regions are located nearby water and fish and other aquatic products is a common source of protein for the inhabitants in these regions.[13]

Aquatic consumption
As China's processing and distribution systems become more developed and consumers rising affluence increases, their interest in a more diversified and nutritious diet, seafood consumption is on the increase. According to the National Statistics Bureau, the per capita consumption of aquatic products was 14.62 kg per urban dweller and 5.36 kg per rural inhabitant in 2011. Per capita consumption is expected to increase steadily, with strong growth potential in the rural sector.

The per capita consumption of aquatic products is highest in coastal regions, for example in Shanghai and Guangdong, (where aquatic products have been a traditional source of protein) and locations with relatively high disposable income.

According to the National Bureau of Statistics of China the overall price level of aquatic products increased 3.9 percent in July 2014 compared to the same month in 2013.[14]

Exports and imports
China is by far the largest exporter of aquatic products in the world, with total exports amounting to USD 19.6 billion in 2013 compared to Norway that is the second largest exporter in the world with exports amounting to USD 10.4 billion.

China has now become the third largest importer of aquatic products, behind only the United States and Japan. Total import of aquatic products in 2013 amounted to USD 8.0 billion. The increase in the import levels in China is mainly a result of outsourcing. China's processors import raw material from all major regions, including South and North America and Europe, for re-processing and re-export. However, this growth also reflects China's surging domestic demand of species not available from local sources.

Recirculating Aquaculture Systems
Recirculating aquaculture systems ("**RAS**") is a technology that enables the same water to be reused within the same tank, and operates through filtering this water, at a high frequency, making it an efficient and environmentally friendly method to operate water tanks. The advantages of RAS include improved productivity, lower labor requirements and lower mortality rate of the animals. Historically, the Chinese population are used to fresh aquatic products and prefer locally produced food if they can be assured of food quality and safety. Studies show that consumers overall are willing to pay an average premium of 3.9 percent for Closed Containment Aquaculture ("**CCA**") compared to conventional farming methods such as sea water farming.[15]

The market for meat in China
China is by far the world's largest producer and consumer of meat which includes pork, poultry and beef. Historically, this situation did not have a large impact on the rest of the world, as China, for the most part, maintained self-sufficiency in meat. However, since 2007 the situation has changed dramatically. China has gradually turned into a net importer of meats.

World meat production was around 308.5 million tons in 2013.[16] China's meat production reached 86.05 million tons in 2013. China's total meat production was more than double of any other country in the world, where total meat production in the United States amounted to 42.80 million tons in 2013.

[13] China Statistical Yearbook 2013
[14] Consumer Prices for July 2014, National Bureau of Statistics of China.
[15] Review of Recirculation Aquaculture System Technologies and their Commercial Application, Stirling Aquaculture, Institute of Aquaculture.
[16] Food Outlook Global Market Analysis, FAO, October 2014

With strong economic growth, China's urbanization has occurred at a faster pace than commonly expected. By the end of 2011, the urban population for the first time exceeded the rural population, reaching 51.3 percent of the total population. If rural migrants working in urban areas are included, the population working and living in urban areas accounted for about 70 percent of the total population. Urbanization and rising purchasing power has led to a dietary pattern change switching from the consumption of traditional food grain products to an increase in consumption of meat.[17] The change in consumer preferences, meaning higher priced red meat representing a major part of Chinese consumers main protein source, partly derives from the perception that consumption of red meat is equal to higher status than consumption of poultry or pork.[18]

There are several other specific market drivers which underpin the increase in demand for red meat. One driver is the improved living standard in China which stimulates the growth of beef markets since beef often sells at a much higher price and traditionally has been more expensive than what most people can afford. Another is the fact that Chinese people's dietary structure is becoming more diversified and reasonable, bringing larger amount of beef consumption since beef has nutritional benefits. Lastly, a gradual lowering of import taxes is likely to support sufficient supply of cattle.

The strong rise in feed grain prices in the past five years is now moving substantially through the market chain and is being reflected in higher meat prices with the exception of poultry where adjustments have been made. On the contrary, world meat consumption continues to grow at one of the highest rates among major agricultural commodities. Thus, developing countries can expect an increase in meat imports despite strong meat prices, driven by population and income growth with high elasticity of demand. Equally so, strong prices will result in sustained export earnings, which will encourage large meat exporting countries to invest in international meat markets. When breaking the expected increase of demand down by region it is evident that the Asia and Pacific region is projected to stand for the largest increase in demand by far.[19]

Market drivers

The improvement of living standard stimulates the growth of beef markets:
Traditionally, Chinese people eat pork and chicken to satisfy their desire for meat. This is largely due to the much higher price of beef which goes beyond normal people's affordable level. With the improvement of living standards, Chinese people have begun the upgrade of their consumption of meat, and began to eat more beef.

Chinese people's dietary structure becomes more diversified and reasonable, bringing larger amount of beef consumption:
At present, Chinese people are changing their diet patterns to higher and richer nutrition. From a nutritional perspective, beef not only contains high unsaturated fatty acids and high protein, it also has low fat and lots of nutrition, which makes it perfect for the healthy diet. Thus, in the future, beef is expected to replace some parts of the market shares in pork, chicken and other meats.[20]

<u>The market for fertilizer in China</u>
Sales of fertilizers are expected to be supported by healthy expansion of agricultural activities as the amount of sown areas continues to grow and rural income levels rise. Farmers will continue to register steadily increasing incomes, the result of growing crop prices and government subsidies designed to supplement their revenues and reduce their material costs. Subsidies aimed directly at cutting the cost of fertilizers is expected to encourage additional use. In addition, rising crop prices have encouraged farmers to invest in fertilizers to further boost crop yields. Advances will also be driven by increases in the acreage of sown land dedicated to growing cash crops. However, increasing demand for organic food and improved understanding of the correct application of fertilizers is expected to prevent demand from rising at a faster pace.

In value terms, fertilizer demand is expected to grow 6.0 percent per year to RMB 548 billion, outpacing gains in volume terms. Faster value growth will be driven by strong demand for higher value multi-nutrient fertilizers. In addition, advances will be supported by continued growth in fertilizer prices as the cost of natural gas, oil, coal, and other raw materials continues to increase.

Demand for fertilizer nutrients in China is projected to grow 4.4 percent annually through 2015 to 98.1 million metric tons. Nutrient demand will be stimulated by increasing use of higher nutrient level products as income levels grow in rural areas in China. In addition, government efforts to promote multi-nutrient fertilizers will also support gains in fertilizer nutrient demand. Accounting for more than three-fourths of total fertilizer demand in 2010, single-nutrient fertilizers will remain the larger product type through 2015, despite a relatively low growth rate of 2.1 percent per year. Sales of single nutrient fertilizers will continue to be supported by their relatively low prices.

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[17] China's growing appetite for meats: Implications for World meat trade. A Multi-Client Study, April 2012
[18] China and Hong Kong: Food Opportunities for Maine, Maine International Trade Center, March 2012
[19] Meat - OECD-FAO Agricultural Outlook 2012-2021
[20] Frost & Sullivan: China's beef market has great growth potential

The size, growth and composition of fertilizer demand in the six regions that make up China vary considerably. The Central-South and Central-East will remain the two largest regional fertilizer markets. Due to the comparatively high income levels in the Central-South and Central-East – which enable residents to afford more expensive food items – demand for cash crops such as fruits and vegetables will rise in these regions, which in turn will fuel demand for fertilizer. Sales in the Northeast and Northwest regions will outpace the average through 2015, benefiting from the Great Western Development Strategy, the Northeast Revitalization Policy, and increasing income levels for farmers.[21]

In 2006, the central government started a program intended to partially compensate farmers for price increases in fuel, fertilizer and other agricultural inputs. In the case of fertilizers, government support is part of several separate programs targeting fertilizer producers, with cost reductions being passed along to farmers purchasing the input. By 2009, fuel and fertilizer subsidies totaled USD 10.5 billion.[22]

<u>Market for fruits and vegetables in China</u>

The information in this section regarding the market for fruit in China is taken from the International Trade Center report "Overview of the markets for selected tropical fruits and vegetables in China" unless otherwise stated.

China is the biggest producer of fruit in the world, with a total of approximately 10,734,259 hectares of fruit planting area and a fruit output of approximately 192,202,000 tons as of 2008, according to the National Bureau of Statistics of the PRC. The per capita annual fruit consumption in China as of 2008 amounted 149 kilograms per capita, well above the global average of 69.09 kilograms per capita, according to FAO. In 2009, China exported 5,255,000 tons of fruit, an 8.5 percent year-on-year increase compared to the previous year, equivalent to a value USD 3.83 billion according to China Customs. The Chinese import of fruit in 2009 amounted to 2,309,000 tons, valued to USD 1.63 billion, a 37.0 percent increase year-on-year compared to 2008. This led to a fruit trade surplus of USD 2.2 billion, approximately a 27.6 percent decrease compared to 2008 according the Ministry of Agriculture of the PRC.

The global tropical fruit output, where the dragon fruit (Hylocereus Undatus) is included, reached roughly 82,700,000 tons in 2008 according to FAO. The output was led by mango, followed by pineapple, guava and avocado. According to the Ministry of Agriculture of the PRC, tropical fruit accounted for approximately 25 percent of the total fruit planting area in China in 2009, equivalent to roughly 2,500,000 hectares providing a total output of more than 20,000,000 tons. The research adds that an additional 17,500,000 hectares spread over China is suitable for planting tropical fruits.

The most commonly consumed tropical fruits in China are pineapple, mango, banana, litchi, coconut, longan and cashew. However demand for, e.g., mangosteen, star fruit, durian and dragon fruit is quickly growing among the population in the first and second tier cities. The China Fruit Marketing Association estimates that the consumption of tropical fruits accounts for roughly 10 percent of all the fruit in China, equivalent to approximately 19,000,000 tons. Analysts estimate that about 80 percent of the tropical fruit in China is consumed fresh, contrary to canned or processed fruit.

Consumer trends

Consumers in the northern and central parts of China generally prefer more sweet tasting fruit, preferably tropical fruits. In the southern regions of China however, the population consumes a broader range of fruits. Overall in China, consumers have started to consume more fruit with distinctive smells, for example durian and jackfruit. During recent years there has been a significant increase in consumption of more expensive fruit, such as durian, mangosteen and jackfruit thanks to the increasing standard of living of the population as well as the increased availability of such imported fruits.

The most commonly consumed imported fruits in China include kiwi, durian, mangosteen, grapes, cherries and dragon fruit. Generally, the Chinese population prefers to consume fresh fruit; so when domestic, fresh fruit is available during summer, consumption of the fresher and cheaper domestic fruit increases. In winter, when domestic products cannot be harvested or sold, the import of fruits, and especially tropical fruits, increases immensely.

Organic fruits are mostly sold domestically in China and have become increasingly popular in the market; however, the supply is still relatively small and the price is still more expensive (approximately RMB 1-2 more expensive per kg).

GOVERNMENT REGULATION

Regulation of M&A and Overseas Listings

On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce (the "**MOFCOM**"), the State Assets Supervision and Administration Commission, the State Administration of Taxation ("**SAT**"), the State Administration of Industry and Commerce (the "**SAIC**"), the China Securities Regulatory Commission ("**CSRC**"), and the State Administration of Foreign Exchange (the "**SAFE**"), jointly issued the *Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* (the "**M&A Rule**"), which became effective on September 8, 2006 and was amended on June 22, 2009. The M&A Rule includes provisions that purport to require that an offshore special purpose vehicle formed for purposes of the overseas listing of equity interests in PRC companies and controlled directly or indirectly by PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange.

[21] Fertilizers in China, Industry Study with Forecasts for 2015 & 2020, Freedonia Group; June 2012

[22] USITC: China's Agricultural Trade: Competitive Conditions and Effects on U.S. Exports, March 2011

On September 21, 2006, the CSRC published on its official Website procedures regarding its approval of overseas listings by special purpose vehicles. The CSRC approval procedures require the filing of a number of documents with the CSRC. The application of this new PRC regulation remains unclear, with no consensus currently existing among leading PRC law firms regarding the scope of the applicability of the CSRC approval requirement.

The M&A Rules also establish procedures and requirements that could make some acquisitions of Chinese companies by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a Chinese domestic enterprise.

In February 2011, the General Office of the State Council promulgated a *Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* ("**Circular 6**"), which established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire "de facto control" of domestic enterprises with "national security" concerns. In August 2011, the MOFCOM promulgated the *Rules on Implementation of Security Review System* (the "**MOFCOM Security Review Rules**"), to replace the *Interim Provisions of the Ministry of Commerce on Matters Relating to the Implementation of the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors* promulgated by the MOFCOM in March 2011. The MOFCOM Security Review Rules, which came into effect on September 1, 2011, provide that the MOFCOM will look into the substance and actual impact of a transaction and prohibit foreign investors from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions.

Regulation of Foreign Currency Exchange and Dividend Distribution

The principal regulations governing foreign currency exchange in China are the *Foreign Exchange Administration Regulations* (the "**FX Regulations**"), which were last amended in August 2008. Under the FX Regulations, the RMB is freely convertible for current account items, including the distribution of dividends, interest payments, trade and service-related foreign exchange transactions, but not for capital account items, such as direct investments, loans, repatriation of investments and investments in securities outside of China, unless the prior approval of the SAFE is obtained and prior registration with the SAFE is made. On August 29, 2008, the SAFE issued a notice, Circular 142, regulating the conversion by a foreign-invested company of foreign currency into RMB by restricting how the converted RMB may be used. Circular 142 requires that the registered capital of a foreign-invested company settled in RMB converted from foreign currencies may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC. In addition, the SAFE increased its oversight of the flow and use of the registered capital of a foreign-invested company settled in RMB converted from foreign currencies. The use of such RMB capital may not be changed without the SAFE's approval, and may not in any case be used to repay RMB loans if the proceeds of such loans have not been used. Violations of Circular 142 will result in severe penalties, such as heavy fines. As a result, Circular 142 may significantly limit our ability to transfer cash or other assets from Sino Agro Food, Inc. and/or our other non-PRC subsidiaries into our subsidiaries in the PRC, which may adversely affect our business expansion and we may not be able to convert the net proceeds into RMB to invest in or acquire any other PRC companies, or establish other variable interest entities ("**VIEs**") in the PRC.

Dividends paid by a PRC subsidiary to its overseas shareholder are deemed income of the shareholder and are taxable in the PRC. Pursuant to *the Administration Rules of the Settlement, Sale and Payment of Foreign Exchange (1996)*, foreign-invested enterprises in the PRC may purchase or remit foreign currency, subject to a cap approved by the SAFE, for settlement of current account transactions without the approval of the SAFE. Foreign currency transactions under the capital account are still subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities.

In October 2005, the SAFE promulgated *the Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Corporate Financing and Roundtrip Investment through Offshore Special Purpose Vehicles* ("**Circular 75**"). Under Circular 75, which was issued by SAFE effective November 1, 2005, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. An amendment to the registration or filing with the local SAFE branch by such PRC resident is also required for the injection of equity interests or assets of an onshore enterprise in the offshore company or overseas funds raised by such offshore company, or any other material change involving a change in the capital of the offshore company. Moreover, Circular 75 applies retroactively. As a result, PRC residents who, prior to November 1, 2005, had established or acquired control of offshore companies that had made onshore investments in the PRC prior to were required to complete the relevant registration procedures with the local SAFE branch by March 31, 2006.

Since May 2007, the SAFE has issued a series of guidance to its local branches with respect to the operational process for the SAFE registration under Circular 75. The guidance provides more specific and stringent supervision of the registration required by Circular 75. For example, the guidance imposes obligations on onshore subsidiaries of an offshore entity to make true and accurate statements to the local SAFE authorities regarding any shareholder or beneficial owner of the offshore entity who is a PRC citizen or resident. Untrue statements by the onshore subsidiaries will lead to potential liability for the subsidiaries and, in some instances, for their legal representatives and other related individuals.

Under the relevant rules, failure to comply with the registration procedures set forth in Circular 75 may result in restrictions being imposed on the foreign exchange activities of the relevant onshore company, including increases in its registered capital, payment of dividends and other distributions to its offshore parent or affiliate and capital inflows from the offshore entity, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations. PRC residents who control our company from time to time are required to register with the SAFE in connection with their investments in us.

On December 25, 2006, the People's Bank of China (the "**PBOC**") issued the *Administration Measures on Individual Foreign Exchange Control* and related *Implementation Rules* were issued by the SAFE on January 5, 2007. Both became effective on February 1, 2007. Under these regulations, all foreign exchange transactions involving an employee share incentive plan, share option plan, or similar plan participated in by onshore individuals may be conducted only with approval from the SAFE or its authorized branch. Under the *Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company* ("**Offshore Share Incentives Rules**"), which was issued by the SAFE on February 15, 2012, PRC citizens who are granted share options, restricted share units or restricted shares by an overseas publicly listed company are required to register with the SAFE or its authorized branch and to comply with a series of other requirements. If we, or the PRC employees of ours who hold options, restricted share units or restricted shares fail to comply with these registration or other procedural requirements, we, and/or such employees may be subject to fines and other legal sanctions.

The principal regulations governing distribution of dividends of foreign holding companies include the *Foreign Investment Enterprise Law* (1986), which was amended in October 2000, and the *Administrative Rules under the Foreign Investment Enterprise Law* (2001). Under these regulations, foreign investment enterprises in China may pay dividends only out of their accumulated profits, if any, determined in accordance with PRC accounting standards and regulations. In addition, foreign investment enterprises in China are required to allocate at least 10% of their accumulated profits each year, if any, to fund certain reserve funds unless these reserves have reached 50% of the registered capital of the enterprises. These reserves are not distributable as cash dividends.

Laws and Regulations Related to Employment and Labor Protection

On June 29, 2007, the National People's Congress promulgated the *Employment Contract Law of PRC* ("**Employment Contract Law**"), which became effective as of January 1, 2008 and was amended on December 28, 2012. The Employment Contract Law requires employers to provide written contracts to their employees, restricts the use of temporary workers and aims to give employees long-term job security.

Pursuant to the Employment Contract Law, employment contracts lawfully concluded prior to the implementation of the Employment Contract Law and continuing as of the date of its implementation shall continue to be performed. Where an employment relationship was established prior to the implementation of the Employment Contract Law but no written employment contract was concluded, a contract must be concluded within one month after its implementation.

On September 18, 2008, the State Council promulgated the *Implementing Regulations for the PRC Employment Contract Law* which came into effect immediately. These regulations interpret and supplement the provisions of the Employment Contract Law.

As of December 31, 2015, we had entered into written employment contracts with three of our employees.

Income Tax

On March 16, 2007, the National People's Congress approved and promulgated the Enterprise Income Tax Law (the "**EIT Law**"). On December 6, 2007, the State Council approved the Implementing Rules. Both the EIT Law and its Implementing Rules became effective on January 1, 2008. Under the EIT Law and the Implementing Rules, which superseded the previous Income Tax Law, the enterprise income tax rate for both domestic companies and foreign invested enterprises is unified at 25%. On December 26, 2007, the State Council promulgated the Circular on Implementation of Enterprise Tax Transition Preferential Policy, or the Preferential Policy Circular. The EIT Law, its Implementing Rules and the Preferential Policy Circular provide a five-year transitional period for certain entities that had enjoyed a favorable income tax rate of less than 25% under the previous Income Tax Law and were established before March 16, 2007, during which period the applicable enterprises income tax rate shall gradually increase to 25%.

On April 14, 2008, the Administration Measures for Recognition of High and New Technology Enterprises, or the Recognition Measures, were jointly promulgated by the Ministry of Science and Technology, the Ministry of Finance, and the SAT, which sets out the standards and process for granting the high and new technology enterprises status. According to the EIT Law and its Implementing Rules as well as the Recognition Measures, enterprises which have been granted the high and new technology enterprises status shall enjoy a favorable income tax rate of 15%. The new EIT Law and its Implementation Rules also provide that "software enterprises" enjoy a two-year income tax exemption starting from the first profit making year, followed by a reduced tax rate of 12.5% for the subsequent three years.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The Implementing Rules merely defines the location of the “de facto management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located.” The SAT issued the Circular regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. The SAT issued the Bulletin regarding the Administrative Measures on the Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Interim) on July 27, 2011, which became effective on September 1, 2011, providing more guidance on the implementation of Circular 82. This bulletin clarifies matters including resident status determination, post-determination administration and competent tax authorities. Although both Circular 82 and the bulletin only apply to offshore enterprises controlled by PRC enterprises, not companies like us, the determining criteria set forth in Circular 82 and the bulletin may reflect the SAT’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises or individuals. Based on a review of surrounding facts and circumstances, the Company does not believe that it is likely that its operations outside of the PRC should be considered a resident enterprise for PRC tax purposes. However, due to limited guidance and implementation history of the EIT Law, should the Company be treated as a resident enterprise for PRC tax purposes, the Company will be subject to PRC tax on worldwide income at a uniform tax rate of 25% retroactive to January 1, 2008.

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a Foreign Invested Enterprise (an “**FIE**”) to its immediate holding company outside of China if such immediate holding company is considered a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such immediate holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. Such withholding income tax was exempted under the previous law. The State of Nevada, where the Company is incorporated, does not have such tax treaty with China. The SAT further promulgated a circular, or Circular 601, on October 27, 2009, which provides that the tax treaty benefits will be denied to “conduit” or shell companies without business substance and that a beneficial ownership analysis will be used based on a “substance-over-form” principle to determine whether or not to grant the tax treaty benefits. A majority of our subsidiaries in China are directly held by our non-Chinese subsidiaries. If we are regarded as a non-resident enterprise and our non-Chinese subsidiaries are regarded as resident enterprises, then our non-Chinese subsidiaries may be required to pay a 10% withholding tax on any dividends payable to us. If our non-Chinese subsidiaries are regarded as non-resident enterprises, then our PRC subsidiaries may be required to pay a 5% withholding tax for any dividends payable to our non-Chinese subsidiaries, however, it is still unclear at this stage whether Circular 601 applies to dividends from our PRC subsidiaries paid to our non-Chinese subsidiaries, and if our non-Chinese subsidiaries were not considered as “beneficial owners” of any dividends from their PRC subsidiaries, whether the dividends payable to our non-Chinese subsidiaries would be subject to withholding tax at a rate of 10%.

The EIT Law and its Implementation Rules have made an effort to scrutinize transactions between related parties. Pursuant to the EIT Law and its Implementation Rules, the tax authorities may impose mandatory adjustment on tax due to the extent a related party transaction is not in line with arm’s-length principle or was entered into with a purpose to reduce, avoid or delay the payment of tax. On January 8, 2009, the SAT issued the Implementation Measures for Special Tax Adjustments (Trial), which clarifies the definition of “related party” and sets forth the tax-filing disclosure and documentation requirements, the selection and application of transfer pricing methods, and transfer pricing investigation and assessment procedures.

On December 10, 2009, the SAT issued a circular on Strengthening the Administration of Enterprise Income Tax Collection on Income Derived from Equity Transfer by Non-resident Enterprise, or Circular 698. Pursuant to Circular 698, non-resident enterprises should declare any direct transfer of equity interest of PRC resident enterprises and pay taxes in accordance with the EIT Law and relevant laws and regulations. For an indirect transfer, if the effective tax rate for the transferor (a non-PRC-resident enterprise) is lower than 12.5% under the law of the jurisdiction of the direct transferred target, the transferor is required to submit relevant transaction materials to PRC tax authorities for review. If such indirect transfer is determined by PRC tax authorities to be a transaction without any reasonable business purpose other than for the purpose of tax avoidance, the gains derived from such transfer will be subject to PRC income tax.

In addition to the above, after the EIT Law and its Implementing Rules were promulgated, the SAT released several regulations to stipulate more details for carrying out the EIT Law and its Implementing Rules. These regulations include:

- Notice of the State Administration of Taxation on the Issues Concerning the Administration of Enterprise Income Tax Deduction and Exemption (2008);
- Notice of the State Administration of Taxation on Strengthening the Withholding of Enterprise Income Tax on Non-resident Enterprises’ Interest Income Sourcing from China (2008);

- Notice of the State Administration of Taxation on Several Issues Concerning the Recognition of Incomes Subject to the Enterprise Income Tax (2008);

- Opinion of the State Administration of Taxation on Strengthening the Administration of Enterprise Income Tax (2008);

- Notice of the Ministry of Finance and State Administration of Taxation on Several Preferential Policies in Respect of Enterprise Income Tax (2008);

- Interim Measures for the Administration of Collection of Enterprise Income Tax on the Basis of Consolidation of Trans-regional Business Operations (2008);

- Several Issues Concerning the Enterprise Income Tax Treatment on Enterprise Reorganization (2009);

- Circular of the State Council on Printing and Distributing Policies for Further Encouraging the Development of the Software Industry and the Integrated Circuit Industry (2011); and

- Circular on Income Tax Policies for Further Encouraging the Development of Software Industry and Integrated Circuit Industry (2012).

ITEM 1A. RISK FACTORS.

Investing in our common stock involves a high degree of risk. You should carefully consider each of the following risks and all other information in this Annual Report before deciding to invest in our common stock. If any of these risks actually occur, our business, financial condition, results of operations, and our future growth prospects would suffer. Under these circumstances, the share price and value of our common stock could decline and you could lose all or part of your investment. The risks and uncertainties described in this Annual Report are the only material risks and uncertainties that we presently know to be facing our company.

This Annual Report contains forward-looking statements. Forward-looking statements anticipate future events or future financial performance. This Annual Report also contains market data related to our business and industry. This market data includes projections that are based on a number of assumptions. If these assumptions turn out to be incorrect, actual results may differ from projections based on them. As a result, our markets may not grow at the rates projected by these data, or at all. The failure of these markets to grow at these projected rates may have a material adverse effect on our business, results of operations, financial condition and the market price of our common stock.

Currently, we conduct our business operations in the People's Republic of China. As China's economy and its laws, regulations and policies may and do differ from those found in the West, and change continually, we face certain risks that are summarized in this section.

Risks Related to Our Company

The concentration of our current major customers could adversely affect our business if we were to lose one or more of them.
Four major customers for the Corporate division accounted for 52.77% of consolidated revenues during the fiscal year ended December 31, 2015. If one of our major customers were to go bankrupt, our associated accounts receivable would become difficult to collect or a loss.

Our largest customer represents a Company of thirty separate live seafood wholesalers at the Guangzhou wholesale markets. Our second largest customer is Wholesale Center 1, or WSC 1, which is owned and operated by Guangzhou City A Power NaWei Trading Co. Ltd., or APNW. Capital Award was the consulting engineer responsible for the construction of WSC 1 and development of its business operation via a Consulting and Service Contract granted by APNW. APNW is now one of our main wholesalers to whom we bill our sales of seafood. APNW then distributes the seafood to other wholesalers in various cities in China.

We may be unable to maintain an effective system of internal control over financial reporting, and as a result we may be unable to accurately report our financial results.
Our reporting obligations as a public company place a significant strain on our management, operational and financial resources and systems. If we fail to maintain an effective system of internal control over financial reporting, we could experience delays or inaccuracies in reporting our financial information, or non-compliance with SEC reporting and other regulatory requirements. This could subject us to regulatory scrutiny and result in a loss of public confidence in our management, which could, among other things, cause our stock price to drop.

Because we will require additional financing to expand our vertically integrated operations according to our business plan and growth strategy, our failure to obtain necessary financing will impair our growth strategy; in addition, the risks of vertical integration are significant.
As of December 31, 2015, we had net working capital of $322,275,569, including cash and cash equivalents of $7,229,197. Our capital requirements to accomplish our planned vertically integrated development and growth plan of our business are significant.

In most developed countries, risks of agriculture operations are shared to a certain degree by different sectors in the industry. For example:

- Research and development are often initiated and supported by government departments;
- Primary producers are mainly concerned with the growing risks of the produce;
- Marketing companies assume the risks of marketing the produce;
- Trading houses sell the produce and assume the credit risks of the sales; and
- Logistics companies assume the risks of transporting the produce.

However, as a vertically integrated operator, we must assume all the above-mentioned risks. China is a developing country; compared to other developed nations, its agriculture industry is not modern. Thus, management believes that it is essential for us to develop our business operation in a vertically integrated manner so that we can achieve reasonable profit margins for our products. We believe that the multiple layers of profits generated through vertical integration may compensate to some degree for the variety of risks that we face through the multiple operations; however, the overall risks are much greater. At the same time, our five year plan for vertically integrated developments is not fully completed, and the remaining developments may require significant capital expenditures and management resources. Failure to implement these vertically integrated developments could hurt our ability to manage our growth and our financial position.

To accomplish the objectives discussed above and to execute our business strategy, we need access to capital on appropriate terms. We currently have no commitments with any third party to obtain such additional financing and we cannot assure you that we will be able to obtain the requisite additional financing on any terms and, if we are able to raise additional funds, it may be necessary for us to sell our securities at a price which is at a significant discount from the market price and on other terms which may be disadvantageous to us. In connection with any such financing, we may be required to provide registration rights to the investors and pay damages to the investors in the event that the registration statement is not filed or declared effective by specified dates. The price and terms of any financing which would be available to us could result in both the issuance of a significant number of shares and significant downward pressure on our stock price. We cannot assure you that our business objectives, particularly over the longer term, will be met on a timely basis, if at all. Consequently, we may be unable to meet fixed obligations and expenses that will be generated in the operation of our business, whether as presently in existence or as proposed. Any failure to obtain requisite financing on acceptable terms could have material and adverse effect on our business, financial condition and future prospects.

No assurance of successful expansion of operations.
Our significant increase in the scope and the scale of our operations, including the hiring of additional personnel, has resulted in significantly higher operating expenses. We anticipate that our operating expenses will continue to increase. Expansion of our operations may also make significant demands on our management, finances and other resources. Our ability to manage the anticipated future growth, should it occur, will depend upon a significant expansion of our accounting and other internal management systems and the implementation and subsequent improvement of a variety of systems, procedures and controls. We cannot assure that significant problems in these areas will not occur. Failure to expand these areas and implement and improve such systems, procedures and controls in an efficient manner at a pace consistent with our business could have a material adverse effect on our business, financial condition and results of operations. We cannot assure that attempts to expand our marketing, sales, manufacturing and customer support efforts will succeed or generate additional sales or profits in any future period. As a result of the expansion of our operations and the anticipated increase in our operating expenses, along with the difficulty in forecasting revenue levels, we expect to continue to experience significant fluctuations in its results of operations.

We may be unable to successfully expand our production capacity, which could result in material delays, quality issues, increased costs and loss of business opportunities, which may negatively impact our product margins and profitability.
Part of our future growth strategy is to increase our production capacity to meet increasing demand for our goods. Assuming we obtain sufficient funding to increase our production capacity, any projects to increase such capacity may not be constructed on the anticipated timetable or within budget. We may also experience quality control issues as we implement any production upgrades. Any material delay in completing these projects, or any substantial cost increases or quality issues in connection with these projects could materially delay our ability to bring our products to market and adversely affect our business, reduce our revenue, income and available cash, all of which could harm our financial condition.

Our business and operations are growing rapidly. If we fail to effectively manage our growth, our business and operating results could be harmed.
We have experienced, and may continue to experience, rapid growth in our operations. This has placed, and may continue to place, significant demands on our management, operational and financial infrastructure. If we do not manage our growth effectively, the quality of our products and services could suffer, which could negatively affect our operating results. To effectively manage our growth, we must continue to improve our operational, financial and management controls and reporting systems and procedures. These systems improvements may require significant capital expenditures and management resources. Failure to implement these improvements could hurt our ability to manage our growth and our financial position.

If the Chinese government were to change its presently favorable policy toward the agriculture industry, we would no longer enjoy our present tax-related privileges, which would materially and adversely impact our sales performance, margins, and net profit and our costs structure.
As producers active in the agriculture industry, our subsidiaries are presently exempt from income tax and enjoy various incentive grants and subsidies given by the Chinese government. If the Chinese government were to change its presently favorable policy toward the agriculture industry, we would no longer enjoy our present tax-related privileges, which would materially and adversely impact our sales performance, margins, and net profit and our costs structure. We have experienced, and may continue to experience, quick changes of policies by the Chinese government. If we do not effectively and efficiently manage our growth on time due to lack of capital, we could suffer adversely from the consequences of any such policy changes.

Our intellectual property rights are valuable, and any inability to adequately protect, or uncertainty regarding validity, enforceability or scope of them could undermine our competitive position and reduce the value of our products, services and brand, and litigation to protect our intellectual property rights may be costly.
We attempt to strengthen and differentiate our product portfolio by developing new and innovative products and product improvements. As a result, our patents, trademarks, trade secrets, copyrights and other intellectual property rights are important assets to us. Various events outside of our control pose a threat to our intellectual property rights as well as to our products and services. For example, effective intellectual property protection may not be available in China and other countries in which our products are sold. Also, although we have registered our trademark in China, our efforts to protect our proprietary rights may not be sufficient or effective. Any significant impairment of our intellectual property rights could harm our business or our ability to compete and hurt our results of operation. Also, protecting our intellectual property rights is costly and time consuming. Policing unauthorized use of our proprietary technology can be difficult and expensive. Litigation might be necessary to protect our intellectual property rights. But due to the relative unpredictability of the Chinese legal system and potential difficulties to enforce a court’s judgment in China, there is no guarantee that litigation would result in a favorable outcome. Furthermore, any such litigation may be costly and may divert our management’s attention from our core business. An adverse determination in any lawsuit involving our intellectual property is likely to jeopardize our business prospects and reputation. Although we are not aware of any of such litigation, we have no insurance coverage against the litigation costs so we would be forced to bear all litigation costs if we cannot recover them from other parties. All foregoing factors could harm our business, financial condition, and results of operations. Any unauthorized use of our intellectual property could make it more expensive for us to do business and harm our operating results.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined against us, could adversely affect our business and subject us to significant liability to third parties.
Our success mainly depends on our ability to use and develop our technology and product designs without infringing upon the intellectual property rights of third parties. We may be subject to litigation involving claims of patent infringement or violations of other intellectual property rights of third parties. Holders of patents and other intellectual property rights potentially relevant to our product offerings may be unknown to us, which may make it difficult for us to acquire a license on commercially acceptable terms. There may also be technologies licensed to us and that we rely upon that are subject to infringement or other corresponding allegations or claims by third parties which may damage our ability to rely on such technologies. In addition, although we endeavor to ensure that companies that work with us possess appropriate intellectual property rights or licenses, we cannot fully avoid the risks of intellectual property rights infringement created by suppliers of components used in our products or by companies we work with in cooperative research and development activities. Our current or potential competitors may have obtained or may obtain patents that will prevent, limit or interfere with our ability to make, use or sell our products. The defense of intellectual property claims, including patent infringement suits, and related legal and administrative proceedings can be both costly and time consuming, and may significantly divert the efforts and resources of our technical personnel and management. These factors could effectively prevent us from pursuing some or all of our business operations and result in our customers or potential customers deferring, canceling or limiting their purchase or use of our products, which may have a material adverse effect on our business, financial condition and results of operations.

We rely on highly skilled personnel and the continuing efforts of our executive officers and, if we are unable to retain, motivate or hire qualified personnel, our business may be severely disrupted.
Our performance largely depends on the talents, knowledge, skills, know-how and efforts of highly skilled individuals and in particular, the expertise held by our chief executive officer, Solomon Lee. His absence, were it to occur, could impact development and implementation of our projects and businesses. Our future success depends on our continuing ability to identify, hire, develop, motivate and retain highly skilled personnel for all areas of our organization. Our continued ability to compete effectively depends on our ability to attract new technology developers and to retain and motivate our existing contractors. If one or more of our executive officers are unable or unwilling to continue in their present positions, we may not be able to replace them readily, if at all. Therefore, our business may be severely disrupted, and we may incur additional expenses to recruit and retain new officers. In addition, if any of our executives joins a competitor or forms a competing company, we may lose some customers.

Our financial and operating performance may be adversely affected by epidemics, adverse weather conditions, natural disasters and other catastrophes.
Our financial and operating performance may be affected adversely by epidemics, bad weather conditions, natural disasters and other catastrophes. For example, in early 2003, several economies in Asia, including China, were affected by the outbreak of severe acute respiratory syndrome, or SARS. In May-June 2003, many businesses in China were closed by the PRC government, to prevent transmission of SARS. Our business could be materially and adversely affected by the effects of H1N1 flu (swine flu), avian flu, SARS, or other epidemics or outbreaks. In April 2009, an outbreak of H1N1 flu first occurred in Mexico and quickly spread to other countries, including the U.S. and China. In the last decade, China has suffered health epidemics related to such outbreaks. Any prolonged occurrence or recurrence of H1N1 flu (swine flu), avian flu, SARS or other adverse public health developments in China may have a material adverse effect on our business and operations. These health epidemics could result in severe travel restrictions and closures that would restrict our ability to ship our products. Potential outbreaks could also lead to temporary closure of our manufacturing facilities, our suppliers' facilities and/or our end-user customers' facilities, leading to reduced production, delayed or cancelled orders, and decrease in demand for our products. Any future health epidemic or outbreaks that could disrupt our operations and/or restrict our shipping abilities may have a material adverse effect on our business and results of operations.

We do not expect to encounter any epidemics in our aquaculture fishery farms in districts of the Guangdong Province or cattle farms in Huangyuan District of the Qinghai Province. However in the event of epidemics, we expect that our marine animals and our cattle will be quarantined until such time as a sanitary certificate for clean bill of health is obtained, before any of our products will be sold. In an extreme situation where our products would fail to obtain the sanitary certificate, they will be destroyed subject to the direction of the Inspection Authorities of the Agriculture Department of China. There is compensation granted by the Chinese government for the destruction of our products but only for a fraction of our cost of production; as such the Company will bear virtually all losses under such circumstances.

Furthermore, the 2008 Sichuan earthquake also had a negative impact on many businesses in that region. Losses caused by epidemics, adverse weather conditions, natural disasters and other catastrophes, including SARS, avian flu, swine flu, earthquakes or typhoons, will adversely affect our operations.

If we make any acquisitions, they may disrupt or have a negative impact on our business.
Although we have no present plans for any specific acquisitions, in the event that we make acquisitions, we could have difficulty integrating the acquired companies' personnel and operations with our own. In addition, the key personnel of the acquired business may not be willing to work for us. We cannot predict the effect expansion may have on our core business. Regardless of whether we are successful in making an acquisition, the negotiations could disrupt our ongoing business, distract our management and employees and increase our expenses. In addition to the risks described above, acquisitions are accompanied by a number of inherent risks, including, without limitation, the following:

- difficulty of integrating acquired products, services or operations;
- potential disruption of the ongoing businesses and distraction of our management and the management of acquired companies;
- difficulty of incorporating acquired rights or products into our existing business;
- difficulties in disposing of the excess or idle facilities of an acquired company or business and expenses in maintaining such facilities;
- difficulties in maintaining uniform standards, controls, procedures and policies;
- potential impairment of relationships with employees and customers as a result of any integration of new management personnel;
- potential inability or failure to achieve additional sales and enhance our customer base through cross-marketing of the products to new and existing customers;
- effect of any government regulations which relate to the business acquired;
- potential unknown liabilities associated with acquired businesses or product lines, or the need to spend significant amounts to retool, reposition or modify the marketing and sales of acquired products or the defense of any litigation, whether or not successful, resulting from actions of the acquired company prior to our acquisition.

Our business could be severely impaired if and to the extent that we are unable to succeed in addressing any of these risks or other problems encountered in connection with these acquisitions, many of which cannot be presently identified, these risks and problems could disrupt our ongoing business, distract our management and employees, increase our expenses and adversely affect our results of operations.

We face significant competition, including changes in pricing.
The markets for our products are both competitive and price sensitive. Many competitors have significant financial, operations, sales and marketing resources, plus experience in research and development, and compete with us by offering lower prices. Competitors could develop new technologies that compete with our products to achieve a lower unit price. If a competitor develops lower cost superior technology or cost-effective alternatives to our products and services, our business could be seriously harmed.

The markets for some of our products are also subject to specific competitive risks because these markets are highly price competitive. Our competitors have competed in the past by lowering prices on certain products. If they do so again, we may be forced to respond by lowering our prices. This would reduce sales revenues and increase losses. Failure to anticipate and respond to price competition may also impact sales and aggravate losses.

Many of our competitors are larger and have greater financial and other resources than we do.
Our products compete and will compete with similar if not identical products produced by our competitors. These competitive products could be marketed by well-established, successful companies that possess greater financial, marketing, distribution personnel, and other resources than we do. Using said resources, these companies can implement extensive advertising and promotional campaigns, both generally and in response to specific marketing efforts by competitors. They can introduce new products to new markets more rapidly. In certain instances, competitors with greater financial resources may be able to enter a market in direct competition with us, offering attractive marketing tools to encourage the sale of products that compete with our products or present cost features that consumers may find attractive.

Risks Related to our Industry

Our agricultural assets are situated in three provinces in China and crop disease, severe weather, natural disasters and other conditions affecting the environment, including the effects of climate change, could result in substantial losses and weaken our financial condition.
Our agricultural operations are situated in Qinghai Province, Hunan and Guangdong Province. Qinghai Province in particular is subject to occasional periods of drought. Crops require water in different quantities at different times during the growth cycle. The limited water resource at any given point can adversely impact production. In Qinghai our cropping and pasture land presently comprises over 5,000 acres, an area too big and too costly to afford drip irrigation systems for our crops. In Hunan, the district of Linli where we have over 300 acres of crop and pasture land may from time to time be subject to flooding that could affect our agriculture production. In Enping, Guangdong, our HU Plants are very susceptible to dry and wet seasonal variation that could also affect our agriculture production.

Crop disease, severe weather conditions, such as floods, droughts, windstorms and hurricanes, and natural disasters, may adversely affect our supply of one or more products, reduce our sales volumes, increase our unit production costs or prevent or impair our ability to ship products as planned. Since a significant portion of our costs are fixed and contracted in advance of each operating year, volume declines due to production interruptions or other factors could result in increases in unit production costs, which could result in substantial losses and weaken our financial condition. We may experience crop disease, insect infestation, severe weather and other adverse environmental conditions from time to time.

Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change.

An occurrence of such an event might result in material disruptions to our operations, to the operations of our customers or suppliers, resulting in a decline in the agriculture industry. There can be no assurance that our facilities or products will not be affected by any such occurrence in the future, which occurrence may lead to adverse conditions to our operations and financial results.

Prices of agricultural products are subject to supply and demand, a market condition which is not predictable.
Because our agricultural products are commodities, we are not able to predict with certainty what price we will receive for our products. Additionally, the growth cycle of such products in many instances dictates when such products must be marketed to achieve the maximum profitability. Excessive supplies tend to cause severe price competition and lower prices throughout the industry affected. Conversely, shortages may drive the prices higher. Shortages often result from adverse growing conditions which can reduce the availability of the agricultural products affected. Since multiple variables can affect supply and demand, we cannot accurately predict or control from year to year what prices, either favorable or unfavorable, it will receive from the market.

In addition, general public perceptions regarding the quality, safety or health risks associated with particular food products could reduce demand and prices for some of our products. To the extent that consumer preferences evolve away from products that we produce for health or other reasons, and we are unable to modify our products or to develop products that satisfy new consumer preferences, there will be a decreased demand for our products. However, even if market prices are unfavorable, some of our agricultural products which are ready to be, or have been, harvested must be brought to market promptly. A decrease in the selling price received for our products due to the factors described above could have a material adverse effect on our business, results of operations and financial condition.

We could realize losses and suffer liquidity problems due to declines in sales prices for our agriculture products.
Sales prices for agricultural products are difficult to predict. It is possible that sales prices for our products will decline in the future, and sales prices for other agricultural products may also decline. In recent years, there has been increasing consolidation among food retailers, wholesalers and distributors. A significant portion of our costs is fixed, so that fluctuations in the sales prices have an immediate impact on our profitability. Our profitability is also affected by our production costs, which may increase due to factors beyond our control.

We are subject to the risk of product contamination and product liability claims.
The sales of our products may involve the risk of injury to consumers. Such injuries may result from tampering by unauthorized personnel, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, or residues introduced during the growing, packing, storage, handling or transportation phases. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, including internal product safety policies, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our brand image. We do not maintain product liability insurance.

We may not be successful in the implementation of our new technologies and new products, and our new products may not be widely accepted.
Our new technologies such as our drip irrigation system for precision agriculture or the introduction, testing and promotion of new agricultural varieties, must be able to adapt to local conditions. The term "drip irrigation" refers to a system whereby the exact amount of water is supplied to the plants' roots at the correct moment. On the one hand, there exists the failure risk due to not being suitable for the local environment and market conditions; on the other hand, there are risks of loss of competitive advantages due to the rising of producing similar products enterprises and other enterprises that follow to produce the similar products.

We are a holding company whose subsidiaries are given certain degree of independence and our failure to integrate our subsidiaries may adversely affect our financial condition.
According to the specific characteristics of agricultural production in China, we have given our subsidiary companies and their farms a certain degree of independency in decision-making. On one hand, this independency increases the sense of ownership at all levels, on the other hand it has also increased the difficulty of the integration of operation and management, which has resulted in increased difficulty of management integration. In the event we are not able to successfully manage our subsidiaries this will result in operating difficulties and have a negative impact on our business.

One or more distributors could engage in activities that harm our brand and our business.
Our products are sold primarily through distributors, who are responsible for ensuring that our products have the appropriate licenses to be sold to farmers in their provinces, and are stored at the correct temperature to ensure freshness and meet shelf life terms. If distributors do not obtain the appropriate licenses, their sales of our products in those provinces may be illegal, and we may be subject to government sanctions, including confiscation of illegal revenues and a fine of between two and three times the amount of such illegal revenues. Unlicensed sales in a province may also cause a delay for our other distributors in receiving a license from the authorities for their provinces, which could further adversely impact our sales. In addition, distributors may sell our products under another brand licensed in a particular province if our product is not licensed there. If our products are sold under another brand, the purchasers will not be aware of our brand name, and we will be unable to cross-market other seed varieties or other products as effectively to these purchasers. Moreover, our ability to provide appropriate customer service to these purchasers will be negatively affected, and we may be unable to develop our local knowledge of the needs of these purchasers and their environment. Furthermore, if any of our distributors sell inferior seeds produced by other companies under our brand name, our brand and reputation could be harmed, which could make marketing of our branded seeds more difficult. As of the date of this Annual Report, we are not aware of the occurrence of any of the potential violations by our distributors described above.

The PRC agricultural market is highly competitive and our growth and results of operations may be adversely affected if we are unable to compete effectively.
The agricultural market in China is highly fragmented, largely regional and highly competitive, and we expect competition to increase and intensify within the sector. We face significant competition in our lines of business. Many of our competitors have greater financial, research and development and other resources than we have. Competition may also develop from consolidation within our industry in China or the privatization of producers that are currently operated by local governments in China. Our competitors may be better positioned to take advantage of industry consolidation and acquisition opportunities than we are. The reform and restructuring of state-owned equity in enterprises involved primarily in producing sectors will likely lead to the reallocation of market share in the agriculture industry, and our competitors may increase their market share by participating in the restructuring of state-owned agriculture companies. Such privatization would likely result in increased numbers of market participants with more efficient and commercially viable business models. As competition intensifies, our margins may be compressed by more competitive pricing and we may lose our market share and experience a reduction in our revenues and profit.

We may not possess all of the licenses required to operate our business, or we may fail to maintain the licenses we currently hold. This could subject us to fines and other penalties, which could materially adversely affect our results of operations.
We are required to hold a variety of permits and licenses to conduct business in China. We may not possess all of the permits and licenses required for each of our business segments. In addition, the approvals, permits or licenses required by governmental agencies may change without substantial advance notice, and we could fail to obtain the approvals, permits or licenses required to expand our business. If we fail to obtain or to maintain such permits or licenses, or if renewals are granted with onerous conditions, we could be subject to fines and other penalties and be limited in the number or the quality of the products that we could offer. As a result, our business, results of operations and financial condition could be materially and adversely affected.

Risks Related to Doing Business in China

Under PRC law, we are required to obtain and retain permits and business licenses, and our failure to do so would adversely impact our ability to conduct business in China.

We hold various permits, business licenses, and approvals authorizing our operations and activities, which are subject to periodic review and reassessment by the Chinese authorities. Standards of compliance necessary to pass such reviews change from time to time and differ from jurisdiction to jurisdiction, leading to a degree of uncertainty. If renewals, or new permits, business licenses or approvals required in connection with existing or new facilities or activities, are not granted or are delayed, or if existing permits, business licenses or approvals are revoked or substantially modified, we may not be able to continue to operate our facilities which would have a material adverse effect on our operations. If new standards are applied to renewals or new applications, it could prove costly for us to meet these new standards.

The PRC economic cycle may negatively impact our operating results.

We believe that the rapid growth of the PRC economy before 2008 generally led to higher levels of inflation. We believe that the PRC economy has more recently experienced a decrease in its growth rate. We believe that a number of factors have contributed to this deceleration, including appreciation of the RMB, the currency of China, which has adversely affected China's exports. In addition, we believe the deceleration has been exacerbated by the recent global crisis in the financial services and credit markets, which has resulted in significant volatility and dislocation in the global capital markets. It is uncertain how long the global crisis in the financial services and credit markets will continue and the significance of the adverse impact it may have on the global economy in general or the Chinese economy in particular. Slowing economic growth in China could result in weakening growth and demand for our products, which could reduce our revenues and income. In the event of a recovery in the PRC, renewed high growth levels may again lead to inflation. The government's attempts to control inflation may adversely affect the business climate and growth of private enterprise. In addition, our profitability may be adversely affected if prices for our products rise at a rate that is insufficient to compensate for the rise in inflation.

Currency fluctuations and restrictions on currency exchange may adversely affect our business, including limiting our ability to convert Chinese Renminbi (RMB) into foreign currencies and, if the RMB were to decline in value, reducing our revenue in U.S. dollar terms.

The exchange rate of the RMB is currently managed by the Chinese government. On July 21, 2005, the People's Bank of China, with the authorization of the State Council of the PRC, announced that the RMB exchange rate would no longer be pegged to the U.S. Dollar and would float based on market supply and demand with reference to a basket of currencies. According to public reports, the governor of the People's Bank has stated that the basket is composed mainly of the U.S. Dollar, the European Union Euro, the Japanese Yen and the South Korean Won. Also considered, but playing smaller roles, are the currencies of Singapore, the United Kingdom, Malaysia, Russia, Australia, Canada and Thailand. The weight of each currency within the basket has not been announced.

The initial adjustment of the RMB exchange rate was an approximate 2% revaluation from an exchange rate of 8.28 RMB per U.S. Dollar to 8.11 RMB per U.S. Dollar. The People's Bank announced that the daily trading price of the U.S. Dollar against the RMB in the inter-bank foreign exchange market would float within a band of 0.3% around the central parity published by the People's Bank, while trading prices of non-U.S. Dollar currencies against the RMB would be allowed to move within a certain band announced by the People's Bank. The People's Bank has stated that it will make adjustments of the RMB exchange rate band when necessary according to market developments as well as the economic and financial situation. In a later announcement published on May 18, 2007, the band was extended to 0.5%. Since July 2008, the RMB has traded at 6.83 RMB per U.S. Dollar. Recent reports indicate an upward revaluation in the value of the RMB against the U.S. Dollar may be allowed. The People's Bank announced on June 19, 2010 its intention to allow the RMB to move more freely against the basket of currencies, which increases the possibility of sharp fluctuations in the value of the RMB in the near future and thus the unpredictability associated with the RMB exchange rate.

Despite this change in its exchange rate regime, the Chinese government continues to manage the valuation of the RMB. The value of our common stock will be indirectly affected by the foreign exchange rate between the U.S. dollar and the RMB. Appreciation or depreciation in the value of the RMB relative to the U.S. dollar would affect our financial results reported in U.S. dollar terms without giving effect to any underlying change in our business or results of operations. Fluctuations in the exchange rate will also affect the relative value of any dividend we issue that will be exchanged into U.S. dollars, as well as earnings from, and the value of, any U.S. dollar-denominated investments we make in the future.

The income statements of our operations are translated into U.S. dollars at the average exchange rates in each applicable period. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currencies denominated transactions results in reduced revenue, operating expenses and net income for our international operations. Similarly, to the extent the U.S. dollar weakens against foreign currencies, the translation of these foreign currency denominated transactions results in increased revenue, operating expenses and net income for our international operations. We are also exposed to foreign exchange rate fluctuations as we convert the financial statements of our foreign subsidiaries into U.S. dollars in consolidation. If there is a change in foreign currency exchange rates, the conversion of the foreign subsidiaries' financial statements into U.S. dollars will lead to a translation gain or loss, which is recorded as a component of other comprehensive income. In addition, we have certain assets and liabilities that are denominated in currencies other than the relevant entity's functional currency. Changes in the functional currency value of these assets and liabilities create fluctuations that will lead to a transaction gain or loss.

Very limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions. While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure. In addition, our foreign currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currencies.

Uncertainties with respect to the PRC legal system could adversely affect us and we may have limited legal recourse under PRC law if disputes arise under our contracts with third parties.

Since 1979, we believe PRC legislation and regulations have significantly enhanced protections afforded to various forms of foreign investments in China. However, China has not developed a fully integrated legal system and recently enacted laws and regulations may not sufficiently cover all aspects of economic activities in China. In particular, because these laws and regulations are relatively new, the interpretation and enforcement of these laws and regulations involve uncertainties. In addition, the PRC legal system is based in part on government policies and internal rules (some of which are not published on a timely basis or at all) that may have a retroactive effect. As a result, sometimes we may not be aware of our violation of these policies and rules until sometime after violation.

The Chinese government has enacted laws and regulations dealing with matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, their experience in implementing, interpreting and enforcing these laws and regulations is limited, and our ability to enforce commercial claims or to resolve commercial disputes is unpredictable. The resolution of these matters may be subject to the exercise of considerable discretion by agencies of the Chinese government, and forces unrelated to the legal merits of a particular matter or dispute may influence their determination. Any rights we may have to specific performance, or to seek an injunction under PRC law, in either of these cases, are severely limited, and without a means of recourse by virtue of the Chinese legal system, we may be unable to prevent these situations from occurring. The occurrence of any such events could have a material adverse effect on our business, financial condition and results of operations.

Under the PRC EIT Law, we may be classified as a "resident enterprise" of the PRC. Such classification could result in tax consequences to the Company or our non-PRC resident shareholders.

On March 16, 2007, the National People's Congress approved and promulgated a new tax law, the PRC Enterprise Income Tax Law, or "**EIT Law**," which took effect on January 1, 2008. Under the EIT Law, enterprises are classified as resident enterprises and non-resident enterprises. An enterprise established outside of China with "de facto management bodies" within China is considered a "resident enterprise," meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the EIT Law define "de facto management bodies" as a managing body that in practice exercises "substantial and overall management and control over the production and operations, personnel, accounting, and properties" of the enterprise; however, it remains unclear whether the PRC tax authorities would deem our managing body as being located within China. Due to the short history of the EIT Law and lack of applicable legal precedents, the PRC tax authorities determine the PRC tax resident treatment of a foreign company on a case-by-case basis.

If the PRC tax authorities determine that we are a "resident enterprise" for PRC enterprise income tax purposes, a number of PRC tax consequences could follow. First, we could be subject to the enterprise income tax at a rate of 25 percent on our worldwide taxable income, as well as PRC enterprise income tax reporting obligations. Second, under the EIT Law and its implementing rules, dividends paid between "qualified resident enterprises" are exempt from enterprise income tax. As a result, if we are treated as a PRC "qualified resident enterprise," all dividends paid from our Chinese subsidiaries to us would be exempt from PRC tax.

Finally, the new "resident enterprise" classification could result in a situation in which a 10% PRC tax is imposed on dividends we pay to our non-PRC stockholders that are not PRC tax "resident enterprises" and gains derived by hem from transferring our common stock, if such income is considered PRC-sourced income by the relevant PRC authorities. In such event, we may be required to withhold a 10% PRC tax on any dividends paid to non-PRC resident stockholders. Our non-PRC resident stockholders also may be responsible for paying PRC tax at a rate of 10% on any gain realized from the sale or transfer of our common stock in certain circumstances. We would not, however, have an obligation to withhold PRC tax with respect to such gain.

Moreover, the SAT released Circular Guoshuihan No. 698 ("**Circular 698**") on December 15, 2009 that reinforces the taxation of non-listed equity transfers by non-resident enterprises through overseas holding vehicles. Circular 698 addresses indirect share transfers as well as other issues. Circular 698 is retroactively effective from January 1, 2008. According to Circular 698, where a foreigner (non-PRC resident) who indirectly holds shares in a PRC resident enterprise through a non-PRC offshore holding company indirectly transfers equity interests in a PRC resident enterprise by selling the shares of the offshore holding company, and the latter is located in a country or jurisdiction where the effective tax burden is less than 12.5 percent or where the offshore income of his, her, or its residents is not taxable, the foreign investor is required to provide the PRC tax authority in charge of that PRC resident enterprise with certain relevant information within 30 days of the transfer. The tax authorities in charge will evaluate the offshore transaction for tax purposes. In the event that the tax authorities determine that such transfer is abusing forms of business organization and a reasonable commercial purpose for the offshore holding company other than the avoidance of PRC income tax liability is lacking, the PRC tax authorities will be able to re-assess the nature of the equity transfer under the doctrine of substance over form. A reasonable commercial purpose may be established when the overall international (including U.S.) offshore structure is set up to comply with the requirements of supervising authorities of international (including U.S.) capital markets. If the SAT's challenge of a transfer is successful, it may deny the existence of the offshore holding company that is used for tax planning purposes and subject the seller to PRC tax on the capital gain from such transfer. Since Circular 698 has a relatively short history, there is uncertainty as to its application. We (or a foreign investor) may become at risk of being taxed under Circular 698 and may be required to expend valuable resources to comply with Circular 698 or to establish that we (or such foreign investor) should not be taxed under Circular 698, which could have a material adverse effect on our financial condition and results of operations (or such foreign investor's investment in us).

If any such PRC taxes apply, a non-PRC resident stockholder may be entitled to a reduced rate of PRC taxes under an applicable income tax treaty and/or a foreign tax credit against such stockholder's domestic income tax liability (subject to applicable conditions and limitations). Prospective investors are encouraged to consult with their own tax advisors regarding the applicability of any such taxes, the effects of any applicable income tax treaties, and any available foreign tax credits.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may materially adversely affect us.
In October 2005, the SAFE issued the Notice on Relevant Issues in the Foreign Exchange Control over Financing and Return Investment Through Special Purpose Companies by Residents inside China, generally referred to as Circular 75. The policy announced in this notice required PRC residents to register with the relevant SAFE branch before establishing or acquiring control over an offshore special purpose company, or SPV, for the purpose of engaging in an equity financing outside of China on the strength of domestic PRC assets originally held by those residents. Failure to comply with the requirements of Circular 75 and any of its internal implementing guidelines as applied by SAFE in accordance with Notice 106 may result in fines and other penalties under PRC laws for evasion of applicable foreign exchange restrictions. Any such failure could also result in the SPV's affiliates being impeded or prevented from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to the SPV, or from engaging in other transfers of funds into or out of China.

We requested our shareholders who are PRC residents to make the necessary applications, filings and amendments as required under Circular 75 and other related rules. We attempt to comply, and attempt to ensure that our shareholders who are subject to these rules comply, with the relevant requirements. However, we cannot provide any assurances that our shareholders who are PRC residents will comply with our request to make any applicable registrations, and nor can we provide any assurances that our shareholders who are PRC residents will be able to obtain such applicable registration or comply with other requirements required by Circular 75 or other related rules or that, if challenged by government agencies, the structure of our organization fully complies with all applicable registrations or approvals required by Circular 75. Moreover, because of uncertainty over how Circular 75 will be interpreted and implemented, and how or whether SAFE will apply it to us, we cannot predict how it will affect our business operations or future strategies. Failure by such PRC resident shareholders or future PRC resident shareholders to comply with Circular 75 or other related rules, if SAFE requires it, could subject these PRC resident shareholders to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our subsidiaries' ability to make distributions or pay dividends, or affect our ownership structure, which could adversely affect our business and prospects.

Adverse changes in political and economic policies of the Chinese government could have a material adverse effect on the overall economic growth of China, which could reduce the demand for our products and materially and adversely affect our competitive position.
Our business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in China. The Chinese economy differs from the economies of most developed countries in many respects, including:

- the amount of government involvement;
- the level of development;
- the growth rate;
- the control of foreign exchange; and
- the allocation of resources.

While the Chinese economy has grown significantly in the past 20 years, we believe the growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. We believe some measures benefit the overall Chinese economy, but may also have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us.

The Chinese economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of the productive assets in China is still owned by the Chinese government. The Chinese government also exercises significant control over Chinese economic growth through the allocation of resources, controlling payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies.

Contract drafting, interpretation and enforcement in China involve significant uncertainty.

We have entered into numerous contracts governed by PRC law, many of which are material to our business. As compared with contracts in the United States, contracts governed by PRC law tend to contain less detail and to not be as comprehensive in defining contracting parties' rights and obligations. As a result, contracts in China are more vulnerable to disputes and legal challenges. In addition, contract interpretation and enforcement in China is not as developed as in the United States, and the result of any contract dispute is subject to significant uncertainties. Therefore, we cannot assure you that we will not be subject to disputes under our material contracts, and if such disputes arise, we cannot assure you that we will prevail.

The application of PRC regulations relating to the overseas listing of PRC domestic companies is uncertain, and we may be subject to penalties for failing to request approval of the PRC authorities prior to listing our shares in the U.S.

As mentioned above, on August 8, 2006, six PRC government agencies, i.e., MOFCOM, the SAIC, the CSRC, SAFE, the State-Owned Assets Supervision and Administration Commission ("**SASAC**") and SAT, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (the "**New M&A Rules**"), which became effective on September 8, 2006. The New M&A Rules purport, among other things, to require offshore "special purpose vehicles" that are (1) formed for the purpose of overseas listing of the equity interests of PRC companies via acquisition and (2) are controlled directly or indirectly by PRC companies and/or PRC individuals, to obtain the approval of the CSRC prior to the listing and trading of their securities on overseas stock exchanges. On September 21, 2006, pursuant to the New M&A Rules and other PRC Laws, the CSRC published on its official website relevant guidance with respect to the listing and trading of PRC domestic enterprises' securities on overseas stock exchanges (the "Related Clarifications"), including a list of application materials regarding the listing on overseas stock exchanges by special purpose vehicles. We were and are not required to obtain the approval of CSRC under the new M&A Rules in connection with this transaction because we were and are not a special purpose vehicle formed or controlled by PRC individuals.

However, there are substantial uncertainties regarding the interpretation, application and enforcement of these rules, and CSRC has yet to promulgate any written provisions or formally to declare or state whether the overseas listing of a PRC-related company structured similar to ours is subject to the approval of CSRC. Any violation of these rules could result in fines and other penalties on our operations in China, restrictions or limitations on remitting dividends outside of China, and other forms of sanctions that may cause a material and adverse effect to our business, operations and financial conditions.

The New M&A Rules also established additional procedures and requirements that are expected to make merger and acquisition activities by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise that owns well-known trademarks or China's traditional brands. We may grow our business in part by acquiring other businesses. Complying with the requirements of the New M&A Rules in completing this type of transaction could be time-consuming, and any required approval processes, including CSRC approval, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

We may face regulatory uncertainties that could restrict our ability to issue equity compensation to our directors and employees and other parties who are PRC citizens or residents under PRC law. The grant of stock options under any incentive plan that we adopt in the future would require registration with SAFE.

On April 6, 2007, SAFE issued the "Operating Procedures for Administration of Domestic Individuals Participating in the Employee Stock Ownership Plan or Stock Option Plan of An Overseas Listed Company," also known as "Circular 78". It is not clear whether Circular 78 covers all forms of equity compensation plans or only those that provide for the grant of stock options. For any equity compensation plan which is so covered and is adopted by a non-PRC listed company after April 6, 2007, Circular 78 requires all participants who are PRC citizens to register with, and obtain the approval of, SAFE prior to their participation in any such plan. In addition, Circular 78 also requires PRC citizens to register with SAFE and make the necessary applications and filings if they participate in an overseas listed company's covered equity compensation plan prior to April 6, 2007. As of the date of this filing, we have not adopted any incentive plans, but may do so in the future. Any such plan may grant equity compensation, including, but not limited to, stock options, to our PRC employees and/or directors. The grant of any equity compensation under such a plan to a PRC citizen, however, may under Circular 78 require the PRC citizen to register with and obtain approval of SAFE. We believe that the registration and approval requirements contemplated in Circular 78 will be burdensome and time consuming. If it is determined that our such a plan, or any equity compensation grant under such a plan, is subject to Circular 78, failure to comply with such provisions of Circular 78 may subject us and any recipients thereof to fines and legal sanctions and prevent us from being able to grant equity compensation to our PRC employees and/or directors. In that case, our ability to compensate our employees and directors through equity compensation would be hindered and/or prevented.

Capital outflow policies in the PRC may hamper our ability to remit income to the United States.
The PRC has adopted currency and capital transfer regulations. These regulations may require that we comply with complex regulations for the movement of capital and as a result we may not be able to remit all income earned and proceeds received in connection with our operations or from the sale of our operating subsidiary to the U.S. or to our stockholders.

Our operations and assets in the PRC are subject to significant political and economic uncertainties.
Government policies are subject to rapid change and the government of the PRC may adopt policies that have the effect of hindering private economic activity and greater economic decentralization. There is no assurance that the government of China will not significantly alter its policies from time to time without notice in a manner with reduces or eliminates any benefits from its present policies of economic reform. In addition, a substantial portion of productive assets in China remains government-owned. For instance, all lands are state or rural collective economic organizations owned and leased to business entities or individuals through governmental grants of the land use rights. The grant process is typically based on government policies at the time of the grant, which could be lengthy and complex. This process may adversely affect our business. The government of China also exercises significant control over China's economic growth through the allocation of resources, controlling payment of foreign currency and providing preferential treatment to particular industries or companies. Uncertainties may arise as a result of changing governmental policies and measures. In addition, changes in laws and regulations, or their interpretation, or the imposition of confiscatory taxation, restrictions on currency conversion, imports and sources of supply, devaluations of currency, the nationalization or other expropriation of private enterprises, as well as adverse changes in the political, economic or social conditions in China, could have a material adverse effect on our business, results of operations and financial condition.

Our use of the allocated land may be subject to challenges in the future.
All land use rights that we own are land use rights relating to allocated land. The local governmental authorities have granted such land use rights to us for free use or at a discounted levy rate given our contribution to the development of the local economy. However, pursuant to the Catalogue on Allocated Land issued by the Ministry of Land Resources of the PRC (the "**Catalogue**"), the land use rights for allocated land may only be granted to those specific projects which are in compliance with the Catalogue, subject to the approval of the competent governmental authorities. We, as a privately owned agricultural producer, may not be qualified to be granted such land use rights for allocated land according to the Catalogue. Consequently, our use of such land may be subject to challenge in the future, and the legal consequences could include the confiscation of such land by the governmental authorities or a demand that we pay a market price for purchasing the land use rights for such land and converting the allocated land use right to a granted land use right.

Because Chinese law governs almost all of our material agreements, we may not be able to enforce our legal rights within China or elsewhere, which could result in a significant loss of business, business opportunities, or capital.
Chinese law governs almost all of our material agreements. We cannot assure you that we will be able to enforce any of our material agreements or that remedies will be available outside of China. The system of laws and the enforcement of existing laws in China may not be as certain in implementation and interpretation as in the United States. Our inability to enforce or obtain a remedy under any of our current or future agreements could result in a significant loss of business, business opportunities or capital. It will be extremely difficult to acquire jurisdiction and enforce liabilities against our officers, directors and assets based in China.

Substantially all of our assets will be located in the PRC and all of our officers and our present directors reside outside of the United States. As a result, it may not be possible for United States investors to enforce their legal rights, to effect service of process upon our directors or officers or to enforce judgments of United States courts predicated upon civil liabilities and criminal penalties of our directors and officers under federal securities laws. Moreover, we have been advised that China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States. Further, it is unclear if extradition treaties now in effect between the United States and China would permit effective enforcement of criminal penalties of the federal securities laws.

We do not have insurance coverage.
We currently do not purchase property insurance for our properties, including raw materials, semi-manufactured goods, manufactured goods, buildings and machinery equipment, livestock, and we currently do not carry any product liability or other similar insurance, nor do we have business liability or business disruption insurance coverage for our operations in the PR. There is no insurance covering risks incurred through seasonal variation consequences. In this respect, we as an engineering based company have qualified personnel and staffs to manage and to limited the happenings of these relevant risk factors; however there is no guarantee that accidents will not happen, and if they happen, the consequences may have a material adverse effect on our business, financial condition and results of operations.

Because our cash and cash equivalent are held in banks that do not provide capital guarantee insurance, the failure of any bank in which we deposit our funds could affect our ability to continue in business.
Banks and other financial institutions in the PRC do not provide insurance for funds held on deposit. A significant portion of our assets are in the form of cash deposited with banks in the PRC, and in the event of bank failure, we may not have access to, or may lose entirely, our funds on deposit. Depending upon the amount of cash we maintain in a bank that fails, our inability to have access to such cash deposits could impair our operations, and, if we are not able to access funds to pay our suppliers, employees and other creditors, we may be unable to continue in business.

Failure to comply with the United States Foreign Corrupt Practices Act could subject us to penalties and other adverse consequences.
We are subject to the United States Foreign Corrupt Practices Act, which generally prohibits United States companies from engaging in bribery or other prohibited payments to foreign officials for the purpose of obtaining or retaining business. Foreign companies, including some that may compete with us, are not subject to these prohibitions. Corruption, extortion, bribery, pay-offs, theft and other fraudulent practices occur from time to time in the PRC. We cannot assure you that our employees or other agents will not engage in such conduct for which we might be held responsible. If our employees or agents are found to have engaged in such practices, we could suffer severe penalties and other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Labor laws in the PRC may adversely affect our results of operations.
On June 29, 2007, the PRC government promulgated a new labor law, namely, the Labor Contract Law of the PRC, or the New Labor Contract Law, which became effective on January 1, 2008. The New Labor Contract Law imposes greater liabilities on employers and significantly affects the cost of an employer's decision to reduce its workforce. Further, it requires that certain terminations be based upon seniority and not merit. In the event we decide to significantly change or decrease our workforce, the New Labor Contract Law could adversely affect our ability to effect such changes in a manner that is most advantageous to our business or in a timely and cost-effective manner, thus materially and adversely affecting our financial condition and results of operations.

Your ability to bring an action against us or against our directors and officers, or to enforce a judgment against us or them, will be limited because we conduct substantially all of our operations in the PRC and because the majority of our directors and officers reside outside of the United States.
We are a Nevada holding company and substantially all of our assets are located outside of the United States. Substantially all current operations are conducted in the PRC. In addition, all but one of our directors and officers are nationals and residents of countries other than the United States. Substantial portions of the assets of these persons are located outside the United States. Thus, it may be difficult to effect service of process within the United States upon these persons. It may also be difficult to enforce in U.S. courts judgments on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, none of whom are residents in the United States and the substantial majority of whose assets are located outside of the United States. It is also uncertain whether the courts of the PRC would recognize or enforce judgments of U.S. courts. Our PRC legal counsel has advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. Courts in the PRC may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law based on treaties between the PRC and the country where the judgment is made or on reciprocity between jurisdictions. The PRC does not have any treaties or other arrangements that provide for the reciprocal recognition and enforcement of foreign judgments with the United States. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates basic principles of PRC law or national sovereignty, security or the public interest. It is uncertain whether a PRC court would enforce a judgment rendered by a court in the United States.

Risks Related to Ownership of our Common Stock

Volatility in our common stock price may subject us to securities litigation.
Stock markets, in general, have experienced in recent months, and continue to experience, significant price and volume volatility, and the market price of our common stock may continue to be subject to similar market fluctuations unrelated to our operating performance or prospects. This increased volatility, coupled with depressed economic conditions, could continue to have a depressing effect on the market price of our common stock. The following factors, many of which are beyond our control, may influence our stock price:

- the status of our growth strategy including the building of our new production line with any proceeds we may be able to raise in the future;
- announcements of technological or competitive developments;
- regulatory developments in the PRC affecting us, our customers or our competitors;
- announcements regarding patent or other intellectual property litigation or the issuance of patents to us or our competitors or updates with respect to the enforceability of patents or other intellectual property rights generally in the PRC or internationally;
- actual or anticipated fluctuations in our quarterly operating results;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of our competitors;
- additions or departures of our executive officers;
- release or expiration of lock-up or other transfer restrictions on our outstanding common stock; and
- sales or perceived sales of additional shares of our common stock.

In addition, the securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. Any of these factors could result in large and sudden changes in the volume and trading price of our common stock and could cause our stockholders to incur substantial losses. In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted securities class action litigation against that company. If we were involved in a class action suit or other securities litigation, it would divert the attention of our senior management, require us to incur significant expense and, whether or not adversely determined, have a material adverse effect on our business, financial condition, results of operations and prospects.

One of our directors and officers controls a majority of our common stock and his interests may not align with the interests of our other stockholders.
Solomon Lee, our chairman, chief executive officer and president, controls our company and beneficially owns in excess of 50.1% of our issued and outstanding common stock. This significant concentration of share ownership may adversely affect the trading price of our common stock because investors often perceive a disadvantage in owning shares in a company with one or several controlling stockholders. Furthermore, our directors and officers, as a Company, have the ability to significantly influence or control the outcome of all matters requiring stockholder approval, including the election of directors and approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. This concentration of ownership may have the effect of delaying or preventing a change in control of our company that could deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of our company and might reduce the price of our common stock. In addition, without the consent of Mr. Lee, we could be prevented from entering into transactions that could be beneficial to us. Mr. Lee may cause us to take actions that are opposed by other stockholders as his interests may differ from those of other stockholders.

Future issuances of capital stock may depress the trading price of our common stock.
Any issuance of shares of our common stock (or common stock equivalents) after the date hereof could dilute the interests of our existing stockholders and could substantially decrease the trading price of our common stock. We may issue additional shares of our common stock in the future for a number of reasons, including financing our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions).

Sales of a substantial number of shares of our common stock in the public market could depress the market price of our common stock, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.
We believe that the price of our shares in the OTC QX markets is adversely affected by the current stigma associated with Chinese companies quoted or listed publicly in the United States.

Although we managed to maintain our liquidity to a certain degree, our share price has suffered. Many Chinese companies suffer from this stigma, which tends to affect both market prices and liquidity, and our company is no exception. Reasons with varying degrees of legitimacy explain this stigma, including but not limited to: (i) investors' experience of losses suffered in the course of investing in other Chinese companies, (ii) the difficulty some Chinese companies have had in preparing auditable financial statements, and (iii) the difficulty in enforcing US judgments in foreign courts generally. All of these have contributed to a negative perception by some US investors regarding all Chinese companies publicly traded on US markets. Regardless of the reasons for this perception, if it continues over a sustained period of time our market prices may continue to trade below net tangible asset value per share. This would increase risk that our shareholders could lose the funds they invested in our company. It could also impact our ability to maintain our growth plan on schedule, which would adversely affect our business and financial condition.

The issuance of any of our equity securities pursuant any equity compensation plan we may adopt may dilute the value of existing stockholders and may affect the market price of our stock.
In the future, we may issue to our officers, directors, employees and/or other persons equity based compensation under any equity compensation plan we may adopt to provide motivation and compensation to our officers, employees and key independent consultants. The award of any such incentives could result in an immediate and potentially substantial dilution to our existing stockholders and could result in a decline in the value of our stock price. The exercise of these options and the sale of the underlying shares of common stock and the sale of stock issued pursuant to stock grants may have an adverse effect upon the price of our stock. In addition, if the holders of outstanding convertible securities convert such securities into common stock, you will suffer further dilution.

The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain qualified board members.
We are a public company and subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and the Sarbanes-Oxley Act of 2002. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal controls for financial reporting. For example, Section 404 of the Sarbanes-Oxley Act requires that our management report on the effectiveness of our internal controls structure and procedures for financial reporting. Section 404 compliance may divert internal resources and will take a significant amount of time and effort to complete. If we fail to maintain compliance under Section 404, or if in the future management determines that our internal control over financial reporting are not effective as defined under Section 404, we could be subject to sanctions or investigations by the NASDAQ Stock Market should we in the future be listed on this market, the SEC, or other regulatory authorities. Furthermore, investor perceptions of our company may suffer, and this could cause a decline in the market price of our common stock. Any failure of our internal controls could have a material adverse effect on our stated results of operations and harm our reputation. If we are unable to implement these changes effectively or efficiently, it could harm our operations, financial reporting or financial results and could result in an adverse opinion on internal controls from our independent auditors. We may need to hire a number of additional employees with public accounting and disclosure experience in order to meet our ongoing obligations as a public company, particularly if we become fully subject to Section 404 and its auditor attestation requirements, which will increase costs. Our management team and other personnel will need to devote a substantial amount of time to new compliance initiatives and to meeting the obligations that are associated with being a public company, which may divert attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations.

Our shares of common stock may be thinly traded, so you may be unable to sell at or near ask prices or at all.
We cannot predict the extent to which an active public market for our common stock will develop or be sustained. Our common stock is currently traded on the OTC QX where the shares have historically been thinly traded, meaning that the number of persons interested in purchasing our common stock at or near bid prices at any given time may be relatively small or non-existent.

This situation may be attributable to a number of factors, including the fact that we are a small company that is relatively unknown to stock analysts, stock brokers, institutional investors and others in the investment community who generate or influence sales volume, and that even if we came to the attention of such persons, they tend to be risk averse and would be reluctant to follow an unproven company such as ours or purchase or recommend the purchase of our shares until such time as we have become more seasoned and viable. As a consequence, there may be periods of several days, weeks or months when trading activity in our shares is minimal or non-existent, as compared to a seasoned issuer which has a large and steady volume of trading activity that will generally support continuous sales without an adverse effect on share price. We cannot assure you that a broader or more active public trading market for our common stock will develop or be sustained, or that current trading levels will be sustained or not diminish.

We may become involved in securities class action litigation that could divert management's attention and harm our business.
The stock market in general, and the shares of early stage companies in particular, have experienced extreme price and volume fluctuations. These fluctuations have often been unrelated or disproportionate to the operating performance of the companies involved. If these fluctuations occur in the future, the market price of our shares could fall regardless of our operating performance. In the past, following periods of volatility in the market price of a particular company's securities, securities class action litigation has often been brought against that company. If the market price or volume of our shares suffers extreme fluctuations, then we may become involved in this type of litigation, which would be expensive and divert management's attention and resources from managing our business.

As a public company, we may also from time to time make forward-looking statements about future operating results and provide some financial guidance to the public markets. Our management has limited experience as a management team in a public company and as a result projections may not be made timely or set at expected performance levels and could materially affect the price of our shares. Any failure to meet published forward-looking statements that adversely affect the stock price could result in losses to investors, stockholder lawsuits or other litigation, sanctions or restrictions issued by the SEC.

Securities analysts may elect not to report on our common stock or may issue negative reports that adversely affect the stock price.
At this time, to our knowledge no securities analysts provide research coverage of our common stock, and securities analysts may not elect not to provide such coverage in the future. It may remain difficult for our company, with its small market capitalization, to attract independent financial analysts that will cover our common stock. If securities analysts do not cover our common stock, the lack of research coverage may adversely affect the stock's actual and potential market price. The trading market for our common stock may be affected in part by the research and reports that industry or financial analysts publish about our business. If one or more analysts elect to cover our company and then downgrade the stock, the stock price would likely decline rapidly. If one or more of these analysts cease coverage of our company, we could lose visibility in the market, which, in turn, could cause our stock price to decline. This could have a negative effect on the market price of our common stock.

ITEM 1B UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2 PROPERTIES

We use the following properties:

Summary of Our Land Assets

Item	Owner	Location	Acres	Date Acquired	Tenure	Expiry dates	Nature of ownership	Nature of project
Hunan Lot 1	HSA	Ouchi Village, Fenghuo Town, Linli County	31.92	4/5/2011	43	4/4/2054	Lease	Fertilizer production
Hunan Lot 2	HSA	Ouchi Village, Fenghuo Town, Linli County	247.05	7/1/2011	60	6/30/2071	Management Right	Pasture growing
Hunan Lot 3	HSA	Ouchi Village, Fenghuo Town, Linli County	8.24	5/24/2011	40	5/23/2051	Land Use Rights	Fertilizer production
Guangdong Lot 1	JHST	Yane Village, Liangxi Town, Enping City	8.23	8/10/2007	60	8/9/2067	Management Right	HU Plantation
Guangdong Lot 2	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	27.78	3/14/2007	60	3/13/2067	Management Right	HU Plantation
Guangdong Lot 3	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	60.72	3/14/2007	60	3/13/2067	Management Right	HU Plantation
Guangdong Lot 4	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	54.68	9/12/2007	60	9/11/2067	Management Right	HU Plantation
Guangdong Lot 5	JHST	Jishilu Village of Dawan Village, Juntang Town, Enping City	28.82	9/12/2007	60	9/11/2067	Management Right	HU Plantation
Guangdong Lot 6	JHST	Liankai Village of Niujiang Town, Enping City	31.84	1/1/2008	60	12/31/2068	Management Right	Fish Farm
Guangdong Lot 7	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	41.18	1/1/2011	26	12/31/2037	Management Right	HU Plantation
Guangdong Lot 8	JHST	Shangchong Village of Yane Village, Liangxi Town, Enping City	11.28	1/1/2011	26	12/31/2037	Management Right	HU Plantation
Guangdong Lot 9	MEIJI	Xiaoban Village of Yane Village, Liangxi Town, Enping City	27.02	4/1/2011	20	3/31/2031	Management Right	Cattle Farm
Qinghai Lot 1	SJAP	No. 498, Bei Da Road, Chengguan Town of Huangyuan County, Xining City, Qinghai Province	21.09	11/1/2011	40	10/30/2051	Land Use Right & Building ownership	Cattle farm, fertilizer and livestock feed production
Guangdong Lot 10	JHST	Niu Jiang Town, Liangxi Town, Enping City	6.27	3/4/2013	10	3/3/2023	Management Right (lease)	Processing factory
Guangdong Lot 11	CA	Da San Dui Wei ,You Nan Village, Zhongshan City Guangzhou	33.28	31/12/2014	30	31/12/2044	Management Right	Agriculture
	JHST	Land improvement cost incurred		12/1/2013				

We do not own any of the land mentioned in the table above; as such the nature of the land "ownership" is further clarified as follows:
In general, the Government owns all land. In urban areas, the land is owned directly by the central Government. In rural and suburban areas, the local village collectives, usually through the villagers' collective economic organization, or the village committees, own the agricultural land. Uncultivated land in mountain and other remote areas is also Government-owned. Corporate entities and individuals may own the enhancements (buildings, fences, and other structures) erected on Government land.

As such, any transferrable rights to the land are in the form of usufructuary rights (i.e., the right to use and enjoy the benefits derived therefrom for a period of time).

There are several types of usufructuary rights. These include the right to land contractual management (granted by local village collectives for agriculture land), the right to use of construction land (state land in urban areas), etc. The right to land contractual management allows a party the rights to possess, utilize, and obtain profits from agricultural land. This right is transferrable, but this land use right is based on agricultural household contracts and cannot be changed arbitrarily to non-agricultural purposes.

A usufructuary right properly granted in accordance with the laws may be transferred, leased, or mortgaged in accordance with the laws and the terms of the land-grant contract.

1. A lease confers on the recipient the same right to use and enjoy the benefits, except for the right to own the building erected by the recipient and the right to transfer. In case of government acquisition of the land, the compensation paid by the government for the building will go to the lessor, unless the lease agreement states otherwise. The Agreement for the 109.79MU land of HSA is stated to be a lease agreement but the terms therein seem to suggest that HSA is being granted a Management Right.

2 & 3. Land Use Rights and Management Rights confer the same right to use and enjoy the benefits. "Land Use Right" is one granted by the State and usually used in the context of urban land, whereas local village collectives grant "Management Rights" and the term usually applies to rural land.

4. The term Land Use Right relates to the right to use the land and enjoy the benefits derived there from, whereas Building Ownership Right relates to the right to ownership of the building erected on the land concerned. SJAP was granted a Land Use Right by the State for the land (state-owned land), and a Building Ownership Right for the buildings erected thereon.

As producers active in the agriculture industry, our subsidiaries are presently exempt from income tax and enjoy various incentive grants and subsidies given by the China Government. If the Chinese government were to change its presently favorable policy toward the agriculture industry, we would no longer enjoy our present tax-related privileges, which would materially and adversely impact our sales performance, margins, and net profit and our costs structure. We have experienced, and may continue to experience, quick changes of policies by the Chinese government. If we do not effectively and efficiently manage our growth on time due to lack of capital, we could suffer adversely from the consequences of any such policy changes.

SIAF's Company of Companies - Rented Premises Profiles

Company	Location	Usage	Landlord	Tenure
Sino Agro Food, Inc.	Room 3801, Block A, China Shine Plaza, No. 9, Linhexi Rd., Tianhe District, Guangzhou City	Head Office	Guangzhou Shine Real Property Development Limited Company	July 9, 2014 to July 8, 2016
Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd.	Unit 1-3, Jiangzhou Shuizha Building, No. 19 Jiangjun Rd., Juntang Town, Enping City	Office	Enping City Jiangzhou Water Engineering Management Dept.	April 1, 2013 to March 31, 2018
Jiangmen City A Power Fishery Development Co. Ltd.	Room 202, Finance Building Chang'an Street, Niujiang Town, Enping City	Office	The Economic Development Office of Enping Government	July 15, 2011 to July 14, 2016
Jiangmen City Hang Mei Cattle Farm Development Co. Ltd.	Unit 4-5, Jiangzhou Shuizha Building No. 19 Jiangjun Rd., Juntang Town, Enping City	Office	Enping City Jiangzhou Water Engineering Management Dept.	June 1, 2012 to May 31, 2017

ITEM 3 LEGAL PROCEEDINGS

In the ordinary course of business, we may be involved in legal proceedings from time to time. As of the date hereof, except as set forth herein, there are no known legal proceedings against the Company. No governmental agency has instituted proceedings, served, or threatened the Company with any complaints.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5 MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

On July 24, 2007, our Common Stock began to be quoted on the Pink OTC Markets under the symbol "SIAF.PK." Commencing January 5, 2012, our common stock has been quoted on the OTC QB under the symbol of "SIAF" and was recently quoted on the OTC QX Premier. The following table lists the closing sale price for our Common Stock as reported by The NASDAQ Stock Market for each quarter within the last two completed fiscal years. The figures below reflect the Reverse Split.

Year 2014		**High**		**Low**
First Quarter	$	5.54	$	4.55
Second Quarter	$	5.10	$	3.74
Third Quarter	$	8.90	$	3.86
Fourth Quarter	$	10.59	$	6.87

Year 2015		**High**		**Low**
First Quarter	$	11.13	$	8.2
Second Quarter	$	16.82	$	10.55
Third Quarter	$	13.83	$	9.55
Fourth Quarter	$	10.2	$	7.8
First Quarter of 2016 through March 24	$	10.2	$	7.75

The closing price of our common stock on the OTC QX on March 24, 2016 was $8.2 per share.

Holders
As of December 31, 2015, an aggregate of 20,133,757 shares of our common stock were issued and outstanding and were owned by approximately 105 holders of record.

Dividends
On August 22, 2012, the Company's Board of Directors declared that the Company's stockholders were entitled to receive one share of restricted Series F Non-convertible Preferred Stock for every 100 shares of Common Stock owned by the stockholders as of September 28, 2012, with lesser or greater amounts being rounded up to the nearest 100 shares of Common Stock for purposes of computing the dividend.

The holders of record of shares of Series F Non-Convertible Preferred Stock were be entitled to a coupon payment directly from the Company at the redemption rate of $3.40 per share and be payable on May 30, 2014. However, the Company had not been able to issue the Series F Non-convertible Preferred Stock as originally contemplated. The Company's transfer agent was instructed to notate a record date of May 30, 2014 for issuance of the Series F Non-Convertible Preferred Stock.

On June 14, 2014, the Company announced the delay in payment of the coupon until May 30, 2015. The Company reserved the excess over the nominal amount of the Series F Non-convertible Preferred Stock of $3,124,737 as Series F Non-convertible Preferred Stock redemption payable. As of May 30, 2015, payment on the Series F Non-Convertible Preferred Stock had been made, and respective shares cancelled, accordingly.

Equity Compensation Plan Information
The following table sets forth certain information as of December 31, 2015, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) The weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation Plans approved by Security holders	None	-	-
Equity compensation Plans not approved By security holders	None	-	-
Total			

ITEM 6 SELECTED FINANCIAL DATA

Not applicable.

ITEM 7 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Annual Report contains "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**").The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 21E of the Exchange Act. Forward-looking statements can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties These statements reflect management's current beliefs and are based on information now available to it. Accordingly, these statements are subject to certain risks, uncertainties and contingencies that could cause the Company's actual results, performance or achievements in 2015 and beyond to differ materially from those expressed in, or implied by, such statements. Such statements, include, but are not limited to, statements contained in this Annual Report relating to the Company's business, financial performance, business strategy, recently announced transactions and capital outlook. Important factors that could cause actual results to differ materially from those in the forward-looking statements include: a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products; the impact of any litigation or infringement actions brought against us; competition from other providers and products; the inability to raise capital to fund continuing operations; changes in government regulation; the ability to complete customer transactions, and other factors relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned. Readers of this Annual Report should not place undue reliance on any forward-looking statements. Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

You should read the following discussion and analysis of the financial condition and results of operations of the Company together with the financial statements and the related notes presented herein.

Description and interpretation and clarification of business category on the consolidated results of the operations

The Company's strategy is to manage and operate its businesses under five (5) business divisions or units on a standalone basis, namely:

Beef & Organic Fertilizer Division	(Marked 1. A. SJAP &, QZH and B. HSA)
Plantation Division	(Marked 2. JHST)
Fishery Division	(Marked 3. A. CA Engineer & Technology and 3.B. Seafood sales)
Cattle Farm Division	(Marked 4. MEIJI and JHMC)
Corporate & Others Division	(Marked 5. SIAF)

Each business division is summarized below:

- **1. Beef and Organic Fertilizer Division** refers to:

(A). The operation of SJAP in manufacturing and sales of organic fertilizer, bulk livestock feed, concentrated livestock feed, and the sales of live cattle inclusive of: (a) cattle that are not being slaughtered in our own slaughter house operated by Qinghai Zhong He Meat Products Co., Limited ("**QZH**") are sold live to third party livestock wholesalers and, (b) cattle that are sold to QZH and slaughtered and deboned and packed by QZH; and the sales of meats deboned and packed by QZH that are sold to various meat distributors, wholesalers and super market chains and our own retail butcher stores. QZH is a fully owned subsidiary of our partially owned subsidiary Qinghai Sanjiang A Power Agriculture Co., Ltd. ("**SJAP**"); as such, the financial statements of these three companies (SJAP, QZH and HSA) are consolidated into our wholly owned subsidiary, A Power Agro Agriculture Development (Macau) Limited ("**APWAM**"), as one entity. SJAP and QZH are both variable interest entities over which we exercise significant control.

(B). The operation of Hunan Shenghua A Power Agriculture Co. Ltd. ("**HSA**") in manufacturing and sales of organic fertilizer**.**

- **2. Plantation Division** refers to the operations of Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd. ("**JHST**") in the HU Plantation business where dragon fruit flowers (dried and fresh) and immortal vegetables are sold to wholesale and retail markets. JHST's financial statements are consolidated into the financial statements of Macau EIJI Company Ltd. ("**MEIJI**") as one entity**.**

- **3. Fishery Division** refers to the operations of Capital Award Inc. ("**Capital Award**" or "**CA**") covering its engineering, technology and consulting service management of fishery farms and seafood sales operations and marketing, where;

  Capital Award generates revenues from providing engineering consulting services as turnkey contractors to owners and developers of fishery projects that are being designed and engineered into turnkey contracts by Capital Award in China using its A Power Module Technology Systems ("**APM**") as follows:

(A). Engineering and Technology Services; via Consulting and Service Contracts ("**CSC's**") for the development, construction, and supply of plant and equipment, and management of fishery (and prawn or shrimp) farms and related business operations.

(B). Seafood Sales from CA's projected farms

Capital Award generates following sales revenues from:

(1). Sales to JFD ("**Fish Farm 1**" or "**FF1**"), which is a Sino Foreign Joint Venture Company ("**SFJVC**"), and sales derived from seafood sold by JFD (currently, only the JFD subsidiary is a SFJVC), being consolidated into our wholly owned Hong Kong subsidiary Tri-way Industries Ltd. ("**TRW**") as one entity.

FF1 generates sales from its production of (a) its in-door APM farm with 16 APM production units and (b) its open dam farms producing fish and prawns from 310 Mu (52 acres) of land leased from Zhongshan A Power Prawn Culture Farms Development Co. Ltd. ("**ZSAPP**," "**Prawn Farm 2**" or "**PF2**").

(2). Sales to and sales derived from seafood from the unincorporated companies, including Enping City A Power Prawn Culture Development Co. Ltd. ("**EBAPCD**," "**Prawn Farm 1**" or "**PF1**") and ZSAPP, are accounted for independently as follows:

CA and PF1: (a) CA purchases prawn and/or fish fingerling and feed stocks from third party suppliers and resells them to PF1 at variable small or no profit margins and (b) CA purchases matured prawns and fish from PF1 and sells to third parties (wholesale markets)

PF1 generates sales from its production of (a) its indoor APM farm with 4 APM production units in 2014 and 16 APM production units from Q3 2015 and (b) its open dam farms producing fish and prawns from a 290 Mu (or 48 acres) of land leased from PF2.

CA and PF2: (a) CA earns commission from the sale of prawn fingerlings that are sold by PF2 to third parties, and in this respect PF2 produces its own prawn fingerlings as compared to CA's purchasing them from PF2 and reselling them to PF1 or FF1, as described above, and (b) CA purchases matured prawns and fish from PF2 and sells to third parties (wholesale markets).

PF2 has 6 indoor APM production units producing mainly prawn fingerling and an open dam farms situated on about 400 Mu (about 66 acres) producing prawns and fish.

- **4. Cattle Farm Division** refers to the operations of Cattle Farm 1 under Jiangmen City Hang Mei Cattle Farm Development Co. Ltd ("**JHMC**") where cattle are sold live to third party livestock wholesalers who sell them mainly to Guangzhou and Beijing livestock wholesale markets. The financial statements of JHMC are consolidated into MEIJI as one entity along with MEIJI's operation in the consulting and service for development of other cattle farms (e.g., Cattle Farm 2) or related projects**.**

- **5. Corporate & Others Division** refers to the business operations of Sino Agro Food, Inc., including import/export business and consulting and service operations provided to projects that are not included in the above categories, and not limited to corporate affairs**.**

CONSOLIDATED RESULTS OF OPERATIONS

Part A. Audited Income Statements of Consolidated Results of Operations for year ended December 31 201, compared to the year ended December 31, 2014 and

A (1) Income Statements (audited)

In $	Audited 2015	Audited 2,014	Audited 2,013	Difference 2015 to 2014	Note
Revenue	**429,053,484**	**404,334,373**	**261,425,813**	**24,719,111**	1
Consulting, services, commission and management fee	92,266,930	81,680,292	52,811,772	10,586,638	1.1
Sale of goods	336,786,554	322,654,081	208,614,041	14,132,473	1.2
Cost of goods sold and services	**317,890,234**	**274,995,552**	**159,894,663**	**42,894,682**	2
Consulting, services, commission and management fee	57,046,350	44,241,900	20,548,608	12,804,450	2.1
Sale of goods	260,843,884	230,753,652	139,346,055	30,090,232	2.2
Gross Profit	**111,163,250**	**129,338,821**	**101,531,150**	**(18,175,571)**	3
Consulting, services, commission and management fee	35,220,580	37,438,392	32,263,164	(2,217,812)	3.1
Sale of goods	75,942,670	91,900,429	69,267,986	(15,957,759)	3.2
Other income (expenses)	(763,541)	490,649	1,769,873	(1,254,190)	
General and administrative expenses	(18,640,717)	(15,616,278)	(8,859,777)	(3,024,439)	4
Net income	91,758,992	114,213,192	94,441,246	(22,454,200)	
EBITDA	**100,846,665**	**119,595,888**	**98,337,535**	**(18,749,223)**	
Depreciation and amortization (D&A)	(4,817,351)	(4,667,388)	(3,502,697)	(149,963)	5
EBIT	**96,029,314**	**114,928,500**	**94,834,838**	(18,899,186)	
Net Interest	(4,270,322)	(761,299)	(393,592)	(3,509,023)	
Tax					
Net Income	91,758,992	114,167,201	94,441,246	(22,408,209)	
Non - controlling interest	(25,403,462)	(22,148,582)	(20,234,717)	(3,254,880)	7
Net income to SIAF Inc. and subsidiaries	**66,355,530**	**92,018,619**	**74,206,529**	**(25,663,089)**	
Weighted average number of shares outstanding					
- Basic	17,988,619	15,948,506	12,093,974	2,040,113	
- Diluted	18,576,241	16,655,576	12,872,443	1,920,665	
Earnings Per Share (EPS)					8
- Basic	**3.69**	**5.77**	**6.14**	**(2.08)**	
- Diluted	**3.60**	**5.53**	**5.76**	**(1.93)**	

This Part A discusses and analyzes certain items (marked with notes) that we believe assist stakeholders in obtaining a better understanding on the Company's results of operations and financial condition:

Overview of full fiscal year 2015 compared to full fiscal 2014 (as illustrated in Table A(1) above):

Notes to Table A.1's 1, 2 & 3:

(A): Information of Note (1, 2 & 3) Sales, cost of sales and gross profit and analysis:

The Company's revenues were generated from (A) Sale of Goods and (B) Consulting and Services provided in project and business developments covering technology transfers, engineering, construction, supervision, training, management and technology licensing fees etc.

Table (A.2). Below shows segmental break-down figures of Sales of goods sold, Cost of Goods Sold, and related Gross Profits for the twelve months ended December 31, 2015 and the twelve months ended December 31, 2014 and 2013.

	In US$		**Sales of goods**			**Cost of Goods sold**			**Sales of Goods' Gross profit**	
		2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
SJAP	Sales of live cattle	64,918,069	63,133,245	32,448,531	55,772,479	46,871,370	21,234,097	9,145,590	16,261,875	11,214,434
	Sales of feedstock									-
	Bulk Livestock feed	6,785,204	6,248,211	5,930,401	3,235,364	3,131,565	4,208,387	3,549,840	3,116,646	1,722,014
	Concentrate livestock feed	12,080,945	13,351,295	13,269,506	7,488,318	8,265,121	8,140,417	4,592,627	5,086,175	5,129,089
	Sales of fertilizer	3,189,500	6,094,793	10,579,242	2,223,726	3,603,090	4,828,517	965,774	2,491,703	5,750,725
	SJAP Total	**86,973,719**	**88,827,545**	**62,227,680**	**68,719,888**	**61,871,146**	**38,411,418**	**18,253,831**	**26,956,399**	**23,816,262**
	* QZH's (Slaughter & Deboning operation)	995,975	548,856		490,064	291,501		505,911	257,355	-
	** QZH's (Deboning operation)								-	-
	on cattle & Lamb locally supplied	12,172,816	7,760,595	-	9,051,354	5,442,396	-	3,121,462	2,318,199	-
	on imported beef and mutton	38,995,917	4,899,336	-	27,637,248	3,619,235	-	11,358,669	1,280,101	-
	Sales of live cattle	5,459,217	-	-	5,370,045		-	89,172	-	-
	QZH Total	**57,623,925**	**13,208,787**		**42,548,711**	**9,353,132**		**15,075,214**	**3,855,655**	-
HSA	Sales of Organic fertilizer	3,593,603	3,782,970	6,213,256	2,633,850	2,521,994	4,573,209	959,753	1,260,976	1,640,047
	Sales of Organic Mixed Fertilizer	16,373,780	16,222,209	5,277,139	8,876,794	8,739,488	2,467,261	7,496,986	7,482,721	2,809,878
	HSA Total	**19,967,383**	**20,005,179**	**11,490,395**	**11,510,644**	**11,261,482**	**7,040,470**	**8,456,739**	**8,743,697**	**4,449,925**
	SJAP's & HS.A./Beef and Organic fertilizer total	**164,565,027**	**122,041,511**	**73,718,075**	**122,779,243**	**82,485,760**	**45,451,888**	**41,785,784**	**39,555,751**	**28,266,187**
JHST	Sales of Fresh HU Flowers	1,162,572	600,407	2,193,971	391,404.95	196,497	660,550	771,167	403,909	1,533,421
	Sales of Dried HU Flowers	10,018,496	6,431,960	18,668,070	3,085,195	1,786,159	8,788,077	6,933,301	4,645,801	9,879,993
	Sales of Dried Immortal vegetables	2,305,980	4,053,909	1,464,327	796,269	1,352,201	469,844	1,509,711	2,701,708	994,483
	Sales of Vegetable products	187,846	-	488,108	110,097	-	183,041	77,749	-	305,067
	JHST/Plantation Total	**13,674,894**	**11,086,275**	**22,814,476**	**4,382,965**	**3,334,857**	**10,101,512**	**9,291,929**	**7,751,418**	**12,712,964**
CA	Sales of									
	Fish (Sleepy cods)	3,506,200	20,308,197	39,691,498	2,774,693	15,851,271	32,574,763	731,507	4,456,926	7,116,735
	Eels	33,135,843	58,854,155	27,552,690	26,071,073	39,665,207	14,823,189	7,064,770	19,188,948	12,729,501
	Prawns	40,030,264	26,613,535	5,118,792	30,958,091	21,408,578	4,072,524	9,072,173	5,204,957	1,046,268
	Mixed fishes	8,731,709			7,349,142			1,382,567		-
	CA/ Fishery sales of goods total	**85,404,016**	**105,775,887**	**72,362,980**	**67,152,999**	**76,925,056**	**51,470,476**	**18,251,017**	**28,850,831**	**20,892,504**
MEIJI	Sale of Live cattle (Aromatic) from own farm & from trading	35,272,834	32,891,161	17,671,418	33,403,353	31,151,084	13,161,262	1,869,481	1,740,077	4,510,156
	MEIJI / Cattle farm Total	**35,272,834**	**32,891,161**	**17,671,418**	**33,403,353**	**31,151,084**	**13,161,262**	**1,869,481**	**1,740,077**	**4,510,156**
SIAF	Sales of goods through trading/import/export activities									
	on seafood	14,405,488	47,499,225	22,047,092	12,804,878	35,157,911	19,160,917	1,600,610	12,341,314	2,886,175
	on imported beef and mutton	23,464,295	3,360,022		20,320,446	1,698,984		3,143,849	1,661,038	-
	SIAF/ Others & Corporate total	**37,869,783**	**50,859,247**	**22,047,092**	**33,125,324**	**36,856,895**	**19,160,917**	**4,744,459**	**14,002,352**	**2,886,175**
Group Total		**336,786,554**	**322,654,081**	**208,614,041**	**260,843,884**	**230,753,652**	**139,346,055**	**75,942,670**	**91,900,429**	**69,267,986**

The Company's revenues generated from sale of goods increased by $14,132,473 or 4% from $322,654,081 for the year ended December 31, 2014 to $336,786,554 for the year ended December 31, 2015. The increase was primarily due to the increase of revenues from the sector of organic fertilizer and cattle farms (from $122 million in 2014 to $164.6 million in 2015) and the import of beef from the corporate sectors (from $3.36 million in 2014 to $23.5 million in 2015) collectively.

The Company's cost of goods sold increased by $30,090,232 or 13% from $230,753,652 for the year ended December 31, 2014 to $260,843,884 for the year ended December 31, 2015. The increase was primarily due to the increase in cost of goods sold from fishery, organic fertilizer, cattle farms and corporate sectors collectively.

Gross profit of the Company generated from goods sold decreased by $15,957,759 or 17% from $91,900,429 for the year ended December 31, 2014 to $75,942,670 for the year ended December 31, 2015. The decrease was primarily due to the following factors:

(i) Gross profits derived from SJAP's live cattle sales dropped by $7.1 million (from 2014's $16.3 million to 2015's $9.2 million);

(ii) CA's gross profits derived from its sales of eels dropped by $12.1 million (from 2014's $19.2 million to 2015's $7.1 million); and

(iii) SIAF's corporate seafood import sector dropped $10.7 million in gross profit (from 2014's $12.3 million to 2015's $1.6 million).

Collectively, the Company (in some areas, as a group) dropped $29.9 million in total gross profit mainly due to the above 3 factors, and although the Company managed to gain back $16.0 million in gross profit from other activities (as shown in each segment's performance below with QZH's deboning operation gaining $10.1 million in gross profit comparing 2014's $1.3 million to 2015's $11.4 million), there existed a shortfall of $13.9 million that the Company is planning and targeting to overcome by:

(i) upgrading the cattle herd of SJAP, and adding more value added processed products in QZH to increase profit margins in sales of beef (see below for further information);

(ii) increase CA's productivity and the sales of prawns and other seafood from the farms that are being and will be developed under the Zhongshan New Prawn Project; and

(iii) increase the imported beef and mutton trade under SIAF's corporate import sector.

- **1. (i) Beef and Organic Fertilizer Division refers to operation of SJAP and QZH**

	In US$	Sales of goods			Cost of Goods sold			Sales of Goods' Gross profit		
		2015	2014	2013	2015	2014	2013	2015	2014	2013
SJAP	Sales of live cattle	64,918,069	63,133,245	32,448,531	55,772,479	46,871,370	21,234,097	9,145,590	16,261,875	11,214,434
	Sales of feedstock									-
	Bulk Livestock feed	6,785,204	6,248,211	5,930,401	3,235,364	3,131,565	4,208,387	3,549,840	3,116,646	1,722,014
	Concentrate livestock feed	12,080,945	13,351,295	13,269,506	7,488,318	8,265,121	8,140,417	4,592,627	5,086,175	5,129,089
	Sales of fertilizer	3,189,500	6,094,793	10,579,242	2,223,726	3,603,090	4,828,517	965,774	2,491,703	5,750,725
	SJAP Cattle section Total	**86,973,719**	**88,827,545**	**62,227,680**	**68,719,888**	**61,871,146**	**38,411,418**	**18,253,831**	**26,956,399**	**23,816,262**
	% of increase (+) or decrease (-)	**-2%**	**43%**		**11%**	**61%**		**-32%**	**13%**	
	* QZH's (Slaughter & Deboning operation)	995,975	548,856		490,064	291,501		505,911	257,355	-
	** QZH's (Deboning operation)								-	-
	on cattle & Lamb locally supplied	12,172,816	7,760,595	-	9,051,354	5,442,396	-	3,121,462	2,318,199	-
	on imported beef and mutton	38,995,917	4,899,336	-	27,637,248	3,619,235	-	11,358,669	1,280,101	-
	Sales of live cattle	5,459,217	-	-	5,370,045		-	89,171	-	-
	QZH (beef section)'s Total	**57,623,925**	**13,208,787**		**42,548,711**	**9,353,132**		**15,075,214**	**3,855,655**	-
	% of increase (+) or decrease (-)	**336%**			**355%**			**291%**		
HSA	Sales of Organic fertilizer	3,593,603	3,782,970	6,213,256	2,633,850	2,521,994	4,573,209	959,753	1,260,976	1,640,047
	Sales of Organic Mixed Fertilizer	16,373,780	16,222,209	5,277,139	8,876,794	8,739,488	2,467,261	7,496,986	7,482,721	2,809,878
	HSA Total	**19,967,383**	**20,005,179**	**11,490,395**	**11,510,644**	**11,261,482**	**7,040,470**	**8,456,739**	**8,743,697**	**4,449,925**
	% of increase (+) or decrease (-)	**0%**	**74%**		**2%**	**60%**		**-3%**	**96%**	
	SJAP's & HS.A./Beef and Organic fertilizer total	**164,565,027**	**122,041,511**	**73,718,075**	**122,779,243**	**82,485,760**	**45,451,888**	**41,785,784**	**39,555,751**	**28,266,187**
	% of increase (+) or decrease (-)	**35%**	**66%**		**49%**	**81%**		**6%**	**40%**	

Revenue from the sector of beef and organic fertilizer increased by $42,523,516 or 35% from $122,041,511 for the year ended December 31, 2014 to $164,565,027 for the year ended December 31, 2015. The increase was primarily due to the increase of sales by QZH’s deboning activities jumping from 2014’s $13.2 million to 2015’s $57.6 million).

Cost of goods sold from beef and organic fertilizer increased by $40,293,483 or 49% from $82,485,760 for the year ended December 31, 2014 to $122,779,243 for the year ended December 31, 2015. The corresponding increase was primarily due to the increase of cost of production in SJAP’s increase in trading productivity of live cattle, HSA’s increased production of fertilizer and QZH’s increase in its cost of sales from slaughter and deboning operations.

Gross profit from the beef and organic fertilizer sector increased by $2,230,033 or 6% from $39,555,751 for the year ended December 31, 2014 to $41,785,784 for the year ended December 31, 2015. The increase was primarily due to the increase of QZH’s increase of gross profit from slaughter and deboning and import operations from 2014’s $1.3 million to 2015’s $11.4 million.

Table below shows the itemized sales of goods and related cost of sales in quantity and unit price for the year ended December 31, 2015 and the years, 2014 and 2013 of the beef and organic fertilizer divisions..

Description of items		**2015**	**2014**	**2013**	**Difference 2015/2014**
Cattle Operation					
Production and Sales of live cattle	**Head**	**22,480**	18,585	9,375	3,895
Average Unit sales price	$/head	3,089	3,397	3,461	(308)
Unit cost price	$/head	2,481	2,522	2,265	(41)
Production and sales of feedstock					0
Bulk Livestock feed	**MT**	**39,040**	37,390	38,194	1,650
Average Unit sales price	$/MT	174	167	155	7
Unit cost price	$/MT	83	84	110	(1)
Concentrated livestock feed	**MT**	**28,584**	32,191	31,717	(3,607)
Average Unit sales price	$/MT	423	415	418	8
Unit cost price	$/MT	262	257	257	5
Production and sales of fertilizer	**MT**	**18,503**	33,673	60,509	(15,170)
Average unit sales price	$/MT	172	181	175	(9)
Unit cost price	$/MT	120	107	80	13
*** QZH (Slaughter & De-boning operation)**					0
Slaughter operation					0
Slaughter of cattle	**Head**	**2,700**	**1,400**		**1,300**
Service fee	$/Head	8	8		(0)
Sales of associated products	Pieces	2,730	1,554		1,176
Average Unit sales price	$/Piece	357	346		11
Unit cost price	$/Piece	180	188		(8)
De-boning & Packaging activities					0
From Cattle supplied locally					0
De-boned Meats	**MT**	**1,356**	**575**		**781**
Average Unit sales price	$/MT	8,978	13,497		(4,519)
Unit cost price	$/MT	6,676	9,465		(2,789)
From imported beef	**MT**	**4,544**	289		4,255
Average Unit sales price	$/MT	8,582	9,460		(878)
Unit cost price	$/MT	6,082	6,892		**(810)**
From imported lamb	**MT**		261		(261)
Average of sales price	$/MT		8,297		(8,297)
Average of cost price	$/MT		6,235		(6,235)
Production and Sales of live cattle	Heads	**2,266**			
Average Unit sales price	US$/head	2,409			

The average of live cattle prices fell by $308/head based on average prices at RMB24/Kg (live weight) compared to the average of RMB32/Kg in same period of 2014 representing a drop of 25% in average live weight prices of local cattle. In fact, during the last quarter of 2015, the average live cattle prices dropped to as low as RMB20 / Kg, much lower than the overall 2015 average of RMB24 / Kg that had been leveraged by better than average prices during the first half of the year.

The increase of bulk livestock feed sales by around 1,650 MT in 2015 compared to 2014 is mainly due to the natural increase of sales being supported by regional farmers in recognizing the quality and protein value of our bulk livestock feed.

- **1. (ii). The operations of HSA in manufacturing and sales of organic fertilizer itemizing unit sales, costs and quantity of sales:**

	Description of items		2015	2014	2013	Difference 2015/2014
HSA	**Fertilizer operation**					
	Organic Fertilizer	**MT**	**13,037**	**14,128**	**19,230**	**-1,091**
	Average Unit sales price	$/MT	262	260	323	3
	Unit cost price	$/MT	197	176	238	21
	Organic Mixed Fertilizer	**MT**	**36,232**	**35,868**	**12,775**	**364**
	Average Unit sales price	$/MT	452	452	413	-0
	Unit cost price	$/MT	245	244	193	1
	Retailing packed fertilizer (for super market sales)	MT	**180**	**120**	**-**	**60**
	Average Unit sales price	$/MT	952	928	-	24
	Unit cost price	$/MT	364	346	-	18

Overall sales in 2015 of organic mixed fertilizer ("**OMF**") increased by 364 MT while organic fertilizer decreased by 1091 MT compared to 2014, reflecting a perennial shift in production and sales based on market constants rather than a ramping up of production to meet current levels.

- **2. Plantation Division** refers to the operations of JHST. JHST is engaged in the HU Plantation business where dragon fruit flowers (dried and fresh), cash vegetable crops and immortal vegetables are sold to wholesale and retail markets. JHST's financial statements are consolidated into the financial statements of MEIJI as one entity.

	In US$	**Sales of goods**			**Cost of Goods sold**			**Sales of Goods' Gross profit**		
		2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
JHST	Sales of Fresh HU Flowers	1,162,572	600,407	2,193,971	391,404.95	196,497	660,550	771,167	403,909	1,533,421
	% of increases (+) or decreases (-)	**94%**	**-73%**		**99%**	**-70%**		**91%**	**-74%**	
	Sales of Dried HU Flowers	10,018,496	6,431,960	18,668,070	3,085,195	1,786,159	8,788,077	6,933,301	4,645,801	9,879,993
	% of increases (+) or decreases (-)	**56%**	**-66%**		**73%**	**-80%**		**49%**	**-53%**	
	Sales of Dried Immortal vegetables	2,305,980	4,053,909	1,464,327	796,269	1,352,201	469,844	1,509,711	2,701,708	994,483
	% of increases (+) or decreases (-)	**-43%**	**177%**		**-41%**	**188%**		**-44%**	**172%**	
	Sales of Vegetable products	187,846	-	488,108	110,097	-	183,041	77,749	-	305,067
	% of increases (+) or decreases (-)									
	JHST/Plantation Total	**13,674,894**	**11,086,275**	**22,814,476**	**4,382,965**	**3,334,857**	**10,101,512**	**9,291,929**	**7,751,418**	**12,712,964**
	% of increases (+) or decreases (-)	**23%**	**-51%**		**31%**	**-67%**		**20%**	**-39%**	

Revenue from our plantation increased by $2,588,619 or 23% from $11,086,275 for the year ended December 31, 2014 to $13,674,894 for the year ended December 31, 2015 due mainly to better yields of flowers in our own farm this year compared to the 2014 season, however, this increase was not sufficient to reach the sales revenue of 2013 (US$22.8 million), primarily due to this year's wet season affecting the yields of the regional growers who supply fresh flowers for drying, in turn, lowering our overall sales of dried flowers.

Cost of goods sold from the plantation increased by $1,048,108 or 31% from $3,334,857 for the year ended December 31, 2014 to $4,382,965 for the year ended December 31, 2015. The increase was primarily due to the corresponding increase in sales.

Gross profit from our plantation increased by $1,540,511 from $7,751,418 for the year 2014 to $9,291,929 for the year 2015. The increase was primarily due to greater production at our own farm after having resolved the plant disease problem encountered in 2014.

	Description of items		**2015**	**2014**	**2013**	**Difference 2015/2014**
JHST	**Plantation of HU Flowers and Immortal vegetables**					
	Fresh HU Flowers	**Pieces**	**6,500,000**	**4,002,710**	**14,383,484**	**2,497,290**
	Average Unit sales price	$/Pieces	0.18	0.15	0.15	0.03
	Unit cost price	$/Pieces	0.06	0.05	0.05	0.01
	Dried HU Flowers	**MT**	**628**	**465**	**1,504**	**163**
	Average Unit sales price	$/MT	15,966	13,832	12,412	2,134
	Unit cost price	$/MT	4,917	3,841	5,843	1,075
	Dried Immortal vegetables	**MT**	**27**	**50**	**10**	**-24**
	Average Unit sales price	$/MT	87,018	81,078	152,534	5,940
	Unit cost price	$/MT	30,048	27,044	48,942	3,004
	Other Value added products	**Pieces**	**151**	**-**	**60,000**	**151**

- **3.B. Fishery Division** refers to the operations of Capital Award covering its engineering, technology and consulting service management of fishery farms and seafood sales operations and marketing, where Capital Award generates revenues from providing engineering consulting services as turnkey contractors to owners and developers of fishery projects that are being designed and engineered into turnkey contracts by Capital Award in China using its APM technology and management systems as follows:

(A) Engineering and Technology Services; via Consulting and Service Contracts ("**CSC's**") for the development, construction, and supply of plant and equipment, and management of fishery (and prawn or shrimp) farms and related business operations. (Please see later chapter for further details).

(B) Seafood Sales from CA's projected farms

Capital Award generates sales revenues from the following:

(1) Sales to JFD (or Fish Farm 1 or FF1) which is an SFJVC and sales derived from seafood brought from JFD (currently, only the JFD subsidiary is a SFJVC), the financial statements of which are consolidated into TRW as one entity.

FF1 generates sales from its production of (a) its indoor APM farm with 16 APM production units and (b) its open dam farms producing fish and prawns from a 310 Mu (or 52 acres) of land leased from PF2.

(2) Sales to and sales derived from seafood brought from the un-incorporated companies, covering EBAPCD (or Prawn Farm 1 or PF1) and ZSAPP (or Prawn Farm 2 or PF2) are accounted for independently as follows:

CA and EBAPCD (PF1): (a) CA purchases prawn and/or fish fingerling and feed stocks from third party suppliers and resells to PF1 at variable small or no profit margins and (b) CA purchases matured prawns and fish from PF1 and sells to third parties (wholesale markets).

PF1 generates sales from its production of (a) its indoor APM farm with 4 APM production units in 2014 and 16 APM production units from Q3 2015, onward and (b) its open dam farms producing fish and prawns from a 290 Mu (or 48 acres) of land leased from PF2.

CA and ZSAPP (PF2): (a) CA earns commissions from the sale of prawn fingerlings that are sold by PF2 to third parties, and in this respect PF2 produces its own prawn fingerlings as compared to CA purchasing them from PF2 and resells them to PF1 or FF1, as described above, and (b) CA purchases matured prawns and fish from PF2 and sells to third parties (wholesale markets).

PF2 has 6 indoor APM production nurseries producing prawn fingerling and open dam farms situated on about 400 Mu (about 66 acres) producing prawns and fish.

	In US$	**Sales of goods**			**Cost of Goods sold**			**Sales of Goods' Gross profit**		
		2015	**2014**	**2013**	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
CA	Sales of									
	Fish (Sleepy cod)	3,506,200	20,308,197	39,691,498	2,774,693	15,851,271	32,574,763	731,507	4,456,926	7,116,735
	% of increases (+) or decreases (-)	**-83%**	**-49%**		**-82%**	**-51%**		**-84%**	**-37%**	
	Eels	33,135,843	58,854,155	27,552,690	26,071,073	39,665,207	14,823,189	7,064,770	19,188,948	12,729,501
	% of increases (+) or decreases (-)	**-44%**	**114%**		**-34%**	**168%**		**-63%**	**51%**	
	Prawns	40,030,264	26,613,535	5,118,792	30,958,091	21,408,578	4,072,524	9,072,173	5,204,957	1,046,268
	% of increases (+) or decreases (-)	**50%**	**420%**		**45%**	**426%**		**74%**	**397%**	
	Mixed fish species	8,731,709			7,349,142			1,382,567		-
	CA/ Fishery total	**85,404,016**	**105,775,887**	**72,362,980**	**67,152,999**	**76,925,056**	**51,470,476**	**18,251,017**	**28,850,831**	**20,892,504**
	% of increases (+) or decreases (-)	**-19%**	**46%**		**-13%**	**49%**		**-37%**	**38%**	

Revenue from fishery decreased by $20,371,871 or 19% from $105,775,887 for the year ended December 31, 2014 to $85,404,016 for the year ended December 31, 2015. The decrease in fishery was primarily due to the decrease in sales of eels (from $58.9 million in 2014 to 2015's $33.1 million) and the decrease in sales of sleepy cod (from 2014's $20.3 million to 2015's $3.5 million) that has not been fully compensated for by the increase in prawn sales (from 2014's $26.6 million to 2015's $40 million) and the increase of sales of other mixed fish species (from 2014's $0 to 2015's $8.7 million).

Cost of goods sold from fishery decreased by $9,772,057 or 13% from $76,925,056 for the year ended December 31, 2014 to $67,152,999 for the year ended December 31, 2015. The decrease in cost of goods from fishery was primarily due to the decrease in in corresponding sales.

Gross profit from fishery decreased by $10,599,814 or 37% from $28,850,831 for the year ended December 31, 2014 to $18,251,017 for the year ended December 31, 2015. The primarily reasons for the decrease of Gross profit are as follows:

(i) Gross profit derived from sale of eels dropped $12.1 million from 2014's $19.2 million to 2015's $7.1 million primarily due to the short supplies of eel fingerling thus reducing the supply of semi-matured eels for further fattening and trade; and

(ii) Gross profit derived from the sales of sleepy cod dropped by $3.9 million from 2014's $4.6 million to 2015's $0.7 million primarily due to the unstable market price of sleepy cod in 2015 making it difficult for our farms to grow-out sleepy cod at previous quantities.

Although CA made up $5.2 million in gross profit on the sales of prawns and other mixed fish species, collectively from 2014's gross profits derived from prawn sales of $5.2 million to 2015's $9.0 million and from other mixed fish sales of $0 in 2014 to 2015's $1.38 million, there was however a short fall in gross profit by US$5.4 million that is expected to be recovered with more prawns and mixed fish sales grown by more farms that developed by CA in 2016 and onward.

	Description of items		2015	2014	2013	Difference 2015 to 2014
CA	**Production and sale (inclusive of contracted farms) of live sea food**					
	Fish (Sleepy cods)	**MT**	**236**	**1,326**	**2,616**	**(1,090)**
	Average Unit sales price	$/MT	14,896	15,310	15,170	(414)
	Unit cost prices	$/MT	11,828	11,950	12,450	(122)
	Eels	**MT**	**1,479**	**2,461**	**1,661**	**(982)**
	Average Unit sales price	$/MT	22,404	23,915	16,590	(1,511)
	Unit cost price	$/MT	17,628	16,118	8,925	1,510
	Prawns	**MT**	**2,644**	**1,802**	**417**	**842**
	Average Unit sales price	$/MT	15,140	14,769	12,280	371
	Unit cost price	$/MT	11,709	11,880	9,770	(171)
	Mixed fishes	**MT**	**2,403**			
	Average Unit sales price	$/MT	3,634			
	Unit cost price	$/MT	3,058			
	Total sales in	**MT**	**6,762**	**5,589**	**4,694**	**1,173**

- **4. Cattle Farm Division** refers to the operations of Cattle Farm 1 under Jiangmen City Hang Mei Cattle Farm Development Co. Ltd ("JHMC") where cattle are sold live to third party livestock wholesalers who are selling them mainly in Guangzhou and Beijing livestock wholesale markets. The financial statements of JHMC are consolidated into MEIJI as one entity along with MEIJI's operation in the consulting and service for development of other cattle farms, such as Cattle Farm 2, or related projects.

	In US$	Sales of goods			Cost of Goods sold			Sales of Goods' Gross profit		
		2015	2014	2013	2015	2014	2013	2015	2014	2013
MEIJI	Sale of Live cattle (Aromatic) from own farm & from trading	35,272,834	32,891,161	17,671,418	33,403,353	31,151,084	13,161,262	1,869,481	1,740,077	4,510,156
	MEIJI / Cattle farm Total	**35,272,834**	**32,891,161**	**17,671,418**	**33,403,353**	**31,151,084**	**13,161,262**	**1,869,481**	**1,740,077**	**4,510,156**
	% of increases (+) & decreases (-)	**7%**	**86%**		**7%**	**137%**		**7%**	**-61%**	

Revenue from cattle farm increased by $2,381,673 or 7% from $32,891,161 for the year ended December 31, 2014 to $35,272,834 for the year ended December 31, 2015. The increase was primarily due to the natural growth in cattle being fattened in and sold from the Company farm and the increase in the number of cattle being traded during the year.

Cost of goods sold from cattle farm increased by $2,381,673 or 7% from $31,151,084 for the year ended December 31, 2014 to $33,403,353 for the year ended December 31, 2015. The increase was primarily due to the increase of sales of fattened cattle.

Gross profit from cattle increased by $129,404 from $1,740,077 for the year 2014 to $1,869,481 for the year ended December 31, 2015. The increase was primarily due to the increase of cattle growing capacity allowing more cattle to be fattened and sold from its own farm.

	Description of items		2015	2014	2013	Difference 2015 to 2014
MEIJI	**Production and trading on sale of Live cattle**	**Head**	**14,947**	**7,842**	**5,597**	**7,105**
	Average Unit sales price	$/head	2,360	4,194	3,157	(1,834)
	Unit cost prices	$/head	2,235	3,972	2,351	(1,738)

The lower average of unit sale prices and unit cost prices of cattle in 2015 to 2014 was primarily due to more sales in "Yellow Cattle" that were smaller in size and in live weight (averaging between 350 Kg / head) comparing to other beef cattle averaging over 600 Kg / head.

- **5. Corporate & Others Division** refers to the business operations of Sino Agro Food, Inc., including import/export business and consulting and service operations provided to projects not included in the above categories, and not limited to corporate affairs**.**

	In US$	Sales of goods			Cost of Goods sold			Sales of Goods' Gross profit		
		2015	2014	2013	2015	2014	2013	2015	2014	2013
SIAF	Sales of goods through trading/import/export activities									
	on seafood (via mainly Madagasca imports)	14,405,488	47,499,225	22,047,092	12,804,878	35,157,911	19,160,917	1,600,610	12,341,314	2,886,175
	% of increases (+) and decreases (-)	**-70%**	**115%**		**-64%**	**83%**		**-87%**	**328%**	
	on imported beef and mutton	23,464,295	3,360,022		20,320,446	1,698,984		3,143,849	1,661,038	-
	% of increases (+) and decreases (-)	**598%**			**1096%**			**89%**		
	SIAF/ Others & Corporate total	**37,869,783**	**50,859,247**	**22,047,092**	**33,125,324**	**36,856,895**	**19,160,917**	**4,744,459**	**14,002,352**	**2,886,175**
	% of increases (+) and decreases (-)	**-26%**	**131%**		**-10%**	**92%**		**-66%**	**385%**	

Revenue from the corporate decreased by $12,989,464 or 26% from $50,859,247 to $37,869,783 for the year ended December 31, 2015. The decrease was primarily due to less seafood being imported from Madagascar because a poor season limited supplies and a change in Madagascar's export policies restricting export quantity of live seafood. Although this sector managed to increase its sales of imported beef and mutton from 2014's $3.36 million to 2015's US$23.5 million, representing an increase of over $20 million or 599.4%, it was not enough to make up the decrease of $33.1 million derived from the import seafood sales of $47.5 million in 2014 to 2015's $14.4 million.

Cost of goods sold from corporate decreased by $3,731,571 or 10% from $36,856,895 for the year ended December 31, 2014 to $33,125,324 for the year ended December 31, 2015. The decrease was primarily due the corresponding decrease of sales.

Gross profit from the corporate decreased by $9,257,893 or 66% from $14,002,352 for the year ended December 31, 2014 to $4,744,459 for the year ended December 31, 2015. The decrease was primarily due to less seafood being imported from Madagascar because of poor season limited supplies and a change in Madagascar's export policies on live seafood. Although this sector managed to increase its gross profit derived from the sales of imported beef and mutton from 2014's $1.7 million to 2015's $3.1 million representing an increase of over 83.35% it was not enough to make up the decrease of $10.7 million drop in gross profit from $12.4 million in 2014 to 2015's $1.6 million resulting from its Madagascar import trades. However this sector has been increasing its imported beef and mutton trades and developing more supply sources from other countries (other than Madagascar) with the aim to improve its bottom line from 2016, onward.

	Description of items		2015	2014	2013	Difference
SIAF	**Seafood trading from imports**					-
	Mixed seafood	**MT**	**810**	3,152	1,521	-2,342
	Average of sales price	**$/MT**	**17,785**	**15,070**	**14,498**	**2,715**
	Average of cost prices	$/MT	15,808	11,154	12,600	4,654
	Beef & Lamb trading from imports	**MT**	**2,556**	590	-	1,966
	Average of sales price	**$/MT**	9,179	5,695	-	3,484
	Average of cost price	$/MT	7,949	2,880	-	5,070

- ***5.A. Engineering technology consulting and services:***

<u>Notes to Table A (1) Note (1.1, 2.1 and 3.1)</u>

Table (A.5) below shows the revenue, cost of services and gross profit generated from Consulting, services, commission and management fees for years 2015, 2014 and 2013.

Sales Revenues (Consulting and Services)	**2015**	**2014**	**2013**	**Difference**	**Description of work**
CA	88,480,956	76,750,308	36,696,125	11,730,648	Work in progress on PF(1), FF(2), PF(2) and Zhongshen New Prawn Project
MEIJI	-	-	7,120,596	0	Work completed in 2014
SIAF	3,785,974	4,929,984	8,995,051	(1,144,010)	Work Worked completed with Shanghai Distribution Center, restaurant 7 & 8th.
Group Total Revenues	**92,266,930**	**81,680,292**	**52,811,772**	**10,586,638**	
Cost of sales				0	
CA	55,641,537	39,387,359	13,197,048	16,254,178	
MEIJI	-	-	4,733,262	0	
SIAF	1,404,813	4,854,541	2,618,298	(3,449,728)	
Group Total Cost of sales	**57,046,350**	**44,241,900**	**20,548,608**	**12,804,450**	
Gross Profit				0	
CA	32,839,419	37,362,949	23,499,077	(4,523,530)	
MEIJI	-	-	2,387,334	0	
SIAF	2,381,161	75,443	6,376,753	2,305,718	
Group Total Gross Profit	**35,220,580**	**37,438,392**	**32,263,164**	**(2,217,812)**	

<u>Revenues (consulting, service, commission and management fee):</u>

Revenues increased by $10,586,638 or 13% from $81,680,292 for the year ended December 31, 2014 to $92,266,930 for the year ended December 31, 2015. The increase was primarily due to an increase in revenue from the construction and development work done on the New Zhongshan Prawn project of $65,446,497, which contributed 70.9% of total revenue.

<u>CA (Fishery):</u> Revenue from fishery increased by $11,730,648 or 15% from $76,750,308 for the year ended December 31, 2014 to $88,480,956 for the year ended December 31, 2015. The increase was due primarily to the increase of work in progress from the Zhongshan New prawn Project.

SIAF (Corporate): Revenue from corporate decreased by $1,144,010 or 23% from $4,929,984 for the year ended December 31, 2014 to $3,785,974 for the year ended December 31, 2015. The reason for the decrease is due to the reduced pace of work in progress for the construction of restaurant related work during 2015.

Cost of services (consulting, service, commission and management fee)

Cost of services for consulting, service, commission and management fee increased by $12,804,450 or 29% from $44,241,900 for the year ended December 31, 2014 to $57,046,350 for the year ended December 31, 2015. The increase was primarily due to the increase of work in progress on the Zhongshan New Prawn Project.

CA (Fishery): Cost of services from fishery increased by $16,254,178 or 41% from $39,387,359 for the year ended December 31, 2014 to $55,641,537 for the year ended December 31, 2015. The increase was due primarily due to the increase of work in progress from the Zhongshan New prawn Project.

SIAF (Corporate): Cost of services from corporate decreased by $3,449,728 or 71% from $4,854,541 for the year ended December 31, 2014 to $1,404,813 for the year ended December 31, 2015. The reason for the decrease is because the slow progress for the construction of restaurant related work during the year of 2015.

Gross profit (consulting, service, commission and management fee)

Gross profit of consulting, service, commission and management fees decreased by $2,217,812 or 6%, from $37,438,392 for the year ended December 31, 2014 to $35,220,580 for the year ended December 31, 2015.

CA (Fishery): Gross profit from fishery decreased by $4,523,530 or 12% from $37,362,949 for the year ended December 31, 2014 to $32,839,419 for the year ended December 31, 2015. The reason for the lower gross profit was primarily due to the lower margin derived from the Zhongshan New Prawn Project that is a much bigger project compared with other farm projects that CA did previously.

SIAF (Corporate): Gross profit from corporate increased by $2,305,718 from $75,443 for the year ended December 31, 2014 to $2,381,161 for the year ended December 31, 2015. The reason for the increase is because bulk of the costs was billed in the early stages of restaurant developments.

Table (A.6) below highlights on general information of ongoing Consulting and Services provided by Capital Award, MEIJI and SIAF, respectively, as of December 31, 2015:

Name of the developments	Location of development	Designed capacity per year	Land area or Built up area	Current Phase & Stage	Commencement date of development	development's completion date on or before	Contractual amount	% of completion as of 31.12.2015	Notes
Fish Farm (1)	Enping City	1,200 MT	9,900 m2	fully operational	July 2010	June 2011	$5.3 million	Fully operational	
Prawn Farm (1)	Enping City	2013=400MT 2014=800MT 2015=1200 MT	23,100 m2	2 phases and road work	2 phases and road work and Phase 3 extension of grow-out farm & Phase 4 demonstrated hydroponic farm	Phase 1 on June 2011 Phase (2.1) Phase (2.2) Road work Started Aug. 2012	Phase (1) on December 2012 Phase (2) completed Q1 2013	Phase (1) $11.6 million Phase (2) 6.39 million Road work $2.94 million, Phase 3 US$5.2 million & Phase 4 US$1.6 million	Prawn farm (1)'s 14 APM tanks are in operation and, construction of the Hydroponic farm is planned to start in Q3 2016.
Fish Farm (2) "The Fish & Eel Farm	Xin Hui District, Jiang Men.	2014=800 MT 2015= 1600 MT 2016=2000MT	165,000 m2	3 Phases	Phase 1 January 15, 2012 Bridge & Road Oct. 2012 Phase (3) 2013 & (4)2014	Phase 1 June 2014 Bridge & Road Dec. 2013 Phase (3) & (4) 2015	Phase (1) $8.73m Bridge & Road $2.48m Phase (3) $4.38m Phase (4) $10.63m	Phase (1) & Bridge and Road completed Jan. 2013 Phase (3) completed and Phase (4) not started.	Phase 4 work has no solid plan to start at this stage.
Prawn Farm (2) The Hatchery & Nursery & Grow-out prawn farm	San Jiao Town, Zhong San City,	2013=1.6 Billion Fingerling and 400MT of prawns increasing yearly and by 2015 = 3.2 billion fingerling and 1200 MT of Prawns	120,000 m2	2 phases	Phase (1) and Phase (2) May 2012 Phase (3) 2014	Phase (1) Dec. 2012 and Phase (2) December 2013.Phase (3) Dec. 2014	Phase (1) $9.26m and Phase (2) $8.42m Phase (3) $11.5m	Phase (1) fully operational and Phase (2) in operation and Phase (3) not started	Phase 3 work is in progress & Phase 4 is planned to start work within Q3 2016.
Cattle Farm (1)	LiangXi Town, Enping City	165,013 m2	1,500 Head	2 phases	April 2011	December 2011	$3.0m +$1.17m	Fully Operational	
Cattle Farm (2)	LiangXi Town, Enping City	230,300 m2	2,500 head	2 Phases	February 2012	March. 2014	$10.6 million	completed	Operational.
Cattle Farm (1) external road work	LiangXi Town, Enping City	4.5 Km road		One Phase	September 2012	March. 2013	$4.32 million	Completed	
Cattle Farm (2) External Road work.	LiangXi Town, Enping City	5.5 Km Road		One Phase	September 2012	March. 2013	$5.28 Million	Completed	
WHX Restaurants etc.	Guangzhou City	5,500 seatings in total		Phase (1) Stage (1)	June 2012	December 2015	$17.5 million	Work in progress	Restaurant 7 & 8's work has been completed.
NaWei wholesale Center	Guangzhou City		5,000 m2	One Phase	July 2012	March. 2014	$ 9 million	Completed	Operational.
	Shanghai City		3,000 m2	Two Phases	Sept. 2014	December. 2014	$5 million	Completed	In operation.
New Zhongshan Prawn Project	Zhongshan City	Phase (1)S(1)= 10,000 MT S(2)= 30,000 MT Phase (2) S(1) =100,000 MT Phase (3) 200,000 MT	3600 MU land & BU area 3.57 million square meter	Phase (1) Stage (1)	Nov. 2013	10 years for 100,000 MT capacity & 20 years for whole integrated project	10 years for US$2.6 billion	minimal	90% Phase (1) Stage (1)'s farm construction work completed and first trials of stocking started during last week February 2016.

<u>Note (4) to Table A 1 Other Income:</u>
<u>Table (Note 4.1) below shows the Gain / Loss on extinguishment of debts (or Debt Settlement) representing recent sales of unregistered securities and the issuance of shares for the year of 2015:</u>

The Company entered into several agreements with third parties to settle debts by issuance of the Company's common stock. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued. During the year ended December 31, 2015, the Company issued an aggregate of 2,971,041 shares of Common Stock; of which (i) in consideration for extinguishment of debt in the aggregate amount of $1,000,000 for the issuance of 100,000 shares, reporting gain as income of $130,000 from the extinguishment of debts; (ii) 47,787 shares for staff compensation; (iii) 707,070 shares for conversion of preferred stock Series B to ordinary share; 1,888,304 shares as security for raising loan debts and trade finance facility; and (iii) 47,787 shares for reverse split adjustment.

During the last three years, we have issued unregistered securities to Chinese persons none of them residents of the United States. None of these transactions involved any underwriters, underwriting discounts or commissions, or any public offering. The sales of these securities were, except as set forth below, deemed to be exempt from the registration requirements of the Securities Act of 1933 by virtue of Section 4(a)(2) thereof, and/or Rule 506 of Regulation D promulgated there under, as transactions by an issuer not involving a public offering. The recipients of securities in each transaction represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the certificates issued in such transactions. All purchasers of our securities were accredited or sophisticated persons and had adequate access, through employment, business or other relationships, to information about us.

We relied upon Regulation S of the Securities Act of 1933, as amended, for the above issuances, none of which was made to US citizens or residents. We believe that Regulation S was available because:

- None of these issuances involved underwriters, underwriting discounts or commissions;
- We placed the requisite Regulation S restrictive legends on all certificates issued;
- No offers or sales of stock under the Regulation S offering were made to persons in the United States; and
- No direct selling efforts of the Regulation S offering were made in the United States.

The other income for the year ended December 31, 2015 amounted to $(1,440,372) and derived from the combination of (1) Gain on extinguishment of debt $132,000, Government Grant $2,891,482 and other income $483,299 less interest expenses of $(4,947,153). Whereas the other income for the year ended December 31, 2014 amount to $490,649, and derived from the combination of (1) Gain on extinguishment of debt $270,586, Government Grants $537,787 and other income $270,586 less interest expenses of $(761,299).

Gain (loss) of extinguishment of debts
Any deficit (excess) of the fair value of the shares over the carrying cost of the debt has been reported as a gain (loss) on the extinguishment of debt of $132,000 and $270,586 has been credited (charged) to operations for the years ended December 31, 2015 and 2014, respectively.

Any deficit (excess) of the fair value of the shares over the carrying cost of the debt has been reported as a gain (loss) on the extinguishment of debt of $132,000 and $270,586 has been credited (charged) to operations for the years ended December 31, 2015 and 2014, respectively. For the fiscal year 2015, the table below summarizes the number of shares being issued and purposes of issuance:

Date / reference#	Description	Gain / Loss	# shares issued or brought back	% of increase / decrease
As at 31.12.2014	**Total outstanding shares as at 31. December 2015**		**17,162,716**	
Year 2015	Issue of shares			
A.	Shares issued for Staffs and workers entitlement	-	47,787	0.3%
B.	Preferred B series shares being converted in common shares	-	707,070	4.1%
C.	Shares issued to adjust & correct the total issued and outstanding shares after the Reversed Split exercise	-	227,880	1.3%
D.	Shares issued as security to secure loan debts based on tenure of 3 years; and when the debts will be re-paid at maturity, the collateralized shares will be returned to the company and the Company will in term return them back to treasury.	-	753,304	4.4%
E	Shares issued as security to secure trade financing facility of USD20 million based on tenure of 3 years; and when the debts will be re-paid at maturity, the collateralized shares will be returned to the company and the Company will return them back to treasury.	-	1,135,000	6.6%
F	Shares issued to settle other payables	-	100,000	0.6%
Year 2015	Total shares issued during 2015		2,971,041	17.3%
As at 31.12.2015	**Total outstanding shares as at 31.12.2015**		**20,133,757**	
	Representing activities of:			
	Financing activities		1,988,304	11.6%
	No consequence		982,737	5.7%
			2,971,041	17.3%

Note (5) to Table A 1 General and Administrative Expenses and Interest Expenses:

General and administrative and interest expenses (including depreciation and amortization) increased by $6,527,517 or 40% from $16,377,577 for the year ended December 31, 2014 to $22,905,094 for the year ended December 31, 2015. The increase was seen in all sectors, including but not limited to office and corporate expenses of $1,929,622 from $6,213,373 for the year ended December 31, 2014 to $8,148,940 for the year ended December 31, 2015, and the increase in others and miscellaneous of $1,268,740 from $3,028,297 for the year ended December 31, 2015 to $4,297,037 for the year ended December 31, 2014 as shown in Table below:

Table (to Note 5)

Note (5) to Table A 1 General and Administrative Expenses and Interest Expenses:

Category	2015	2014	Difference
	$	$	$
Office and corporate expenses	8,148,940	6,213,373	1,935,567
Wages and salaries	2,330,627	2,869,469	-538,842
Traveling and related lodging	170,060	151,514	18,546
Motor vehicles expenses and local transportation	209,355	195,863	13,492
Entertainments and meals	175,337	165,827	9,510
Others and miscellaneous	4,297,037	3,028,297	1,268,740
Depreciation and amortization	3,309,361	2,991,935	317,426
Sub-total	**18,640,717**	**15,616,278**	**3,024,439**
Interest expense	4,270,322	761,299	3,509,023
Total	**22,911,039**	**16,377,577**	**6,533,462**

Note (6) to Table A 1 Depreciation and Amortization:

Depreciation and amortization increased by $149,963 or 3% to $4,817,351 for the year ended December 31, 2015 from $4,667,388 for the year ended December 31, 2014.The increase was primarily due to the increase of depreciation by $409,396 to $2,866,527 for the year ended December 31, 2015 from depreciation of $2,457,131 for the year ended December 31, 2014, and the decrease of amortization by $259,433 to $1,950,824 for the year ended December 31, 2015 from amortization of $2,210,257 for the year ended December 31, 2014.

In this respect, total depreciation and amortization amounted to $4,817,351 for the year ended December 31, 2015, out of which amount $3,309,361 was reported under general and administration expenses and $1,507,990 was reported under cost of goods sold; whereas total depreciation and amortization was at $4,667,388 for the year ended December 31, 2014 and out of which amount $2,991,935 was reported under General and Administration expenses and $1,675,453 was reported under cost of goods sold.

Note (7) to Table A 1 Non-controlling interests:

Table (F) below shows the derivation of non-controlling interest

Names of intermediate holding company subsidiaries Abbreviated names	Capital Award Inc. (Belize) **CA**							Total
% of profit sharing on below subsidiaries (in China)	NA	75%	75%	76%	45%	45%	75%	
Name of China subsidiaries	None	Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd.(China)	Jiangmen City Hang Mei Cattle Farm Development Co. Ltd.(China)	Hunan Shenghua A Power Agriculture Co., Limited (China)	Qinghai Sanjiang A Power Agriculture Co Ltd (China)	Qing Hai Zhong He Meat product Co. Ltd (China)	Jiangmen City A Power Fishery Development Co. Ltd. (China)	
Abbreviated names		**(JHST)**	**(JHMC)**	**(HSA)**	**(SJAP)**	**(QZH)**	**(JFD)**	
Net income of the P.R.C. subsidiaries for the period ended 31. Dec. 2015 in $		6,931,890	1,601,615	5,049,097	22,189,321	14,853,619	6,738,740	
% of profit sharing of non-controlling interest		25%	25%	24%	55%	55%	25%	
Non-controlling interest's shares of Net incomes in $		1,732,973	400,404	1,211,783	12,204,127	8,169,490	1,684,685	25,403,462

The Net Income attributed to non-controlling interest is $25,403,462 shared by (JHST, JHMC, HSA, SJAP, QZH and JFD, collectively) for the year ended December 31, 2015 as shown in Table (F) above.

Note (8) to Table A 1 Earnings per share (EPS):

Earnings per share decreased by $2.12(basic) and $1.96(diluted) per share from EPS of $5.81 (basic) and $5.56 (diluted) year 2014 to EPS of $3.69(basic) and $3.60 (diluted) for year 2015. The reason for the reduction is primarily due to the incremental issuance of common stock of 2.2 million shares from its weighted average number of shares outstanding of 15.8 million as of December 31, 2014 to 18.0 million as of December 31, 2015.

Part B. MD &A on Unaudited Consolidated Balance Sheet as of the year 2015 compared to year 2014 (fiscal year)

Consolidated Balance sheets	December 31, 2015 $	December 31, 2014 $	Changes +- $	Note
ASSETS				
Current assets				
Cash and cash equivalents	7,229,197	3,031,447	4,197,750	B
Inventories	62,848,707	45,967,993	16,880,714	9
Costs and estimated earnings in excess of billings on uncompleted contracts	1,306,885		1,306,885	
Deposits and prepaid expenses	83,811,929	75,951,591	7,860,338	10
Accounts receivable	135,674,418	104,503,071	31,171,347	11
Other receivables	59,780,587	52,305,260	7,475,327	
Total current assets	**350,651,723**	**281,759,362**	**68,892,361**	
Property and equipment				
Property and equipment, net of accumulated depreciation	104,259,079	64,352,975	39,906,104	12
Construction in progress	72,788,769	69,120,277	3,668,492	13
Land use rights, net of accumulated amortization	58,485,675	63,322,202	(4,836,527)	14
Total property and equipment	**235,533,523**	**196,795,454**	**38,738,069**	
Other assets				
Goodwill	724,940	724,940		
Long term investments	769,941	817,127	(47,186)	
Proprietary technologies, net of accumulated amortization	10,784,358	11,480,298	(695,940)	15
Temporary deposit paid to entities for investments in future Sino Joint Venture companies	41,109,708	41,109,708		
Total other assets	**53,388,947**	**54,132,073**	**(743,126)**	
Total assets	**639,574,193**	**532,686,889**	**106,887,304**	
Current liabilities				16
Accounts payable and accrued expenses	9,345,559	22,138,835	(12,793,276)	
Billings in excess of costs and estimated earnings on uncompleted contracts	8,700,706	8,060,580	640,126	
Series F shares mandatory redemption payable		1,172,059	(1,172,059)	17
Due to a director	211,247	11,695,982	(11,484,735)	
Other payables	4,792,579	3,146,063	1,646,516	16C
Borrowings-Short term bank loan	4,466,040	4,410,727	55,313	
Bonds payable		1,725,000	(1,725,000)	
Negotiable promissory notes	865,968		865,968	
Total current liabilities	**28,382,099**	**52,349,246**	**(23,967,147)**	
Non-current liabilities				
Other payables	4,797,332			16C
Long term debts	1,554,902	2,306,057	(751,155)	
Convertible note payable	34,904,739	15,803,928	19,100,811	16D
Total non-current liabilities	**41,256,973**	**18,109,985**	23,146,988	
Stockholders' equity				
Preferred stock				
Series A preferred stock				
Series B convertible preferred stock		7,000	(7,000)	
Common stock	20,134	17,162	2,972	
Additional paid-in capital	142,882,173	121,158,996	21,723,177	
Retained earnings	339,616,638	273,261,108	66,355,530	
Accumulated other comprehensive income	2,197,579	6,452,816	(4,255,237)	
Treasury stock	(1,250,000)	(1,250,000)		
Total SIAF Inc. and subsidiaries' equity	**483,466,524**	**399,647,082**	83,819,442	
Non-controlling interest	86,468,597	62,580,576	23,888,021	
Total stockholders' equity	**569,935,121**	**462,227,658**	107,707,463	
Total liabilities and stockholders' equity	**639,574,193**	**532,686,889**	106,887,304	

This Part B discusses and analyzes certain items (marked with notes) that we believe assist stakeholders in obtaining a better understanding of the Company's results of operations and financial condition:

Note (B) Cash and Cash Equivalents

The change in cash and cash equivalent of $4,197,750 derived from cash and cash equivalent of $7,229,197 and $3,031,447 as of December 31, 2015 and December 31, 2014, respectively. In this respect, it is a regular situation for cash and cash equivalents to get back into its normal pattern after the irregular pattern incurred due to seasonal impacts at the end of the year.

Note (9) Break down on Inventories:

	2015 $	2014 $	Difference $
Sleepy cod, prawns, eels and marble goble	4,053,459	3,051,606	1,001,853
Bread grass	1,207,260	2,336,308	-1,129,048
Beef cattle	5,026,404	8,362,763	-3,336,359
Organic fertilizer	10,815,983	7,292,389	3,523,594
Forage for cattle and consumables	10,328,365	6,547,333	3,781,032
Raw materials for bread grass and organic fertilizer	15,440,348	14,223,407	1,216,941
Beef and mutton	14,593,458	2,908,886	11,684,572
Immature seeds	1,383,431	1,245,302	138,129
	62,848,707	**45,967,993**	**16,880,713**

Note (10) Breakdown of Deposits and Prepaid Expenses:

Note (10.1):

Note (10.1) Breakdown of Deposit for- acquisition of Land Use Right:

As of December 31, 2015, we have $3,373,110 for a deposit paid for the acquisition of a Land Use Right ("**LUR**") derived from the following transactions:

$3,182,180 (or RMB20,000,000) was full payment made on June 6, 2012 for a LUR by HSA comprising a block of land measuring 150 Mu (or 25 acres of prime agriculture land) located at Linli District of Hunan Province within 10 Km of HSA's complex. The process of application to register the said LUR is in progress, and, as such, this payment is recorded as Deposit and Prepaid Expenses pending final authority estimated to be granted within 2015 as the new local ordinances on agriculture land delayed the processing of our application. Due to the delay in approving the LUR of the said block of land, HSA has revised and supplemented the contract of said land by a leasing agreement until such time said official approval will be granted, and, in the interim, the deposit and pre-payment on said land would be treated as a rent-to-own lease arrangement providing pre-payment toward said land once approval is granted.

$190,930 (or RMB1,200,000) was paid by SJAP as deposit for the acquisition of an LUR on a block of land measuring 15 Mu (or 2.475 acres) located at Huangyuan district next to SJAP's complex on October 15, 2012. The process of rezoning this piece of land to residential (at present, agriculture) continues, and once completed will be transferred from the Local Government (Huangyuan County) to SJAP to build new staff quarters.

The matter of CA's purchase of the LUR for a block of 235 Mu (or 38.5 acres) located at Cong Hua District Guangzhou City in late October 2010 (The Cong Hua Land) is described below.

Recapping the event; as the "Cong Hua land" is part of a larger block of land (of some 500 acres) which is under a subdivision application. However in 2011, the Land Law changed such that the said sub-division now required the approval of the Central Government in Beijing, which means the approval process was lengthened. Cong Hua District was rezoned as a suburb of the Guangzhou City in 2010 within close proximity of the Guangzhou City. Management considers it as a valuable piece of land very suitable for the development of one of our agriculture projects. Our agreement with the vendor requires that they use best efforts to speed up the said subdivision's approval on or before June 30, 2014, failing which they would replace the said land with another block of land to our satisfaction. In lieu of the land swap arrangement just mentioned, the Company has negotiated with the vendor to be compensated $1 million since the Central Government approval remains pending as of September 30, 2014, which is scheduled to be paid on or before December 31, 2014. Just before the end of the year 2014, the Vendor provided an alternative land of 202 Mu (or 33.5 acres) located at Da San Dui Wei, You Nan Village, Shen Wan Town, Zhongshan City (Zhongshan Land) to replace the said 235 Mu land at Cong Hua District at an amount of US$4,453,665 (or RMB27, 989,606) that was accepted by the Company. In this respect the amount of US$4,453, 665 owed by the Vendor due to the delay in delivering the said Land Used Right to CA on "The Cong Hua land" has been paid fully by the delivery of "The Zhongshan land".

Note (10.2) Information of "Temporary deposit and pre-payments for investments in future assets and in future Sino Foreign Joint Venture companies":

Under account of Subsidiary	Segment of	Project name	Estimated total Asset value $	Estimated time of Acquisition	Current status of Project	Deposit & prepayments made as of December 31, 2015 $	Land Bank or Built Up area m2	% equivalent to equity paid
SIAF	Corporate	Trade Center	3.5 million	own development	30% completed	4,086,941	5,000	31%
		Seafood Center			2 out of 4 phases	1,032,914		
CA	Fishery	Fish Farm (1)	26.22 Million	2016	completed	6,000,000	23,100	23%
		Prawn Farm (1)	20.93 Million	2014	in operation	14,554,578	165,000	56%
		Prawn Farm (2)	29.18 Million	2014	Part operational Part work in progress	9,877,218	124,000	29%
MEIJI	Cattle	Cattle Farm (2)	15.88 Million	2014	100% completed	5,558,057	230,300	35%
						41,109,708		

During the last quarter of 2015 the Company did not pay any further deposits or prepayments for investments in future assets and in future Sino Foreign Joint Venture companies; as such, there is no change in this respect.

Note (11): Breakdown of Accounts receivable:

	Accounts receivable $	0-30 days $	31-90 days $	91-120 days $	over 120 days and less than 1 year $
Consulting and Service totaling					
CA	18,671,777	13,727,905	-		4,943,872
SIAF	2,873,833	-	-	-	2,873,833
MEIJI	2,580,312				2,580,312
Sales of Live Fish, eels and prawns (from Farms) (CA)	25,393,796	10,507,403	4,523,888	5,816,990	4,545,515
Sales of imported seafood (SIAF)	6,572,547	5,120,673	1,451,874		-
Sales of Cattle and Beef Meats (from Enping Farm) (MEIJI)	8,425,077	7,224,874			1,200,203
Sales of HU Flowers (Fresh & Dried) (JHST)	11,852,099	41,043	2,012,551	2,551,583	7,246,922
Sales Fertilizer, Bulk Stock feed and Cattle by (SJAP)	30,955,881	5,552,776	12,406,032	7,037,156	5,959,917
Sales Fertilizer from (HSA)	12,007,143	2,000,408	3,874,157	1,566,387	4,566,191
Sales of Beef (QZH)	16,341,953	5,015,200	5,012,488	2,866,676	3,447,589
Total	**135,674,417**	**49,190,282**	**29,280,990**	**19,838,792**	**37,364,354**
% of totalreceivables		**36%**	**22%**	**15%**	**28%**
% of total sales of goods	**40%**				

Information on trading terms and provision for diminution in value of accounts receivable:

Our accounts receivable aging is less than 12 months old. Receivables from revenue derived from consulting and services billed for work completed are within our normal trading terms of 180 days and therefore no diminution in value is required, as the credit quality of the receivables is not in doubt.

Fish Sales (CA) : Most farmed fish are sold to wholesalers at prevailing daily market prices and aging is within 90 days trading terms with a small portion at 180 days (for oversized fish, as the sale of oversized fish takes time to sell).. The receivables of 90 to 120 days and over 120 days amounted to $5.8 million and 4.5 million, respectively are more than other years primarily due to more goods being sold to Shanghai (WC2) and Guangzhou (WC2) distribution centers whereby they have increased their sales to more super market chains, secondary and third tier distributors etc. In as much, we had provided WC1 and WC2 with extended credit terms, affording them additional time to generate the necessary revenue to cover their obligation. These debtors represent credit quality receivables as they are well established wholesalers, distributors, chain stores and distribution centers having profitable and viable businesses with a good track record, and therefore a provision of diminution in value is not required as collection is not in doubt.

Sales of fertilizer and bulk livestock feed (SJAP): These comprise sales made to regional farmers contracted by us to grow crops and pastures using and purchasing our fertilizer. We in turn agree to buy their cattle that are fed with our bulk and concentrated cattle feed purchased from us. Under this term of arrangements our accounts receivable are normally carried forward until such time they can be offset against our account payables due to these contracted farmers (that is, the amount owed for the amount of crops and pastures is ultimately offset against the amount of cattle that we have purchased from them, respectively). As these debtors are our contract farmers and operate profitable and viable businesses with us, and have a good track record, we consider their credit quality to be good and collection from them is not in doubt, thus no diminution in value is required.

Sales Fertilizer from (HSA): HSA's receivable situation is one in which HSA provides extended credit terms to its customers, especially the lake fishermen who are able to pay their balances after having sold their harvests.

Sales of HU Flowers (Fresh & Dried) (JHST): JHST's receivable situation reflects the majority of JHST's dried flowers and immortal vegetable inventories sold to wholesalers afforded up to one year to cover their outstanding balances so as to prevent them from having to destabilize market prices by having their product dumped into the market within 3 to 4 months of peak harvest season. The payment terms require that each of their accounts must be paid in full prior to the start of the next harvest season. These debtors represent credit quality receivables as they are well established wholesalers with profitable and viable businesses with a good track record, and have been selling goods for JHST for many years, therefore a provision of diminution in value is not required as collection is not in doubt.

Sales of Beef (QZH): Most of QZH's customers are first tier wholesalers and distributors in cities of provinces that are next to Qinghai Province (i.e. Xin Ziang, Gan Su, Si Chuan and Xi Zang) to whom QZH provides various trading terms. Its receivables currently run normal as reflected in the table below:

		2015				
	Total sales $	Accounts receivable $	0-30 days $	31-90 days $	91-120 days $	over 120 days and less than 1 year $
Sales of Beef (QZH)	57,623,925	16,341,953	5,015,200	5,012,488	2,866,676	3,447,589
% of total receivables			**31%**	**31%**	**18%**	**21%**
% of total sales		**28%**				

Information on Concentration of credit risk of account receivables:

Major customer's revenues / our total revenues:

We have 4 major long-term customers (referring to Customer A, B, C and D mentioned in the Financial Statements of this Annual Report), who have accounted for 48% of our consolidated revenues for the year ended December 31, 2015 as shown in the table below:

	Twelve months ended December 31, 2015	
	% of total revenue	Customer's Total Revenue
Customer A	15.25%	65,446,497
Customer B	12.41%	53,263,768
Customer C	11.09%	47,597,310
Customer D	9.60%	41,170,084
	48.36%	207,477,659

Customer A is one of our main agents, namely Mr. Xian Zhiming (Zhongshan new prawn farm) who we agreed to extend trading terms between 120 days to 180 days in the interim until such time as they are able to secure bridge financing.

Customer B is Guangzhou City A Power NaWei Trading Co. Ltd ("**APNW**"). In respect of the project for WSC1, CA was the consulting engineer responsible for the construction of this project and development of its business operation via a Consulting and Service Contract granted by APNW. APNW is now one of our main wholesalers to which we bill our sales of seafood (including live and frozen seafood). APNW distributes the seafood to other wholesalers in various cities in China. WSC 1 is logistically situated at the center of all interprovincial services. At the same time, APNW had obtained all relevant import quotas and permits by September 30, 2013. As such, SIAF relies on APNW's import permits for its import and export trades to be carried out in China. Sales effected through WSC 1 contribute 12.41% of our total consolidated revenue, which is equivalent to $53,263,768 out of our total revenue of $429,053,484 derived from activities shown in table below:

Name of company	Segments	Operation Division	Abbreviation name	% of total revenue	Amount in $
CA	Fishery	Sales of fish, eels & prawns (from Fish Farm 1)	Wholesale Center (1)	2.58%	11,089,205
		Sales of fish prawns & eels from Contract Growers		4.04%	17,344,655
SIAF	Corporate	Trading sales of seafood, beef & mutton		5.79%	24,829,908
				12.41%	53,263,768

Customer C is Cattle Wholesale, represented by Mr. Zhen Runchi, who buys our fattened cattle to sell them in the Guangdong and Beijing cattle markets and at the same time supplies to us with young cattle. The fiscal year 2015, transactions through Mr. Zhen Runchi generated 11.09% of our total consolidated revenue (equivalent to $47,597,310 out of our total revenue of $429,053,484).

Customer D is one of our main agents, namely Mr. Li Hongzhen who distributes SJAP's organic fertilizer, bulk livestock feed and concentrated livestock feed to our cooperative farmers and other regional farmers. During 2015, Mr. Li had transacted 9.60% of our total consolidated revenue (equivalent to $41,170,084) out of our total revenue of $429,053,484 derived from the sale of SJAP's organic fertile, bulk livestock feed and concentrated livestock feed under the segment of Organic Fertilizer and Bread Grass.

Major customer's account receivables:

These 4 major long-term customers (referred to as Customer A, B, C and D above & mentioned in the Financial Statements of this Annual Report), constitute accounts receivable in the aggregate amount of $60,303,931, which is equivalent to 14% of our consolidated revenues ($429,053,484) for the year 2015 as shown in the table below:

	2015 Total consolidated revenue	**31-Dec-15** % of total Accounts receivables	Total Accounts receivables
Customer A		13.71%	$ 18,596,496
Customer B		11.31%	15,343,718
Customer C		10.12%	13,727,905
Customer D		9.31%	12,635,812
		44.45%	$ 60,303,931
	$ 429,053,484		
% to total consolidated revenue			**14%**

Note (12) Property and equipment, net of accumulation depreciation:

	2015
Plant and machinery	$ 5,889,915
Structure and leasehold improvements	90,612,871
Mature seeds and herbage cultivation	14,122,937
Furniture and equipment	704,153
Motor vehicles	790,434
	112,120,310
Less: Accumulated depreciation	(7,861,231)
Net carrying amount	$ 104,259,079

Note (13) Construction in progress:

	2015 $
Construction in progress	
- Oven room, road for production of dried flowers	3,079,766
- Office, warehouse and organic fertilizer plant in HAS	26,158,968
- Organic fertilizer and bread grass production plant and office building	11,746,949
- Rangeland for beef cattle and office building	26,463,249
- Fish pond	5,339,837
	72,788,769

Note (14): Land Use Right Net of accumulated amortization:

Item	Owner	Location	Acres	Date Acquired	Tenure	Expiry dates	Cost $	Monthly amortization $	2015.12.31 Balance $	Nature of ownership	Nature of project
Hunan lot1	HS.A	Ouchi Village, Fenghuo Town, Linli County	31.92	4/5/2011	43	4/4/2054	242,703	470	215,893	Lease	Fertilizer production
Hunan lot2	HS.A	Ouchi Village, Fenghuo Town, Linli County	247.05	7/1/2011	60	6/30/2071	36,666,141	50,925	33,916,180	Management Right	Pasture growing
Hunan lot3	HS.A	Ouchi Village, Fenghuo Town, Linli County	8.24	5/24/2011	40	5/23/2051	378,489	789	334,332	Land Use Rights	Fertilizer production
Guangdong lot 1	JHST	Yane Village, Liangxi Town, Enping City	8.23	8/10/2007	60	8/9/2067	1,064,501	1,478	915,175	Management Right	HU Plantation
Guangdong lot 2	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	27.78	3/14/2007	60	3/13/2067	1,037,273	1,441	884,564	Management Right	HU Plantation
Guangdong lot 3	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	60.72	3/14/2007	60	3/13/2067	2,267,363	3,149	1,933,557	Management Right	HU Plantation
Guangdong lot 4	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	54.68	9/12/2007	60	9/11/2067	2,041,949	2,836	1,758,345	Management Right	HU Plantation
Guangdong lot 5	JHST	Jishilu Village of Dawan Village,Juntang Town, Enping City	28.82	9/12/2007	60	9/11/2067	960,416	1,334	827,025	Management Right	HU Plantation
Guangdong lot 6	JHST	Liankai Village of Niujiang Town, Enping City	31.84	1/1/2008	60	12/31/2068	821,445	1,141	711,919	Management Right	Fish Farm
Guangdong lot 7	JHST	Nandu Village of Yane Village, Liangxi Town, Enping City	41.18	1/1/2011	26	12/31/2037	5,716,764	18,323	4,617,386	Management Right	HU Plantation
Guangdong lot 8	JHST	Shangchong Village of Yane Village, Liangxi Town, Enping City	11.28	1/1/2011	26	12/31/2037	1,566,393	5,020	1,265,164	Management Right	HU Plantation
Guangdong lot 9	MEIJI	Xiaoban Village of Yane Village, Liangxi Town, Enping City	41.18	4/1/2011	20	3/31/2031	5,082,136	21,176	3,875,129	Management Right	Cattle Farm
Qinghai lot 1	SJAP	No. 498, Bei Da Road, Chengguan Town of Huangyuan County,Xining City, Qinghai Province	21.09	11/1/2011	40	10/30/2051	527,234	1,098	472,314	Land Use Right & Building ownership	Cattle farm, fertilizer and livestock feed production
Guangdong lot 10	JHST	Niu Jiang Town, Liangxi Town, Enping City	6.27	3/4/2013	10	3/3/2023	489,904	4,083	351,098	Management Right	Processing factory
Guangdong lot 11	CA	Da San Dui Wei ,You Nan Village, Conghua District of Guangzhou City	33.28	10/28/2014	30	10/27/2044	4,453,665	12,371	4,268,096	Management Right	Agriculture
	JHST	Land improvement cost incurred		12/1/2013			3,914,275	6,155	3,760,412		
Exchange difference							-1,269,582		-1,620,914		
			654				**65,961,071**	**131,789**	**58,485,675**		

Note (15) Other Receivables

	2015	Note
Advanced to employees	169,369	
Advanced to suppliers	8,052,235	15A
Advanced to customers	20,696,433	15B
Loan to unincorporated companies (referring to corporate structure chart)	28,000,000	
	2,862,550	
	59,780,587	

Note 15.A & B: Breakdown of Advances to Suppliers at SJAP's operations:

15. A. This amount of US$8.05 million mainly consists of the costs of molds, parts and components that are required to manufacture and to fit out various types of filters in the APM filters requiring the manufacturers to carry substantial amounts of inventory while unable to sell or bill until such time that the end-product (filters) are completed. As such, the Company provides advances to the manufacturers and deducts the advances (proportionately) against the suppliers' bills, accordingly.

15. B. At SJAP it is a common practice to make cash advances to our cooperative growers (presently standing at 2,200 members) who are our suppliers, to carry them through respective growing periods (for cropping or pasturing or cattle growing purposes) before final harvests of produce or sale of their cattle. On average, it works out at less than US$12,200 per member collectively amounting to US$20.69 million, however part of that amount has been off-set by RMB1,000 / head of cattle / year given to the growers as a grant by the Government amounting to over US$4,165 million placed in trust with SJAP holding for and on behalf of the growers that in the management's opinion is a normal season to season process deemed fair and equitable. In this respect, as the said average increases it means that the average cooperative farmer is increasing his productivity (whether in the growing of crops or cattle), and in simple terms, it represents good progress indicating that SJAP's revenue is also increasing.

Note (16) Current Liabilities:

	2015	Note
Current liabilities		
Accounts payable and accruals	9,339,614	
Billings in excess of cost and estimated earnings on uncompleted contracts	8,700,706	
Due to a director	211,247	
Other payables	4,792,579	16C
Short term bank loan	4,466,040	
Negotiable promissory notes	865,968	
	28,376,154	

Note (16C): Analysis of Other Payables:

As of December 31, 2015, we have other payables totaling $9,589,911, composed of the following:

For the fiscal year ended December 31, 2015, we issued promissory notes amounting to $4,250,000 to unrelated third parties for advances granted by third parties collectively to the Company (and/or to its subsidiaries) that are personally guaranteed by a director, repayable within two years at interest free term. Promissory notes could be repaid either by cash or in shares of the Company or a combination thereof. If shares settled debt amounts, the respective share conversion rates will be determined by both parties at the time of settlement. During fiscal year 2015 we redeemed $3,150,050 of promissory notes for advances granted by third parties in fiscal year 2013 as well as in early months of 2014 by the issuance of shares leaving a balance of $2,200,000 of promissory notes still due and outstanding as of December 31, 2014.

A grant of $2,279,797 was received from the Chinese government to SJAP for the development of a certain project; however if SJAP proves to be unable to complete the project, it will have to repay the grant to the Government. As of December 31, 2015, as the project is not yet completed, the grant is recorded as other payables.

Also in fiscal year 2015, there were other advances given by other unrelated third parties collectively to our subsidiaries with no fixed term of repayment at interest free terms that may or may not have any promissory note or agreement but verbal understandings. These advances amount to $5,110,114 unpaid and outstanding as at December 31, 2015.

Part F. Pro forma on records of historical performances reflecting the Company's "Free Cash Flow "derivation: (Inclusive of SIAF and subsidiaries in segments containing Non-GAAP derivation)

	2012	2013	2014	2015	Total
Sale of goods	88	209	323	337	957
Consulting income	51	52	81	92	276
Cost of goods sold	51	139	231	261	682
Cost of service	18	21	44	57	140
EBITDA	66	98	119	100	382
Depreciation & amortization	2	3	5	5	14
Net income attributable to SIAF & subsidiaries	57	74	92	65	288
Non - controlling interest	6	20	22	25	72
Net Incomes of the group	63	94	114	91	360
Total Assets	238	357	513	640	
	-	-	-	0	
Current assets	134	147	282	350	
Total liabilities	28	38	72	70	
	-	-	-	-1	
Current liabilities	23	31	52	28	
Capital employed	216	326	461	612	-
Total stockholders equity	210	319	441	570	
Internal transaction adjustment	-	-	-	-	
Total stockholders equity (adjustment)	210	319	440	570	
ROCE	29%	49%	59%	49%	
Total Capex	34	71	35	47	187
1. property and equipment	18	22	21	43	104
2. construction in progress	13	41	10	4	68
3. land use right	3	4	4	-	11
4. proprietary technologies	-	4	-	-	4
Ending balance	111	116	230	322	
1. cash and cash equivalents	8	1	3	7	
2. inventories	17	8	46	63	
3. deposits and prepaid expenses	47	51	76	84	
4. account receivable	53	82	105	136	
5. other receivables	9	5	52	61	
6. account payables and accrued expenses	-6	-11	-22	-9	
7. short term loan	-3	-4	-4	-4	
8. other payables	-14	-16	-26	-15	
Total increase of wc	53	5	114	92	264
Total capex and increase of wc	87	76	149	139	451
Free Cash Flow (FCF)	-21	22	-30	-39	-69
Net Debt	-2	-5	-20	-41	

E.2 on APWAM (holding company of SJAP).

	2012	2013	2014	2015	Total
Sale of goods	21	62	102	144	329
Cost of goods sold	15	38	68	111	232
					-
					-
EBITDA	7	27	33	34	102
					-
Depreciation & amortization	-	-	1	1.01	2
					-
Net income attributable to SIAF & subsidiaries	3	12	14	15	44
					-
Non - controlling interest	4	15	17	18	54
Net Incomes of the group	7	27	31	33	98
Total Assets	38	88	158	200	
Current assets	24	35	83	105	
Total liabilities	11	15	28	17	
Current liabilities	6	14	16	14	
Capital employed	32	74	142	186	
Total stockholders equity	27	73	130	183	
Internal transaction adjustment	-13	-32	-58	-78	
Total stockholders equity (adjustment)	14	41	72	105	
ROCE	22%	47%	46%	49%	
Total Capex	14	38	20	21	93
1. property and equipment	9	12	6	31	58
2. construction in progress	4	24	14	-10	32
3. land use right	1	-	-		1
4. proprietary technologies	-	2	-		2
Ending balance	18	21	67	91	
1. cash and cash equivalents	1	0.38	1	2	
2. inventories	10	4	27	34	
3. deposits and prepaid expenses	6	13	19	18	
4. account receivable	7	16	34	48	
5. other receivables	-	2	2	2	
6. account payables and accrued expenses	-2	-5	-4	-5	
7. short term loan	-3	-4	-4	-4	
8. other payables	-1	-5	-8	-5	
Total increase of wc	6	3	46	24	79
					-
Total capex and increase of wc	20	41	66	45	172
					-
Free Cash Flow (FCF)	-13	-14	-33	-10	-70
Net Debt	-2	-5	-7	-6	

E.3.SIAF's Corporate Operational division

	2012	2013	2014	2015	Total
Sale of goods	2	22	51	38	113
Consulting income	3	9	5	4	21
Cost of goods sold	1	19	45	33	98
Cost of service	1	3	5	1	10
EBITDA	2	6	6	-0	14
Depreciation & amortization	-	-	0	0.20	
Net income attributable to SIAF & subsidiaries	2	6	6	-5	9
Non - controlling interest	-	-	-	-	
Net Incomes of the group	2	6	6	-5	9
Total Assets	10	19	43	95	
Current assets	9	10	39	76	
Total liabilities	7	8	13	39	
Current liabilities	9	6	10	1	
Capital employed	1	13	33	94	
Total stockholders equity	3	11	30	56	
Internal transaction adjustment	74	87	82	89	
Total stockholders equity (adjustment)	77	98	112	145	
ROCE	286%	73%	43%	7%	
Total Capex	-	2	1	4	7
1. property and equipment	-	-	-	-	
2. construction in progress	-	-	1	4	5
3. land use right	-	-	-	-	
4. proprietary technologies	-	2	-	-	2
Ending balance	-	4	29	76	
1. cash and cash equivalents			2	-	
2. inventories	-	-	-	4	
3. deposits and prepaid expenses	5	2	2	27	
4. account receivable	2	8	9	9	
5. other receivables	2	0	26	35	
6. account payables and accrued expenses	-	-1	-3	-	
7. short term loan	-	-	-	-	
8. other payables	-9	-5	-7	-1	
Total increase of wc	-18	4	25	47	58
Total capex and increase of wc	-18	6	26	51	65
Free Cash Flow (FCF)	20	0	-20	-51	-50
Net Debt	-	-	-13	-35	

E.4. CA (Fishery Development Division)

	2012	2013	2014	2015	Total
	In rounded figures of $ million				
Sale of goods	28	47	54	47	176
Consulting income	37	36	76	88	237
Cost of goods sold	14	33	31	35	113
Cost of service	14	13	39	56	122
EBITDA	35	37	55	43	170
Depreciation & amortization	-	-	-	0.20	
Net income attributable to SIAF & subsidiaries	35	37	55	43	170
Non - controlling interest	-	-	-		
Net Incomes of the group	35	37	55	43	170
Total Assets	56	81	111	123	
Current assets	53	54	79	85	
Total liabilities	4	7	20	10	
Current liabilities	3	4	20	10	
Capital employed	53	77	91	113	
Total stockholders equity	52	74	91	113	
Internal transaction adjustment	30	45	84	104	
Total stockholders equity (adjustment)	82	119	174	217	
ROCE	66%	97%	140%	119%	
Total Capex	-	3	4	-	7
1. property and equipment	-	-	-	-	-
2. construction in progress	-	3	-	-	3
3. land use right	-	-	4	-	4
4. proprietary technologies	-	-	-	-	-
Ending balance	50	50	59	75	
1. cash and cash equivalents	-	-	-	-	
2. inventories	-	-	-	-	
3. deposits and prepaid expenses	19	16	32	23	
4. account receivable	31	36	28	44	
5. other receivables	3	2	19	19	
6. account payables and accrued expenses	-	-	-11	-1	
7. short term loan	-	-	-	-	
8. other payables	-3	-4	-9	-9	
Total increase of wc	19	-	9	16	44
Total capex and increase of wc	19	3	13	16	51
Free Cash Flow (FCF)	16	34	42	27	119
Net Debt	-	-	-	-	

E.5. Tri-way (the holding company of Fish Farm (1))

	2012	2013	2014	2015	Total
Sale of goods	16	25	52	39	132
Cost of goods sold	10	19	41	33	103
EBITDA	5	6	10	6	27
Depreciation & amortization	0	0	1	0.79	2
Net income attributable to SIAF & subsidiaries	4	5	8	3	20
Non - controlling interest	1	1	2	2	6
Net Incomes of the group	5	6	10	5	26
Total Assets	18	21	21	24	
Current assets	8	6	-	13	
Total liabilities	1	-	-	-	
Current liabilities	1	-	-	-	
Capital employed	17	21	21	24	
Total stockholders equity	17	21	21	24	
Internal transaction adjustment	-10	-7	2	4	
Total stockholders equity (adjustment)	7	13	23	28	
ROCE	29%	53%	97%	87%	
Total Capex	6	2	1	2	11
1. property and equipment	6	-	2	2	10
2. construction in progress	-	2	-1		1
3. land use right	-	-	-		-
4. proprietary technologies					
Ending balance	7	6	10	13	
1. cash and cash equivalents	2	-	-	5	
2. inventories	5	2	3	4	
3. deposits and prepaid expenses	-	4	4	2	
4. account receivable	-	-	-	-	
5. other receivables	1	-	3	3	
6. account payables and accrued expenses		-	-	-	
7. short term loan	-	-	-	-	
8. other payables	-1	-	-	-	
Total increase of wc	7	-1	4	3	13
Total capex and increase of wc	13	1	5	5	24
Free Cash Flow (FCF)	-8	5	5	1	4
Net Debt	-	-	-		

E.6. MEIJI and Cattle Farm (Development and holding company of CF (1))

E.7. MEIJI and JHST plantation division

	2012	2013	2014	2015	Total
Sale of goods	12	23	11	14	60
Cost of goods sold	5	10	4	4	23
EBITDA	6	11	6	9	33
Depreciation & amortization	-	1	1	1.15	3
Net income attributable to SIAF & subsidiaries	5	7	4	6	22
Non - controlling interest	1	3	1	2	7
Net Incomes of the group	6	10	5	8	29
Total Assets	25	37	39	45	
Current assets	17	19	24	21	
Total liabilities	-	-	1	1	
Current liabilities	-	-	1	-	
Capital employed	25	37	38	45	
Total stockholders equity	25	37	38	44	
Internal transaction adjustment	-11	-13	-9	-7	
Total stockholders equity (adjustment)	14	24	29	37	
ROCE	24%	43%	55%	51%	
Total Capex	3	10	1	5.1	19
1. property and equipment	3	6	1	2.5	13
2. construction in progress	-	-	-	2.6	3
3. land use right	-	4	-		4
4. proprietary technologies	-	-	-		-
Ending balance	17	19	23	21	
1. cash and cash equivalents	3	-	-	-	
2. inventories	1	1	1	1	
3. deposits and prepaid expenses	8	9	11	6	
4. account receivable	5	9	11	12	
5. other receivables	-	-	1	1	
6. account payables and accrued expenses	-	-	-	-	
7. short term loan	-	-	-	-	
8. other payables	-	-	-1	-	
Total increase of wc	13	2	4	-2	17
Total capex and increase of wc	16	12	5	3	36
Free Cash Flow (FCF)	-10	-1	1	6	-3
Net Debt					

E.8. HSA (the Hunan fertilizer Operation)

	2012	2013	2014	2015	Total
Sale of goods	3	12	20	20	55
Cost of goods sold	2	7	11	12	32
EBITDA	0	4	7	7	18
Depreciation & amortization	1	1	1	1.48	5
Net income attributable to SIAF & subsidiaries	-1	2	5	4	10
Non - controlling interest		1	1	1	3
Net Incomes of the group	-1	3	6	5	13
Total Assets	60	76	99	115	
Current assets	15	11	30	32	
Total liabilities	5	6	5	4	
Current liabilities	4	6	5	4	
Capital employed	56	70	94	111	
Total stockholders equity	55	70	94	111	
Internal transaction adjustment	-56	-69	-87	-99	
Total stockholders equity (adjustment)	-1	1	7	12	
ROCE	-2%	2%	8%	12%	
Total Capex	9	16	8	13	53
1. property and equipment	-	4	12	6	22
2. construction in progress	9	12	-4	7	24
3. land use right	-	-	-		7
4. proprietary technologies	-	-	-		-
Ending balance	11	5	25	29	
1. cash and cash equivalents	2	-	-	-	
2. inventories	-	-	14	15	
3. deposits and prepaid expenses	8	6	5	5	
4. account receivable	2	4	10	12	
5. other receivables	3	1	1	1	
6. account payables and accrued expenses	-4	-5	-4	-4	
7. short term loan	-	-	-	-	
8. other payables	-	-1	-1	-	
Total increase of wc	19	-6	20	4	-3
Total capex and increase of wc	28	10	28	17	50
Free Cash Flow (FCF)	-28	-6	-21	-10	-31
Net Debt					

Income Taxes

The Company was incorporated in the State of Nevada, in the United States of America. The Company has no trading operations in United States of America and no US corporate tax has been provided for in the consolidated financial statements of the Company.

Undistributed Earnings of Foreign Subsidiaries

The Company intends to use the remaining accumulated and future earnings of foreign subsidiaries to expand operations outside the United States of America and, accordingly, undistributed earnings of foreign subsidiaries are considered to be indefinitely reinvested outside the United States and no provision for U.S. Federal and State income tax or applicable dividend distribution tax has been provided, thereon.

The Company appointed US tax professionals to assist in filing income tax returns for the years ended December 31, 2015 in compliance with US Treasury Internal Revenue Code and we filed our 2014 Tax returns with the Internal Revenue Service ("**IRS**") in June 2015.

No EIT has been provided in the financial statements of SIAF, CA, JHST, JHMC, JFD, HSA, QZH and SJAP since they are exempt from EIT for the twelve months ended December 31, 2015, 2014 and 2013 as they are within the agriculture, dairy and fishery sectors.

CA, CS and CH are international business companies incorporated in Belize, and are exempt from corporate tax in Belize.

No Hong Kong profits tax has been provided in the consolidated financial statements, since TRW did not earn any assessable profits arising in Hong Kong for the twelve months ended December 31, 2015 , 2014 and 2013.

No Macau corporate income tax has been provided in the consolidated financial statements, since APWAM and MEIJI did not earn any assessable profits in Macau for the twelve months ended December 31, 2015, 2014 and 2013.

No Swedish corporate income tax has been provided in the consolidated financial statements, since SAFS did not earn any profits for the twelve months ended December 31, 2015, 2014 and the period from November 12, 2013 (date of registration) to December 31, 2013.

No deferred tax assets and liabilities are payable as of December 31, 2015 and December 31, 2014 since there was no difference between the financial statements carrying amounts, and the tax basis of assets and liabilities using enacted tax rates in effect for the period in which the differences are expected to reverse.

Off Balance Sheet Arrangements:

None.

Liquidity and Capital Resources

As of December 31 2015, unrestricted cash and cash equivalents amounted to $7,229,197 (see notes to the consolidated financial statements), and our working capital as of December 31, 2015 was $322,269,624.

Contractual Obligations	Less than 1 year	1-3years	3-5 years	More than 5 years	Total
Short Term Debts	4,466,040				4,466,040
Bonds payable		34,904,739			34,904,739
Long Term Debts	-	1,554,902			1,554,902
Promissory Notes	2,200,000				2,200,000
Debt Loan		4,797,532			4,797,532
Negotiable Promissory notes	865,968				865,968

Cash provided by operating activities amounted to $44,619,333 for the twelve months ended December 31, 2015. This compared with cash provided by operating activities totaled $22,150,719 for the twelve months ended December 31, 2014. The decrease in cash used in operations primarily resulted from the decrease of inventories of $(16,880,714) for the twelve months ended December 31, 2015 from $(37,819,790) for the twelve months ended December 31, 2014.

Cash used in investing activities totaled $(54,148,427) for the twelve months ended December 31, 2015. This compares with cash used in investing activities totaling $(31,514,245) for the twelve months ended December 31, 2014. The increase in cash flows used in investing activities primarily resulted from payment for construction of $(49,532,030) for the twelve months ended December 31, 2015 from $(26,693,530) for the twelve months ended December 31, 2014.

Cash provided by financing activities totaled $8,895,517 for the twelve months December 31, 2015. This compares with cash used in financing activities totaling $9,942,691 for the twelve months ended December 31, 2014. The increase in cash provided by financing activities due to Series F Non-convertible preferred stock redemption of $3,146,063 for the twelve months ended December 31, 2015 from $0 for the twelve months ended December 31, 2014.

CRITICAL ACCOUNTING POLICIES

B BASIS OF PRESENTATION

The audited consolidated financial statements for the twelve months ended December 31, 2015 are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

REVERSE STOCK SPLIT

Reverse stock split and new conversion rate of Series B preferred stock to share of common stock

On December 16, 2014, the Company implemented a 9.9-for-1 reverse stock split. On December 17, 2014, the Company implemented new conversion rate of 9.9 for 1 share of common stock. All share information contained within this report, including consolidated balance sheets, consolidated statements of income and other comprehensive income, and footnotes have been retroactively adjusted for the effects of reverse stock split and new conversion rate of Series B preferred stock to share of common stock.

As the par value per share of our common stock remained unchanged at $0.001 per share, a total of $75 was reclassified from common stock to additional paid-in capital. All references to shares of common stock and per share data for all periods presented in the accompanying financial statements and notes thereto have been adjusted to reflect the reverse stock split on a retroactive basis.

BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of SIAF, its subsidiaries Capital Award, CS, CH, TRW, MEIJI, JHST, JFD, JHMC, HSA, APWAM, SAFS and its variable interest entities SJAP and QZH. All material inter-company transactions and balances have been eliminated in consolidation. The results of companies acquired or disposed of during the year are included in the consolidated Financial Statements from the effective date of acquisition.

BUSINESS COMBINATIONS

The Company adopted the accounting pronouncements relating to business combinations (primarily contained in ASC Topic 805 "Business Combinations"), including assets acquired and liabilities assumed arising from contingencies. These pronouncements established principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquire as well as provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. In addition, these pronouncements eliminate the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria and require an acquirer to develop a systematic and rational basis for subsequently measuring and accounting for acquired contingencies depending on their nature. Our adoption of these pronouncements will have an impact on the manner in which we account for any future acquisitions.

NON - CONTROLLING INTEREST IN CONSOLIDATED FINANCIAL STATEMENTS

The Company adopted the accounting pronouncement on non-controlling interests in consolidated financial statements, which establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance is primarily contained in ASC Topic "Consolidation". It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated financial statements. The adoption of this standard has not had material impact on our consolidated financial statements.

USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods covered thereby. Actual results could differ from these estimates. Judgments and estimates of uncertainties are required in applying the Company's accounting policies in certain areas. The following are some of the areas requiring significant judgments and estimates: determinations of the useful lives of assets, estimates of allowances for doubtful accounts, cash flow and valuation assumptions in performing asset impairment tests of long-lived assets, estimates of the reliability of deferred tax assets and inventory reserves.

REVENUE RECOGNITION

The Company’s revenue recognition policies are in compliance with ASC 605. Sales revenue is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable and (iv) the ability to collect is reasonably assured. These criteria are generally satisfied at the time of shipment when risk of loss and title passes to the customer. Service revenue is recognized when services have been rendered to a buyer by reference to the stage of completion. License fee income is recognized on the accrual basis in accordance with the underlying agreements.

Government grants are recognized upon (i) the Company has substantially accomplished what we must be done pursuant to the terms of the policies and terms of the grant that are established by the local government; and (ii) the Company receives notification from the local government that the Company has satisfied all of the requirements to receive the government grants; and or (iii) the amounts are received.

Multiple-Element Arrangements

To qualify as a separate unit of accounting under ASC 605-25“*Multiple Element Arrangements*”, the delivered item must have value to the customer on a standalone basis. The significant deliverables under the Company’s multiple-element arrangements are consulting and service under development contract, commission and management service.

Revenues from the Company's fishery development services contract are performed under fixed-price contracts. Revenues under long-term contracts are accounted for under the percentage-of-completion method of accounting in accordance with the Financial Accounting Standards Board (“**FASB**”) Accounting Standards Codification (“**ASC**”) Topic 605, *Revenue Recognition* (“**ASC 605**”). Under the percentage-of-completion method, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognized that profit over the contract term. The percentage of costs incurred determines the amount of revenue to be recognized. Payment terms are generally defined by the installation contract and as a result may not match the timing of the costs incurred by the Company and the related recognition of revenue. Such differences are recorded as either costs or estimated earnings in excess of billings on uncompleted contracts or billings in excess of costs and estimated earnings on uncompleted contracts.

The Company determines a customer’s credit worthiness at the time an order is accepted. Sudden and unexpected changes in a customer’s financial condition could put recoverability at risk.

The percentage of completion method requires the ability to estimate several factors, including the ability of the customer to meet its obligations under the contract, including the payment of amounts when due. If the Company determines that collectability is not assured, we will defer revenue recognition and use methods of accounting for the contract such as the completed contract method until such time as the Company determines that collectability is reasonably assured or through the completion of the project.

For fixed-price contracts, the Company uses the ratio of costs incurred to date on the contract (excluding uninstalled direct materials) to management's estimate of the contract's total costs, to determine the percentage of completion on each contract. This method is used as management considers expended costs to be the best available measure of progression of these contracts. Contract costs included all direct material, subcontract and labor costs and those indirect costs related to contract performance, such as supplies, tool repairs and depreciation. The Company accounts for maintenance and repair services under the guidance of ASC 605 as the services provided relate to construction work. Contract costs incurred to date and expected total contract costs are continuously monitored during the term of the contract. Changes in job performance, job conditions, and estimated profitability arising from contract penalty, change orders and final contract settlements may result in revisions to the estimated profitability during the contract. These changes, which include contracts with estimated costs in excess of estimated revenues, are recognized as contract costs in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. At the point the Company anticipates a loss on a contract, the Company estimates the ultimate loss through completion and recognizes that loss in the period in which the possible loss was identified.

The Company does not provide warranties to customers on a basis customary to the industry; however, the customers can claim warranty directly from product manufacturers for defects in equipment or products. Historically, the Company has experienced no warranty claims.

The Company’s fishery development consultancy services revenues are recognized when the relevant services are rendered, and are subject to a Chinese business tax at a rate of 0% of the gross fishery development contract service income approved by the Chinese local government.

COST OF GOODS SOLD AND SERVICES

Cost of goods sold consists primarily of direct purchase cost of merchandise goods, and related levies. Cost of services consists primarily of direct cost and indirect cost incurred to date for development contracts and provision for anticipated losses on development contracts.

SHIPPING AND HANDLING

Shipping and handling costs related to cost of goods sold are included in general and administrative expenses, which totaled $32,311, $23,010 and $39,549 for the years ended December 31, 2015, 2014 and 2013 respectively.

ADVERTISING

Advertising costs are included in general and administrative expenses, which totaled $2,795,633, $2,379,831 and $2,365 for the years ended December 31, 2015, 2014 and 2013, respectively.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are included in general and administrative expenses, which totaled $549,020, 786,261 and $0 for the years ended December 31, 2015, 2014 and 2013, respectively.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid securities with original maturities of three months or less when acquired to be cash equivalents. Cash and cash equivalents kept with financial institutions in People's Republic of China ("**PRC**") are not insured or otherwise protected. Should any of those institutions holding the Company's cash become insolvent, or the Company is unable to withdraw funds for any reason, the Company could lose the cash on deposit on that institution.

ACCOUNTS RECEIVABLE

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Terms of the sales vary. Reserves are recorded primarily on a specific identification basis.

The standard credit period of the Company's most of customers is three months. Any amount that has an extended settlement date of over one year is classified as a long term receivable. Management evaluates the collectability of the receivables at least quarterly. There were no bad debts written off for the twelve months ended December 31, 2015 or December 31, 2014.

INVENTORIES

Inventories are valued at the lower of cost (determined on a weighted average basis) and net realizable value. Costs incurred in bringing each product to its location and conditions are accounted for as follows:

- raw materials - purchase cost on a weighted average basis;
- manufactured finished goods and work-in-progress - cost of direct materials and labor and a proportion of manufacturing overhead based on normal operation capacity but excluding borrowing costs; and
- retail and wholesale merchandise finished goods - purchase cost on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each year.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets.

Milk cows	10 years
Plant and machinery	5 - 10 years
Structure and leasehold improvements	10 - 20 years
Mature seed and herbage cultivation	20 years
Furniture, fixtures and equipment	2.5 - 10 years
Motor vehicles	5 - 10 years

An item of property and equipment is removed from the accounts upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of income in the period the item is disposed.

GOODWILL

Goodwill is an asset representing the fair economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is tested for impairment on an annual basis at the end of the company's fiscal year, or when impairment indicators arise. The Company uses a fair-value-based approach to test for impairment at the level of each reporting unit. The Company directly acquired MEIJI, which is engaged in Hu Plantation. As a result of this acquisition, the Company recorded goodwill in the amount of $724,940. This goodwill represents the fair value of the assets acquired in these acquisitions over the cost of the assets acquired.

PROPRIETARY TECHNOLOGIES

The Company has determined that technological feasibility is established at the time a working model of products is completed. Master license of stock feed manufacturing technology was acquired and the costs of acquisition were capitalized as proprietary technologies when technological feasibility had been established. Proprietary technologies are intangible assets of finite lives. Proprietary technologies are amortized using the straight-line method over their estimated lives of 25 years.

An aromatic cattle-feeding formula was acquired and the costs of acquisition are capitalized as proprietary technologies when technological feasibility has been established. Cost of acquisition on aromatic cattle-feeding formula is amortized using the straight-line method over its estimated life of 25 years.

The cost of sleepy cod breeding technology license is capitalized as proprietary technologies when technological feasibility has been established. Cost of granting sleepy cod breeding technology license is amortized using the straight-line method over its entitled life of 25 years.

Bacterial cellulose technology license and related trademark are capitalized as proprietary technologies when technological feasibility has been established. Cost of license and related trademark is amortized using the straight-line method over its estimated life of 20 years.

Management evaluates the recoverability of proprietary technologies on an annual basis of the end of the company's fiscal year, or when impairment indicators arise. As required by ASC Topic 350 "Intangible - Goodwill and Other", the Company uses a fair-value-based approach to test for impairment.

CONSTRUCTION IN PROGRESS

Construction in progress represents direct costs of construction as well as acquisition and design fees incurred. Capitalization of these costs ceases and the construction in progress is transferred to property and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided until construction is completed and the asset is ready for its intended use.

LAND USE RIGHTS

Land use rights represent acquisition of land use right rights of agriculture land from farmers and are amortized on the straight line basis over the respective lease periods. The lease period of agriculture land is in the range from 10 years to 60 years. Land use rights purchase prices were determined in accordance with the PRC Government's minimum lease payments of agriculture land and mutually agreed between the company and the vendors. No independent professional appraiser performed a valuation of land use rights at the balance sheet dates.

CORPORATE JOINT VENTURE

A corporation formed, owned, and operated by two or more businesses (ventures) as a separate and discrete business or project (venture) for their mutual benefit is considered to be a corporate joint venture. Investee entities, in which the company can exercise significant influence, but not control, are accounted for under the equity method of accounting. Under the equity method of accounting, the company's share of the earnings or losses of these companies is included in net income.

A loss in value of an investment that is other than a temporary decline is recognized as a charge to operations. Evidence of a loss in value might include, but would not necessarily be limited to absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

VARIABLE INTEREST ENTITY

An entity (investee) in which the investor has obtained less than a majority-owned interest, according to the Financial Accounting Standards Board (FASB). A variable interest entity (VIE) is subject to consolidation if a VIE is an entity meeting one of the following three criteria as elaborated in ASC Topic 810-10, *Consolidation*.

(a) the equity-at-risk is not sufficient to support the entity's activities;

(b) as a group, the equity-at-risk holders cannot control the entity; or

(c) the economics do not coincide with the voting interests.

If a firm is the primary beneficiary of a VIE, the holdings must be disclosed on the balance sheet. The primary beneficiary is defined as the person or company with the majority of variable interests.

TREASURY STOCK

Treasury stock consists of a Company’s own stock which has been issued, but is subsequently reacquired by the Company. Treasury stock does not reduce the number of shares issued but does reduce the number of shares outstanding. These shares are not eligible to receive cash dividends. Accounting for excesses and deficiencies on treasury stock transactions is governed by ASC 505-30-30.

State laws and federal agencies closely regulate transactions involving a company’s own capital stock, so the purchase of outstanding shares and converting them into treasury shares must have a legitimate purpose. Some of the most common reasons for purchasing outstanding shares are as follows:

(i) to meet additional stock needs for various reasons, including newly implemented stock option plans, the issuance stock for convertible bonds or convertible preferred stock, or a stock dividend;

(ii) to eliminate the ownerships interests of a stockholder;

(iii) to increase the market price of the stock that returns capital to shareholders; and

(iv) to potentially increase earnings per share of the stock by decreasing the shares outstanding on the same earnings.

The Company has adopted the cost method of accounting for treasury stock shares. The purchase of outstanding shares is treated as a temporary reduction in shareholders’ equity in view of the expectation to reissue the shares instead of retiring them. When the Company reissues the treasury shares, the temporary account is eliminated. The cost of treasury stock shares reacquired is charged to a contra account, in this case a contra equity account that reduces the stockholder equity balance.

INCOME TAXES

The Company accounts for income taxes under the provisions of ASC 740 “Accounting for Income Taxes.” Under ASC 740, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

The provision for income tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred taxes area accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred income taxes are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also adjusted in the equity accounts. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. ASC 740 also prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken, or expected to be taken, in a tax return. ASC 740 also provides guidance related to, among other things, classification, accounting for interest and penalties associated with tax positions, and disclosure requirements. Any interest and penalties accrued related to unrecognized tax benefits will be recorded in tax expense.

POLITICAL AND BUSINESS RISK

The Company's operations are carried out in the PRC Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the general state of the PRC's economy. The Company's operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

IMPAIRMENT OF LONG-LIVED ASSETS AND INTANGIBLE ASSETS

In accordance with ASC 360, "Property, Plant and Equipment", long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company reviews the carrying amount of its long-lived assets, including intangibles, for impairment, at the end of each fiscal year. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is considered not recoverable, the asset is adjusted to its fair value. Fair value is generally determined based on discounted future cash flow. As of December 31, 2015, 2014 and 2013, the Company determined no impairment losses were necessary.

EARNINGS PER SHARE

As prescribed in ASC Topic 260 "*Earning per Share*," Basic Earnings per Share ("**EPS**") is computed by dividing net income available to common stockholders by the weighted average number of common stock shares outstanding during the year. Diluted EPS is computed by dividing net income available to common stockholders by the weighted-average number of common stock shares outstanding during the year plus potential dilutive instruments such as stock options and warrants. The effect of stock options on diluted EPS is determined through the application of the treasury stock method, whereby proceeds received by the Company based on assumed exercises are hypothetically used to repurchase the Company's common stock at the average market price during the period.

For the years ended December 31, 2015, 2014, and 2013, basic earnings per share attributable to Sino Agro Food, Inc. and subsidiaries common stockholders amount to, to \$3.69, \$5.81 and \$6.14, respectively. For the years ended December 31, 2015, 2014, and 2013, diluted earnings per share attributable to Sino Agro Food, Inc. and its subsidiaries' common stockholders amounted to \$3.60, \$5.56 and \$5.76, respectively.

FOREIGN CURRENCY TRANSLATION

The reporting currency of the Company is the U.S. dollars. The functional currency of the Company is the Chinese Renminbi (RMB). For those entities whose functional currency is other than the U.S. dollars, all assets and liabilities are translated into U.S. dollars at the exchange rate on the balance sheet date; shareholder equity is translated at historical rates and items in the statements of income and of cash flows are translated at the average rate for the period.

Because cash flows are translated based on the weighted average translation rate, amounts related to assets and liabilities reported in the statements of cash flows will not necessarily agree with changes in the corresponding balances in the balance sheets. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the consolidated statements of equity.

For the fiscal year ended December 31, 2014

Translation gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of income and comprehensive income as incurred. The balance sheet amounts with the exception of equity as of December 31 2014 and December 31, 2013 were translated at RMB6.12 to \$1.00 and RMB6.10 to \$1.00, respectively. The average translation rates applied to the consolidated statements of income and comprehensive income and of cash flows for the years ended December 31, 2014 and December 31 2013 were RMB6.14 to \$1.00 and RMB6.19 to \$1.00, respectively.

For the fiscal year ended December 31, 2015

Translation gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of income and comprehensive income as incurred. The balance sheet amounts with the exception of equity as of December 31 2015 and December 31, 2014 were translated at RMB6.49 to \$1.00 and RMB6.12 to \$1.00, respectively. The average translation rates applied to the consolidated statements of income and comprehensive income and of cash flows for the years ended December 31, 2015 and December 31 2014 were RMB6.23 to \$1.00 and RMB6.14 to \$1.00, respectively.

ACCUMULATED OTHER COMPREHENSIVE INCOME

ASC Topic 220 "*Comprehensive Income"* establishes standards for reporting and displaying comprehensive income and its components in financial statements. Comprehensive income is defined as the change in stockholders' equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The comprehensive income for all periods presented includes both the reported net income and net change in cumulative translation adjustments.

RETIREMENT BENEFIT COSTS

PRC state managed retirement benefit programs are defined contribution plans and the payments to the plans are charged as expenses when employees have rendered service entitling them to the contribution.

STOCK-BASED COMPENSATION

The Company adopts both ASC Topic 718, “Compensation - Stock Compensation” and ASC Topic 505-50,”Equity-Based Payments to Non-Employees” using the fair value method in which an entity issues its equity instruments to acquire goods and services from employees and non-employees. Stock compensation for stock granted to non-employees has been determined in accordance with this accounting standard and the accounting standard regarding accounting for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling goods or services, as the fair value of the consideration received or the fair value of equity instruments issued, whichever is more reliably measured. This accounting standard allows the “simplified” method to determine the term of employee options when other information is not available. Under ASC Topic 718 and ASC Topic 505-50, stock compensation expenses is measured at the grant date on the value of the option or restricted stock and is recognized as expenses, less expected forfeitures, over the requisite service period, which is generally the vesting period.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America (U.S. GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

NEW ACCOUNTING PRONOUNCEMENTS

The Company does not expect any recent accounting pronouncements to have a material effect on the Company’s financial position, results of operations, or cash flows.

In February 2013, the FASB issued guidance on disclosure requirements for items reclassified out of Accumulated Other Comprehensive Income (“**AOCI**”). This new guidance requires entities to present (either on the face of the income statements or in the notes) the effects on the line items of the income statement for amounts reclassified out of AOCI. The new guidance was effective for us beginning July 1, 2013. Other than requiring additional disclosures, there is no material impact on the Company’s consolidated financial statements upon adoption.

In March 2013, the FASB issued guidance on a parent’s accounting for the cumulative translation adjustment upon derecognition of a subsidiary or group of assets within a foreign entity. This new guidance requires that the parent releases any related cumulative translation adjustment into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The new guidance was effective for us beginning July 1, 2014. There is no material impact on the Company’s consolidated financial statements upon adoption.

In July 2013, the FASB issued ASU 2013-11, "Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carry forward, a Similar Tax Loss, or a Tax Credit Carry forward Exists". These amendments provide that an unrecognized tax benefit, or a portion thereof, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carry forward, a similar tax loss, or a tax credit carry forward, except to the extent that a net operating loss carry forward, a similar tax loss, or a tax credit carry forward is not available at the reporting date to settle any additional income taxes that would result from disallowance of a tax position, or the tax law does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, then the unrecognized tax benefit should be presented as a liability. For public entities, the amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of ASU 2013-11 is not expected to have a material impact on the Company's consolidated financial statements.

In April 2014, the FASB issued ASU 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” which provides a narrower definition of discontinued operations than under existing U.S. GAAP. ASU 2014-08 requires that only a disposal of a component of an entity, or a group of components of an entity, that represents a strategic shift that has, or will have, a major effect on the reporting entity’s operations and financial results should be reported in the consolidated financial statements as discontinued operations. ASU 2014-08 also provides guidance on the consolidated financial statement presentations and disclosures of discontinued operations. The new guidance is effective prospectively for the Company to all new disposals of components and new classification as held for sale beginning April 1, 2015. The Company is evaluating the effects, if any, of the adoption of this guidance will have on the Company’s consolidated financial position, results of operations or cash flows.

In May 2014, the Financial Accounting Standards Board issued guidance related to revenue from contracts with customers. Under this guidance, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. The updated standard will replace most existing revenue recognition guidance under GAAP when it becomes effective and permits the use of either the retrospective or cumulative effect transition method. Early adoption is not permitted. The updated standard will be effective for us in the first quarter of 2017. We have not yet selected a transition method and we are currently evaluating the effect that the updated standard will have on the Company’s consolidated financial statements and related disclosures.

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The guidance eliminates the definition of a development stage entity thereby removing the incremental financial reporting requirements from U.S. GAAP for development stage entities, primarily presentation of inception to date financial information. The provisions of the amendments are effective for annual reporting periods beginning after December 15, 2014, and the interim periods therein. However, early adoption is permitted. Accordingly, the Company adopted this standard as of July 31, 2014.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." ASU 2014-15 will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Management is currently evaluating the impact of this pronouncement on the Company's consolidated financial statements.

In November 2014, FASB issued ASU No. 2014-17, *(Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force.)* The amendments in this update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The adoption of ASU 2014-17 did not have a material impact on the Company's consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect the adoption of ASU 2015-01 to have material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis.* The new consolidation standard changes the way reporting enterprises evaluate whether (a) they should consolidate limited partnerships and similar entities, (b) fees paid to a decision maker or service provider are variable interests in a variable interest entity ("VIE"), and (c) variable interests in a VIE held by related parties of the reporting enterprise require the reporting enterprise to consolidate the VIE. The guidance is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2015. Early adoption is allowed, including early adoption in an interim period. A reporting entity may apply a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or may apply the amendments retrospectively. The adoption of ASU 2015-02 did not have a material impact on the Company's consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, which simplifies presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU No. 2015-03 will be effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The adoption of ASU 2015-03 did not have a material impact on the Company's consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* (ASU 2015-17), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The updated standard is effective for us beginning on January 1, 2017 with early application permitted as of the beginning of any interim or annual reporting period. The adoption of ASU 2015-17 did not have a material impact on the Company's consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the Company's consolidated financial statements upon adoption.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial statements required by this item are located following the signature page of this Annual Report.

ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures
We maintain "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "**Exchange Act**"), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "**Evaluation**"), under the supervision and with the participation of our CEO and our CFO, of the effectiveness of the design and operation of our disclosure controls and procedures ("**Disclosure Controls**") as of the end of the period covered by this report pursuant to Rule 13a-15 of the Exchange Act. Based on this Evaluation, our CEO and CFO concluded that our Disclosure Controls were effective as of the end of the period covered by this report.

Changes in Internal Controls
We have also evaluated our internal control over financial reporting, and there has been no change in our internal control over financial reporting that occurred during the last fiscal quarter of fiscal year ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect our internal control over financial reporting.

Limitations on the Effectiveness of Controls
Our management, including our CEO and CFO, does not expect that our Disclosure Controls and internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management or board override of the control.

The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Management's Report on Internal Control over Financial Reporting
Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). The Company's internal control over financial reporting is a process designed to provide reasonable assurance to our management and board of directors regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal controls over financial reporting may not prevent or detect misstatements. All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention of overriding controls. Accordingly, even effective internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**") in Internal Control-Integrated Framework. Based on our assessment, we believe that, as of December 31, 2015, the Company's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm
This annual report includes an attestation report of our independent registered public accounting firm regarding internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10 DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE

The Board of Directors elects our executive officers annually. A majority vote of the directors who are in office is required to fill vacancies. Each director shall be elected for the term of one year and until his successor is elected and qualified or until his earlier resignation or removal. Our directors and executive officers are as follows:

Name	Age	Position
Lee Yip Kun Solomon	66	CEO and Chairman of the Board
Daniel Ritchey	47	Acting Chief Financial Officer and Director
Tan Poay Teik	57	Chief Marketing Officer and Director
Chen Bor Hann	51	Secretary and Director
Yap Koi Ming (George)	63	Independent Director
Nils Erik Sandberg	75	Independent Director
Lim Chang Soh (Anthony)	52	Independent Director

Lee Yip Kun Solomon. Mr. Lee has been a Director and our Chief Executive Officer since August 2007. From March 2004 to date he has been Company Managing Director of Capital Award Inc. Since May, 1993, he has been the CEO of Irama Edaran Sdn. Bhd. (Malaysia), a modern fishery developer. There was no formal relationship between Sino Agro Food and Irama Edaran. He received a B.A. Major in Accounting and Economics from Monash University, Australia in July 1972. As a member of the board, Mr. Solomon contributes his knowledge of our company and a deep understanding of all aspects of our business, products and markets, as well substantial experience developing corporate strategy, assessing emerging industry trends, and business operations.

Daniel Ritchey. Mr. Ritchey has been a Director of the Company since February 1, 2014 and was appointed as our Acting Chief Financial Officer since March 1, 2016 in connection with Mr. Tiusanen's resignation. The Company cannot predict how long Mr. Ritchey's tenure will be, but it has launched a search for a permanent replacement for Mr. Tiusanen and is seeking an individual fluent in both English and Mandarin with the ability to spend most of his or her time in and around the People's Republic of China. While Mr. Ritchey remains a member of the Board, he resigned as a member of the Audit Committee concomitantly with his appointment as the Company's Acting Chief Financial Officer. Having worked in both the public and private sectors, Mr. Ritchey has deployed his years of experience into developing partnerships and venture capital relationships throughout the agriculture and natural resource industries. Coupled with an undergraduate degree from Muskingum College (1989) and an MBA from Ohio State University (1994), Mr. Ritchey has as President of The Business Advocate, Inc. developed 3 successful partnerships, namely DC Capital LLC; 3-D Ranch LLC; and 3-D Oil and Gas LLC, whose business operations are mainly concentrated in Ohio, and whose commercial property development also extends into the Washington DC area. Mr. Ritchey continues to serve as a lobbyist on both the State and Federal level, with a focus on issues and industries related to natural resources and the environment.

Tan Paoy Teik. Mr. Tan has been a Director and our Chief Marketing Officer since August 2007. Since July, 2005, he has been Company Managing Director of Milux Corporation Bhd. (Malaysia), a manufacturer of home and gas appliances. He received an MBA from South Pacific University in 2005. Mr. Tan is currently the Managing Director of Milux Corporation Bhd; as such, he spends half of his working time with Milux and half with our company. As a member of the board, Mr. Tan contributes his knowledge of the company and a deep understanding of all aspects of our business, products and markets, as well substantial experience developing corporate strategy, assessing emerging industry trends, and business operations.

Chen Bor Hann. Mr. Chen has been a Director and Secretary since August 2007. Since March, 2004, he has been Director and Business Development Manager of Capital Award Inc. From September 1995 to March 2004, he was Fishery Supervisor of Irama Edaran Sdn. Bhd. (Malaysia). As a member of the board, Mr. Chen contributes his knowledge of the company and a deep understanding of all aspects of our business, products and markets, as well substantial experience developing corporate strategy, assessing emerging industry trends, and business operations.

Nils-Erik Sandberg. Mr. Sandberg has been an Independent Director of the Company since January 1, 2013. He brings international investment experience and skills in corporate governance, investor relations, and corporate finance with local knowledge of NASDAQ OMX Stockholm and Swedish Stock Exchange that will benefit the Company. He was appointed the Chairman of the Compensation Committee of the Company as of February 1, 2013. He is President of the Jordan Fund, a Swedish investment Company network since 1990. Mr. Sandberg also currently holds a position as an adviser for Gustavia Energy and Commodities Fund, formerly known as the Stockpicker JF Commodity Energy Fund, since 2008. Mr. Sandberg was the founder and served as the CEO of Hydrocarbon International HCI AB, a publicly traded Swedish oil Company, from 1986 to 1993. Mr. Sandberg was the founder and served as the CEO of Grauten Oil AB, a publicly traded Swedish oil company, from 1986 to 1993. Mr. Sandberg was a director of International Petroleum Corporation, predecessor of Lundin Oil, later Lundin Petroleum, which trades on both the NASDAQ-OMX and TSX exchanges.

Koi Ming Yap (George). Mr. Yap has been an Independent Director of the Company since January 1, 2013. He brings international investment banking, corporate finance, financial reporting, investment strategies, and international auditing experience and skills in corporate governance, investor relations, and corporate finance with knowledge of NASDAQ OMX Stockholm and the Swedish Stock Exchange that will benefit the Company. He was appointed the Chairman of the Audit Committee of the Company as of February 1, 2013. He is a practicing international chartered accountant with over 30 years standing and is a practicing member of The Institute of Chartered Accountants in England and Wales since 1984. His international experience has covered Australia-NZ, United Kingdom-, Europe, Malaysia, the ASEAN, China and Hong Kong. Mr. Yap has been the managing principal of K M Yap & Company, a sole proprietary firm of Chartered Accountancy in NSW, Sydney, since 1990. He has been managing director of Brenna Investments Pty Ltd. since 1998 and has held the position of Public Interest Director (non-executive) for the Federation of Investment Managers Malaysia, in Malaysia since 2010 (a position sanctioned by the Securities Commission of Malaysia). Mr. Yap specializes in strategic corporate finance solutions, business plans, registering listings on stock exchanges, international banking, financial management, risk management, financial reporting, auditing, financial management, investment management, and providing corporate finance solutions in terms of sourcing finance, as well as cornerstone investors in IPOs, reverse mergers, and takeovers, that are expected to benefit the Company.

Lim Chang Soh (Anthony). Mr. Soh was appointed as an Independent Director of the Company on February 5, 2014. He brings investment experience and skills in corporate governance, corporate finance, new business development and investment strategies with considerable knowledge in agriculture industry that will benefit the Company. Mr. Soh is a practicing lawyer with 20 years standing and a partner in the law firm, Edwin Lim Suren & Soh, in Kuala Lumpur, Malaysia. He served as Deputy Managing Director of Pontian United Plantations Berhad ("Pontian"), a Malaysian plantation company in the business of cultivating oil palm on 39,000 acres of land on a Company basis, and operating an oil mill, from the Year 2009 until October 31, 2013. Prior to his appointment as the Deputy Managing Director, Mr. Soh was appointed Director in Pontian in 2005, and subsequently promoted to the post of Executive Director from 2007. He holds an LL.B (Hons) degree from University of Hull, England. In his professional career, Mr. Soh specializes in mergers and takeovers and corporate re-structuring that are expected to benefit the Company.

Family Relationships
There are no family relationships among our officers or directors.

Involvement in Certain Legal Proceedings
None of the director(s) or executive officers of the Company: (i) has been involved as a general partner or executive officer of any business which has filed a bankruptcy petition; (ii) has been convicted in any criminal proceeding nor is subject to any pending criminal proceeding; (iii) has been subjected to any order, judgment or decree of any court permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; and (iv) has been found by a court, the United States Securities and Exchange Commission or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law.

Board Committees:

Audit Committee

Our Audit Committee currently consists of two directors: Messrs. Yap (chairman) and Sandberg. Mr. Ritchey was a member of the Audit Committee until his appointment as the Company's Acting Chief Financial Officer effective March 1, 2016. The Board has determined that:

- Mr. Yap qualifies as an "audit committee financial expert," as defined by the SEC in Item 407(d)(5) of Regulation S-K; and

- all members of the Audit Committee (i) are "independent" under the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc., (ii) meet the criteria for independence as set forth in the Exchange Act, (iii) have not participated in the preparation of our financial statements at any time during the past three years and (iv) are financially literate and have accounting and finance experience.

The designation of Mr. Yap as an "audit committee financial expert" will not impose on him any duties, obligations or liability that are greater than those that are generally imposed on him as a member of our Audit Committee and our Board, and his designation as an "audit committee financial expert" will not affect the duties, obligations or liability of any other member of our Audit Committee or Board.

Compensation Committee
Our Compensation Committee currently consists of three directors: Messrs. Sandberg (chairman), Yap and Soh. The Board has determined that:

- all members of the Compensation Committee qualify as "independent" under the independence requirements of Marketplace Rule 5605(a)(2) of the NASDAQ Stock Market, Inc.;

- all members of the Compensation Committee qualify as "non-employee directors" under Exchange Act Rule 16b-3; and

- all members of the Compensation Committee qualify as "outside directors" under Section 162(m) of the Internal Revenue Code of 1986, as amended (the " **Code** ").

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee is an officer or employee of our company. None of our executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any entity that has one of more executive officers serving on our Board or Compensation Committee.

Code of Conduct
The Board has established a corporate Code of Conduct which qualifies as a "code of ethics" as defined by Item 406 of Regulation S-K of the Exchange Act. Among other matters, the Code of Conduct is designed to deter wrongdoing and to promote:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

- full, fair, accurate, timely and understandable disclosure in our SEC reports and other public communications;

- compliance with applicable governmental laws, rules and regulations;

- prompt internal reporting of violations of the Code of Conduct to appropriate persons identified in the code; and

- accountability for adherence to the Code of Conduct.

Waivers to the Code of Conduct may be granted only by the Board. In the event that the Board grants any waivers of the elements listed above to any of our officers, we expect to announce the waiver within four business days on a Current Report on Form 8-K.

The Code of Conduct applies to all of the Company's employees, including our principal executive officer, the principal financial and accounting officer, and all employees who perform these functions. If we amend our Code of Conduct as it applies to the principal executive officer, principal financial officer, principal accounting officer or controller (or persons performing similar functions), we shall disclose such amendment through the filing of a Current Report on Form 8-K.

ITEM 11 EXECUTIVE COMPENSATION

Summary Compensation Table

The table below summarizes all compensation awarded to, earned by, or paid to our Principal Executive Officer, our two most highly compensated executive officers other than our CEO who occupied such position at the end of our latest fiscal year and up to two additional executive officers who would have been included in the table below except for the fact that they were not executive officers at the end of our latest fiscal year, by us, or by any third party where the purpose of a transaction was to furnish compensation, for all services rendered in all capacities to us or our subsidiary for the latest fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary($)	Bonus ($)	Option Awards ($)	Non-equity incentive plan compensation	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Lee Yip Kun Solomon	2015	336,000	0	0	0	0	0	336,000
Chief Executive Officer	2014	336,000	0	0	0	0	0	336,000
Tan Paoy Teik	2015	174,000	0	0	0	0	0	174,000
Chief Marketing Officer	2014	174,000	0	0	0	0	0	174,000
Chen Bor Hann	2015	60,000	0	0	0	0	0	60,000
Secretary	2014	60,000	0	0	0	0	0	60,000

Summary Equity Awards

There has been no equity incentive award made to any of our executive officers as of our fiscal year ended December 31, 2015.

Employment Agreements

Lee Yip Kun Solomon. On December 29, 2014, we renewed the three-year employment agreement effective and continuing as of January 1, 2016 with Lee Yip Kun Solomon, our Chief Executive Officer and President (the "Lee Agreement"). Pursuant to the Lee Agreement, Mr. Lee is entitled to an annual base salary of $336,000 and to receive 33,939 shares of our common stock. Such shares have not been issued to Mr. Lee. Mr. Lee shall also be eligible for discretionary performance bonus payments; no such bonus has been paid. The Lee Agreement provides for Mr. Lee to be eligible to participate in any incentive compensation established by the Company; no such plan has been established. The Lee Agreement also includes confidentiality obligations to which Mr. Lee must adhere.

Tan Paoy Teik. On December 29, 2014, we renewed the three-year employment agreement effective and continuing as of January 1, 2016 with Tan Paoy Teik, our Chief Marketing Officer (the "Tan Agreement"). Pursuant to the Tan Agreement, Mr. Tan is entitled to an annual base salary of $174,000 and to receive 17,575 shares of our common stock. Such shares have not been issued to Mr. Tan. Mr. Tan shall also be eligible for discretionary performance bonus payments; no such bonus has been paid. The Tan Agreement provides for Mr. Tan to be eligible to participate in any incentive compensation established by the Company; no such plan has been established. The Tan Agreement also includes confidentiality obligations to which Mr. Tan must adhere.

Chen Bor Hann. On December 29, 2014, we renewed the three-year employment agreement effective and continuing as of January 1, 2016 with Chen Bor Hann, our Secretary (the "Hann Agreement"). Pursuant to the Hann Agreement, Mr. Hann is entitled to an annual base salary of $60,000 and to receive 6,060 shares of our common stock. Such shares have not been issued to Mr. Hann. Mr. Hann shal1 also be eligible for discretionary performance bonus payments; no such bonus has been paid. The Hann Agreement provides for Mr. Hann to be eligible to participate in any incentive compensation established by the Company; no such plan has been established. The Hann Agreement also includes confidentiality obligations to which Mr. Hann must adhere.

General

At no time during the last fiscal year with respect to any person listed in the table above was there:

- any outstanding option or other equity-based award re-priced or otherwise materially modified (such as by extension of exercise periods, the change of vesting or forfeiture conditions, the change or elimination of applicable performance criteria, or the change of the bases upon which returns are determined;

- any waiver or modification of any specified performance target, goal or condition to payout with respect to any amount included in non-stock incentive plan compensation or payouts;
- any option or equity grant;
- any non-equity incentive plan award made to a named executive officer
- any nonqualified deferred compensation plans including nonqualified defined contribution plans; or
- any payment for any item that should be included as All Other Compensation in a Summary Compensation Table.

We have no compensation arrangements (such as fees for retainer, committee service, service as chairman of the board or a committee, and meeting attendance) with directors. Directors did not receive any compensation except for that received as executive officers as set forth above.

ITEM 12 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth certain information concerning the number of shares of our common stock owned beneficially based on 20,133,757 issued and outstanding shares of common stock as of December 31, 2015 by: (i) each of our directors; (ii) each of our named executive officers; and (iii) each person or Company known by us to beneficially own more than 5% of our outstanding shares of common stock.

Beneficial ownership is determined in accordance with SEC rules and generally includes voting or investment power with respect to securities. Other than as described in the notes to the table, we believe that all persons named in the table have sole voting and investment power with respect to shares beneficially owned by them. All share ownership figures include shares issuable upon exercise of options or warrants exercisable within 60 days of the date of this Annual Report, which are deemed outstanding and beneficially owned by such person for purposes of computing his or her percentage ownership, but not for purposes of computing the percentage ownership of any other person.

Name and address	Shares of Common Stock	Percent of Common Stock	Shares of Series A Preferred Stock	Percent of Series A Preferred Stock	Percent of Capital Stock (1)
Directors and Officers (2):					
Lee Yip Kun Solomon	1,969,696	9.78%	75	75%	61.96%
Tan Poay Teik	—	0	20	20%	16%
Chen Bor Hann	—	0	5	5%	4%
George Yap	10,102	*	—	0	*
Nils Erik Sandberg (3)	421,536	2.09%	—	0	*
Daniel Ritchey	146,464	*	—	0	*
Anthony Soh	30,303	*	—	0	*
All Officers and Directors as a Company (7 persons)	2,578,101	12.8%	100	100%	82.56%
5% or Greater Beneficial Owners					
Nordnet Pensionsförsäkring AB	2,115,278	10.51%	—	0	2.1%
Forsakringsaktiebolaget Avanza Pension	3,020,429	15%	—	0	3%
City National Rochdale, LLC	1,069,314	5.31%	—	0	1.06%
Incentive AS	1,085,887	5.39%	—	0	1.08%

* Less than one percent

(1) Includes the voting power of the 100 shares of Series A Preferred Stock issued and outstanding, which in the aggregate carry the voting power of eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of our company or action by written consent of our shareholders. Each outstanding share of the Series A Preferred Stock shall represent its proportionate share of the 80%, which is allocated to the outstanding shares of Series A Preferred Stock.

(2) The address for each of the officers and directors is c/o Sino Agro Food, Inc., Room 3801, Block A, China Shine Plaza, No. 9 Lin He Xi Road, Tianhe District, Guangzhou City, P.R.C.

(3) Includes 86,949 shares of common stock owned of record by Mr. Sandberg’s spouse and 90,858 shares of common stock owned of record by Ängby Sportklubb, a not-for-profit organization of which Mr. Sandberg is the chairman of the board of directors. Mr. Sandberg disclaims any beneficial ownership of the shares of common stock held by Ängby Sportklubb.

Equity Compensation Plan Information

The following table sets forth certain information as of December 31, 2015, with respect to compensation plans under which the Company's equity securities are authorized for issuance:

	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) The weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation Plans approved by Security holders	None	-	-
Equity compensation Plans not approved By security holders	None	-	-
Total			

ITEM 13 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

On December 31, 2014, we were indebted to Mr. Lee in the amount of $1,172,059, and on December 31, 2015 we were indebted to Mr. Lee in the amount of $211,247. The amounts are unsecured, interest free and have no fixed term of repayment.

ITEM 14 PRINCIPAL ACCOUNTING FEES AND SERVICES

(1) Principal Audit Fees

The aggregate fees billed for each of the last two fiscal years for professional services rendered by the principal accountants ECOVIS David Yeung Hong Kong with respect to FYE 2015 ("**Ecovis**") and Anthony Kam & Associates Limited with respect to FYE 2014 ("**AK&A**"), for our audit of annual financial statements and review of financial statements included in our quarterly reports or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years were:

Ecovis	2015	$	180,000
AK&A	2014	$	161,000

(2) Audit-Related Fees

The aggregate fees billed in each of the last two fiscal years for assurance and related services by the principal accountants that are reasonably related to the performance of the audit or review of our financial statements and are not reported in the preceding paragraph:

Ecovis	2015	$	0
AK&A	2014	$	0

PART IV

ITEM 15 EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(A) Financial Statements

See index to Financial Statements on Page F-1

(B) Exhibits.

Exhibit No.	Exhibit Description
2.1	Stock Purchase Agreement and Share Exchange - Volcanic Gold and Capital Award. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.1 thereto.
2.2	Acquisition Agreement - Hang Yu Tai Investment Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.2 thereto.
2.3	Acquisition Agreement - Macau Eiji Company Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.3 thereto.
2.4	Acquisition Agreement - Tri-way Industries Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.4 thereto.
2.5	Disposition Agreement - Triway selling equity interest in TianQuan Science. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.5 thereto.
2.6	Acquisition Agreement - A Power Agro Agriculture Development (Macau) Limited acquired the Pretty Mountains' 45% equity interest in Sanjiang A Power. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 2.6 thereto.
3.1	Articles of Incorporation of Volcanic Gold, Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.1 thereto.
3.2	Amendment to Articles of Incorporation - Name Change: Volcanic Gold, Inc. to A Power Agro Agriculture Development, Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.2 thereto.
3.3	Certificate of Correction. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.3 thereto.
3.4	Amendment to Articles of Incorporation - Name Change: A Power Agro Agriculture Development, Inc. to Sino Agro Food, Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.4 thereto.
3.5	Bylaws of Volcanic Gold, Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.5 thereto.
3.6	Organizational Documents: Capital Award, Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.6 thereto.
3.7	Organizational Documents: Hang Yu Tai Investment Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.7 thereto.
3.8	Organizational Documents: ZhongXingNongMu Co. Ltd. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.8 thereto.

3.9	Organizational Documents: Macau Eiji Company Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.9 thereto.
3.10	Organizational Documents: Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.10 thereto.
3.11	Organizational Documents: Tri-way Industries Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.11 thereto.
3.12	Organizational Documents: A Power Agro Agriculture Development (Macau) Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 3.12 thereto.
3.13	Bylaws. Incorporated herein by reference to the Current Report on Form 8-K filed on November 28, 2012 as Exhibit 3.1 thereto.
3.14	Certificate of Amendment to Articles of Incorporation. Incorporated herein by reference to the Current Report on Form 8-K filed on January 30, 2013 as Exhibit 3.1 thereto.
3.15	Certificate of Amendment to Articles of Incorporation. Incorporated herein by reference to the Current Report on Form 8-K filed on November 1, 2013 as Exhibit 3.1 thereto.
3.16	Certificate of Amendment to Articles of Incorporation. Incorporated herein by reference to the Current Report on Form 8-K filed on June 12, 2014 as Exhibit 3.1 thereto.
3.17	Certificate of Amendment to Articles of Incorporation. Incorporated herein by reference to the Current Report on Form 8-K filed on November 10, 2014 as Exhibit 3.1 thereto.
3.18	Certificate of Amendment to Articles of Incorporation. Incorporated herein by reference to the Current Report on Form 8-K filed on December 17, 2014 as Exhibit 3.1 thereto.
4.1	Form of common stock Certificate of Sino Agro Food Inc. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 4.1 thereto.
4.2	Form of Certificate of Series A Preferred. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 4.2 thereto.
4.3	Form of Certificate of Series B Preferred. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 4.3 thereto.
4.4	Certificate of Rights and Preferences - Series A Preferred. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 4.4 thereto.
4.5	Certificate of Rights and Preferences - Series B Preferred. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 4.5 thereto.
4.6	Certificate of Designation of the Series F Non-Convertible Preferred Stock. Incorporated herein by reference to the Current Report on Form 8-K filed on November 16, 2012 as Exhibit 3.1 thereto.
4.7	Amended and Restated Certificate of Designation of the Series F Non-Convertible Preferred Stock. Incorporated herein by reference to the Current Report on Form 8-K filed on June 12, 2014 as Exhibit 3.1 thereto.
4.8	Promissory Note dated August 29, 2014. Incorporated herein by reference to the Current Report on Form 8-K filed on September 5, 2014 as Exhibit 4.1 thereto.
4.9	Certificate of Amendment to Certificate of Designation of the Series B Convertible Preferred Stock. Incorporated herein by reference to the Current Report on Form 8-K filed on December 17, 2014 as Exhibit 3.2 thereto.

10.1	Patented "Intellectual Property" namely "Zhi Wu Jei Gan Si Liao Chan Ye Hua Chan Pin Ji Qi Zhi Bei Fang Fa" registered under the Patent Number "ZL2005 10063039.9" and Certificate number "329722" of China. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.1 thereto.
10.2	Sino Foreign Joint Venture Agreement: Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.2 thereto.
10.3	Sino Foreign Joint Venture Agreement: Qinghai Sanjiang A Power Agriculture Co. Ltd. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.3 thereto.
10.4	Deed of Trust - A Power Agro Agriculture Development (Macau) Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.4 thereto.
10.5	Deed of Trust - Macau Eiji Company Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.5 thereto.
10.6	Deed of Trust - Hang Yu Tai Investment Limited. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.6 thereto.
10.7	Master License from Infinity Environmental Company, a Belize corporation. Incorporated herein by reference to the Registration Statement on Form 10 filed on November 19, 2010 as Exhibit 10.7 thereto.
10.8	Capital Award Consulting Service Agreement. Incorporated herein by reference to the Registration Statement on Form 10 filed on January 19, 2011 as Exhibit 10.8 thereto.
10.9	Tri-Way Joint Venture Agreement. Incorporated herein by reference to the Registration Statement on Form 10 filed on January 19, 2011 as Exhibit 10.9 thereto.
10.10.a	Share Sale Agreement of Zhongxingnongmu Co. Ltd. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.10(a) thereto.
10.10.b	MOU SIAF and Mr. Sun Sales and Purchase of shares Hang Yu Tai. Incorporated herein by reference to the Registration Statement on Form 10 filed on July 6, 2011 as Exhibit 10.10(b) thereto.
10.11	Joint Venture Agreement for Enping City Bi Tao A Power Prawn Culture Development Co., Ltd. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 10.11 thereto.
10.12	AP Technology Consulting Services Agreement between Capital Award and a Company of China Parties. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 10.12 thereto.
10.13	Organic Premium Beef Cattle (Fragrant Beef) Breeding and Feed Production Technology Cooperation Agreement. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 10.13 thereto.
10.14	Organic Premium Beef Cattle (Fragrant Beef) Breeding and Feed Production Technology Sale and Transfer Agreement. Incorporated herein by reference to the Registration Statement on Form 10 filed on April 25, 2011 as Exhibit 10.14 thereto.
10.15	Employment Agreement - Lee. Incorporated herein by reference to the Registration Statement on Form 10 filed on July 6, 2011 as Exhibit 10.15 thereto.
10.16	Employment Agreement - Tan. Incorporated herein by reference to the Registration Statement on Form 10 filed on July 6, 2011 as Exhibit 10.16 thereto.

10.17	Employment Agreement - Chen. Incorporated herein by reference to the Registration Statement on Form 10 filed on July 6, 2011 as Exhibit 10.17 thereto.
10.18	SJVC Enping Cattle and Sheep Farm Joint Venture Agreement. Incorporated herein by reference to the Registration Statement on Form 10 filed on July 6, 2011 as Exhibit 10.18 thereto.
10.19	Bait Fish Contract between Enping A Power Fishery Development Co. Ltd. and Guangzhou Jinyang Aquaculture Co. Ltd. Incorporated herein by reference to the Current Report on Form 8-K filed on December 19, 2011 as Exhibit 10.1 thereto.
10.20	Sleepy Cod Contract between Enping A Power Fishery Development Co. Ltd. and Guangzhou Jinyang Aquaculture Co. Ltd. Incorporated herein by reference to the Current Report on Form 8-K filed on December 19, 2011 as Exhibit 10.2 thereto.
10.21	Agreement between Capital Award, Inc. and Liu Gang, et al. Incorporated herein by reference to the Current Report on Form 8-K filed on February 29, 2012 as Exhibit 10.1 thereto.
10.22	Agreement between Macau Eiji Company Limited and Mr. Jin Xuesong. Incorporated herein by reference to the Current Report on Form 8-K filed on March 28, 2012 as Exhibit 10.1 thereto.
10.23	Addendum to Consulting and Services Agreement. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.1 thereto.
10.24	SJVC Agreement between MEIJI and Mr. He Yue Xiong. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.2 thereto.
10.25	Consulting and Services Agreement MEIJI and Mr. He Yue Xiong, et al. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.3 thereto.
10.26	Agreement to Purchase Young Beef between MEIJI and Yang Zi Shao Town Cattle Farm. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.4 thereto.
10.27	WSPS SJVC between the Company and Zhou Jianfeng. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.5 thereto.
10.28	WSPS Consulting and Services Agreement between Capital Award and Zhou Jianfeng, et al. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.6 thereto.
10.29	Memorandum of Understanding between the Company and Wu Xiaofeng. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on August 14, 2012 as Exhibit 10.7 thereto.
10.30	Jiangmen Hang Meiji Cattle Farm Co. Ltd. Statutory Documents. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on November 15, 2012 as Exhibit 10.8 thereto.
10.31	Consulting and Service Agreement (Wholesale 2) between the Company and Guangzhou YiLi Na Wei Trading Co. Ltd. Incorporated herein by reference to the Quarterly Report on Form 10-Q filed on November 15, 2012 as Exhibit 10.9 thereto.
10.32	JFD Lease agreement. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.32 thereto.
10.33	JHMC Lease Agreement. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.33 thereto.
10.34	JHST Lease Agreement. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.34 thereto.

10.35	Sino Agro Food, Inc. Lease Agreement. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.35 thereto.
10.36	Capital Award Consulting Service Agreement related to Fish Farm 2. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.36 thereto.
10.37	WXC Consulting Agreement. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.37 thereto.
10.38	Consulting and Service Agreement between MEIJI and Wei Da Xing, et al. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 10.38 thereto.
10.39	License Agreement between Capital Award Inc. and Glory Ocean Development Ltd. Incorporated herein by reference to the Current Report on Form 8-K filed on March 5, 2014 as Exhibit 10.1 thereto.
10.40	SJVC Agreement between a group of investors in Zhongshan City, Guangdong Province, PRC and Glory Ocean Development Ltd. Incorporated herein by reference to the Annual Report on Form 10-K filed on April 11, 2014 as Exhibit 10.40 thereto.
14	Code of Ethics. Incorporated herein by reference to the Registration Statement on Form S-1 filed on March 28, 2013 as Exhibit 14 thereto.
21	List of subsidiaries. Incorporated herein by reference to the Registration Statement on Form S-1 filed on September 23, 2013 as Exhibit 21 thereto.
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act*
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act*
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
101.INS	XBRL Instance Document*
101.SCH	XBRL Taxonomy Extension Schema Document*
101.CAL	XBRL Taxonomy Calculation Linkbase Document*
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document*
101.LAB	XBRL Taxonomy Label Linkbase Document*
101.PRE	XBRL Taxonomy Presentation Linkbase Document*

* Filed herewith
** Furnished herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		SINO AGRO FOOD, INC.
March 30, 2016	By:	/s/ LEE YIP KUN SOLOMON Lee Yip Kun Solomon Chief Executive Officer (Principal Executive Officer)
March 30, 2016	By:	/s/ DAN RITCHEY Dan Ritchey Chief Financial Officer (Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 30, 2016	By:	/s/ LEE YIP KUN SOLOMON Lee Yip Kun Solomon Chief Executive Officer, Director (Principal Executive Officer)
March 30, 2016	By:	/s/ TAN POAY TEIK Tan Poay Teik Chief Officer, Marketing
March 30, 2016	By:	/s/ CHEN BOR HANN Chen Bor Hann Corporate Secretary
March 30, 2016	By:	/s/ YAP KOI MING Yap Koi Ming Director
March 30, 2016	By:	/s/ NILS ERIK SANDBERG Nils Erik Sandberg Director
March 30, 2016	By:	/s/ DAN RITCHEY Dan Ritchey Director
March 30, 2016	By:	/s/ SOH LIM CHANG Soh Lim Chang, Director

SINO AGRO FOOD, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SINO AGRO FOOD, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ECOVIS®
ECOVIS David Yeung Hong Kong
君豐會計師事務所

14/F., San Toi Building, 137-139 Connaught Road Central, Hong Kong.
Tel : (852) 2581 7500
Fax : (852) 2581 7588

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Sino Agro Food, Inc.
(Incorporated in the State of Nevada, United States of America)

We have audited the accompanying consolidated balance sheets of Sino Agro Food, Inc. as of December 31, 2015 and 2014, and the related consolidated statements of income and other comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sino Agro Food, Inc. as of December 31, 2015 and 2014, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Sino Agro Food, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 28, 2016 expressed an unqualified opinion thereon.

s/ECOVIS ECOVIS David Yeung Hong Kong
ECOVIS David Yeung Hong Kong

Hong Kong
March 30, 2016

ECOVIS®
ECOVIS David Yeung Hong Kong
君豐會計師事務所

14/F., San Toi Building, 137-139 Connaught Road Central, Hong Kong.
Tel : (852) 2581 7500
Fax : (852) 2581 7588

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Sino Agro Food, Inc.
(Incorporated in the State of Nevada, United States of America)

We have audited Sino Agro Food, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). Sino Agro Food, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Sino Agro Food, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the 2015 consolidated financial statements of Sino Agro Food, Inc. and our report dated March 28, 2016 expressed an unqualified opinion thereon.

s/ECOVIS ECOVIS David Yeung Hong Kong
ECOVIS David Yeung Hong Kong

Hong Kong
March 30, 2016

SINO AGRO FOOD, INC.
CONSOLIDATED BALANCE SHEETS

	Note	2015	2014
ASSETS			
Current assets			
Cash and cash equivalents	6	$ 7,229,197	$ 3,031,447
Inventories	7	62,848,707	45,967,993
Costs and estimated earnings in excess of billings on uncompleted contracts	19	1,306,885	-
Deposits and prepayments	8	83,811,929	75,951,591
Accounts receivable, net of allowance for doubtful accounts	9	135,674,418	104,503,071
Other receivables	10	59,780,587	52,305,260
Total current assets		350,651,723	281,759,362
Plant and equipment			
Plant and equipment, net of accumulated depreciation	11	104,259,079	64,352,975
Construction in progress	12	72,788,769	69,120,277
Land use rights, net of accumulated amortization	13	58,485,675	63,322,202
Total plant and equipment		235,533,523	196,795,454
Other assets			
Goodwill	14	724,940	724,940
Proprietary technologies, net of accumulated amortization	15	10,784,358	11,480,298
Long term investment	16	769,941	817,127
Temporary deposits paid to entities for investments in Sino joint venture companies	17	41,109,708	41,109,708
Total other assets		53,388,947	54,132,073
Total assets		$ 639,574,193	$ 532,686,889
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses		$ 9,345,559	$ 22,138,835
Billings in excess of costs and estimated earnings on uncompleted contracts	19	8,700,706	8,060,580
Due to a director		211,247	1,172,059
Series F Non-convertible preferred stock redemption payable	20	-	3,146,063
Other payables	21	4,792,579	11,695,982
Borrowings - Short term bank loan	22	4,466,040	4,410,727
Bonds payable	23	-	1,725,000
Negotiable promissory notes	24	865,968	-
		28,382,099	52,349,246
Non-current liabilities			
Other payables	21	4,797,332	-
Borrowings - Long term debts	22	1,554,902	2,306,057
Convertible note payables	25	34,904,739	15,803,928
		41,256,973	18,109,985
Commitments and contingencies		-	-
Stockholders' equity			
Preferred stock: $0.001 par value (10,000,000 shares authorized, 100 and 7,000,100 issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)			
Series A preferred stock: $0.001 par value (100 shares designated, 100 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)	26	$ -	$ -
Series B convertible preferred stock: $0.001 par value (10,000,000 shares designated, 0 and 7,000,000 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)	26	-	7,000
Series F Non-convertible preferred stock: $0.001 par value (1,000,000 shares designated, 0 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)	26	-	-
Common stock: $0.001 par value (22,727,273 shares authorized, 20,133,757 and 17,162,716 shares issued and outstanding as of December 31, 2015 and December 31, 2014, respectively)	26	20,134	17,162
Additional paid - in capital		142,882,173	121,158,996
Retained earnings		339,616,638	273,261,108
Accumulated other comprehensive income		1,427,638	6,452,816
Treasury stock	26	(1,250,000)	(1,250,000)
Total Sino Agro Food, Inc. and subsidiaries stockholders' equity		482,696,583	399,647,082
Non - controlling interest		87,238,538	62,580,576
Total stockholders' equity		569,935,121	462,227,658
Total liabilities and stockholders' equity		$ 639,574,193	$ 532,686,889

The accompanying notes are an integral part of these consolidated financial statements.

SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME

	Note	2015	2014	2013
Revenue				
- Sale of goods		$ 336,786,554	$ 322,654,081	$ 208,614,041
- Consulting and service income from development contracts		90,374,144	80,112,541	51,179,311
- Commission income		1,892,786	1,567,751	1,632,461
		429,053,484	404,334,373	261,425,813
Cost of goods sold		(260,843,884)	(230,753,652)	(139,346,055)
Cost of services		(57,046,350)	(44,241,900)	(20,548,608)
Gross profit		111,163,250	129,338,821	101,531,150
General and administrative expenses		(18,640,717)	(15,616,278)	(8,859,777)
Net income from operations		92,522,533	113,722,543	92,671,373
Other income (expenses)				
Government grant		2,891,482	537,787	613,678
Other income		483,299	443,575	230,840
Gain of extinguishment of debts	4	132,000	270,586	1,318,947
Interest expense		(4,270,322)	(761,299)	(393,592)
Net income (expenses)		(763,541)	490,649	1,769,873
Net income before income taxes		91,758,992	114,213,192	94,441,246
Provision for income taxes	5	-	-	-
Net income		91,758,992	114,213,192	94,441,246
Less: Net (income) loss attributable to non - controlling interest		(25,403,462)	(22,148,582)	(20,234,717)
Net income from continuing operations attributable to Sino Agro Food, Inc. and subsidiaries		66,355,530	92,064,610	74,206,529
Other comprehensive (loss) income - Foreign currency translation (loss) income		(6,540,619)	291,215	3,208,876
Comprehensive income		59,814,911	92,355,825	77,415,405
Less: other comprehensive loss (income) attributable to non - controlling interest		1,515,441	(98,531)	(817,019)
Comprehensive income attributable to Sino Agro Food, Inc. and subsidiaries		$ 61,330,352	$ 92,257,294	$ 76,598,386
Earnings per share attributable to Sino Agro Food, Inc. and subsidiaries common stockholders:				
Basic	31	$ 3.69	$ 5.81	$ 6.14
Diluted	31	$ 3.60	$ 5.56	$ 5.76
Weighted average number of shares outstanding:				
Basic	31	17,988,619	15,847,496	12,093,973
Diluted	31	18,576,241	16,554,566	12,872,442

The accompanying notes are an integral part of these consolidated financial statements.

SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common stock Par value $0.001		Series A Preferred stock Par value $0.001		Series B Convertible Preferred stock Par value $0.001		Series F Non Convertible Preferred stock Par value $0.001	
	Number of shares	Nominal Amount $	Number of shares	Nominal Amount $	Number of shares	Nominal Amount $	Number of shares	Nominal Amount $
Balance as of January 1, 2013	10,101,500	10,102	100	-	10,000,000	10,000	-	-
Series B convertible preferred stock cancelled	-	-	-	-	(3,000,000)	(3,000)	-	-
Issue of common stock								
- For settlement of debts	3,767,675	3,767	-	-	-	-	-	-
- Employees' compensation	30,021	30	-	-	-	-	-	-
Amortize discount - Convertible notes	-	-	-	-	-	-	-	-
Net income for the year	-	-		-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2013	13,899,196	13,899	100	-	7,000,000	7,000	-	-
Issue of common stock								
- For settlement of debts	2,734,625	2,733	-	-	-	-	-	-
- Employees' compensation	530,576	531	-	-	-	-	-	-
Cancellation piecemeal adjustments	(1,681)	(1)						
Amortize discount - Convertible notes								
Net income for the year	-	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2014	17,162,716	17,162	100	-	7,000,000	7,000	-	-
Issue of common stock								
- For settlement of debts	100,000	100	-	-	-	-	-	-
- Employees' compensation	47,787	48	-	-	-	-	-	-
- Series B convertible preferred stock converted	707,070	707	-	-	(7,000,000)	(7,000)	-	-
- As security for finance raised	1,888,304	1,889						
Reverse split shares adjustments	227,880	228	-	-	-	-	-	-
Amortize discount - Convertible notes	-		-	-	-	-	-	-
Net income for the year	-	-	-	-	-	-	-	-
Capital contribution from non-controlling interest	-	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-	-
Balance as of December 31, 2015	20,133,757	20,134	100	-	-	-	-	-

SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)

	Treasury stock Number of shares	Treasury stock Nominal Amount $	Additional paid - in capital $	Retained earnings $	Accumulated other comprehensive income $	Non - controlling interest $	Total $
Balance as of January 1, 2013	(101,010)	(1,250,000)	88,181,594	106,989,969	3,868,274	19,281,727	217,091,666
Series B convertible preferred stock cancelled	-	-	-	-	-	-	(3,000)
Issue of common stock							
- For settlement of debts	-	-	16,707,919	-	-	-	16,711,686
- Employees' compensation	-	-	133,714	-	-	-	133,744
Amortize discount - Convertible notes	-	-	14,152	-	-	-	14,152
Net income for the year	-	-	-	74,206,529	-	20,234,717	94,441,246
Foreign currency translation difference	-	-	-	-	2,391,857	817,019	3,208,876
Balance as of December 31, 2013	(101,010)	(1,250,000)	105,037,379	181,196,498	6,260,131	40,333,463	331,598,370
Issue of common stock							
- For settlement of debts	-	-	12,733,054	-	-	-	12,735,787
- Employees' compensation	-	-	3,318,913	-	-	-	3,319,444
Cancellation piecemeal adjustments	-	-	(15,950)		-	-	(15,951)
Amortize discount - Convertible notes	-	-	85,600		-	-	85,600
Net income for the year	-	-		92,064,610	-	22,148,582	114,213,192
Foreign currency translation difference	-	-	-	-	192,685	98,531	291,216
Balance as of December 31, 2014	(101,010)	(1,250,000)	121,158,996	273,261,108	6,452,816	62,580,576	462,227,658
Issue of common stock							
- For settlement of debts	-	-	867,900	-	-	-	868,000
- Employees' compensation	-	-	726,315	-	-	-	726,363
- Series B convertible preferred stock converted	-	-	6,293	-	-	-	-
- As security for finance raised	-	-	17,275,876	-	-	-	17,277,765
Reverse split shares adjustments	-	-	2,766,414	-	-	-	2,766,642
Amortize discount - Convertible notes	-	-	80,379	-	-	-	80,379
Capital contribution from non-controlling interest	-	-	-	-	-	769,941	769,941
Net income for the year	-	-	-	66,355,530	-	25,403,462	91,758,992
Foreign currency translation difference	-	-	-	-	(5,025,178)	(1,515,441)	(6,540,619)
Balance as of December 31, 2015	(101,010)	(1,250,000)	142,882,173	339,616,638	1,427,638	87,238,538	569,935,121

The accompanying notes are an integral part of these consolidated financial statements.

SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	2015	2014	2013
Cash flows from operating activities			
Net income for the year	$ 91,758,992	$ 114,213,192	$ 94,441,246
Adjustments to reconcile net income for the year to net cash from operations:			
Depreciation	2,866,527	2,457,131	1,496,551
Amortization	1,950,824	2,210,257	2,006,146
Loss on disposal of property, plant and equipment	-	-	136
Gain on extinguishment of debts	(132,000)	(270,586)	(1,318,947)
Common stock issued for services	363,181	659,686	405,236
Other amortized cost	5,451,612	906,682	57,278
Changes in operating assets and liabilities:			
(Increase) decrease in inventories	(16,880,714)	(37,819,790)	8,966,552
(Increase) decrease in cost and estimated earnings in excess of billings on uncompleted contacts	(1,306,885)	663,296	356,872
(Increase) decrease in deposits and prepaid expenses	4,651,244	(23,320,658)	(22,827,646)
Increase (decrease) in due to a director	3,005,115	3,488,291	(1,555,036)
Increase (decrease) in accounts payable and accrued expenses	(12,793,276)	11,083,641	5,292,551
Increase (decrease) in other payables	3,691,261	13,933,571	22,144,941
(Increase) decrease in accounts receivable	(31,171,347)	(22,445,129)	(29,069,592)
Increase (decrease) in billings in excess of costs and estimated earnings on uncompleted contracts	640,126	4,913,624	1,673,584
(Increase) decrease in other receivables	(7,475,327)	(48,522,489)	2,171,477
Net cash provided by operating activities	44,619,333	22,150,719	84,241,349
Cash flows from investing activities			
Purchases of property and equipment	(4,616,397)	(4,003,588)	(7,002,878)
Payment for construction in progress	(49,532,030)	(26,693,530)	(51,226,616)
Payment for investment in Sino Joint Venture Companies	-	-	(35,078,923)
Long term investments	-	(817,127)	-
Net cash used in investing activities	(54,148,427)	(31,514,245)	(93,308,417)
Cash flows from financing activities			
Directors reimbursement for cash originally deposited in due to a director			
- Net proceeds from convertible bonds payable	12,867,550	-	-
- Issue of negotiable instrument notes	3,854,550	-	-
- Negotiable instrument notes repaid	(3,040,000)	-	-
- Bond payable (repaid)/raised	(1,725,000)		940,000
Net proceeds from bonds payable	-	7,522,450	-
Capital contribution from non-controlling interest	769,941	-	-
Proceeds from short term debts	3,849,707	4,100,377	4,100,377
Proceeds from long term debts	-	2,436,193	-
Long term debts repaid	(449,533)	-	-
Short term bank loan repaid	(4,085,635)	(4,100,377)	(3,181,927)
Payment for cancellation of piecemeal shares	-	(15,951)	-
Series F Non-convertible preferred stock redemption	(3,146,063)	-	-
Dividends paid	-	-	(951,308)
Net cash provided by financing activities	8,895,517	9,942,692	907,142
Effects on exchange rate changes on cash	4,831,327	1,125,007	1,062,935
Increase (decrease) in cash and cash equivalents	4,197,750	1,704,173	(7,096,991)
Cash and cash equivalents, beginning of year	3,031,447	1,327,274	8,424,265
Cash and cash equivalents, end of year	$ 7,229,197	$ 3,031,447	$ 1,327,274
Supplementary disclosures of cash flow information:			
Cash paid for interest	$ 1,068,710	$ 761,299	$ 393,592
Cash paid for income taxes	$ -	$ -	$ -
Non - cash transactions			
Common stock issued for settlement of debts	$ 868,000	$ 12,735,789	$ 16,711,685
Series B convertible preferred stock cancelled	$ -	$ -	$ (3,000)
Common stock issued for services and compensation	$ 726,315	$ 3,319,444	$ 133,744
Transfer to land use rights from deposits and prepaid expenses	$ -	$ 14,393,942	$ 20,726,266
Transfer construction in progress to property and equipment	$ 41,925,482	$ 4,453,665	$ 4,404,179
Transfer deposits and prepaid expenses to property and equipment	$ 46,194	$ 217,264	$ 308,299
Transfer to construction in progress from deposits and prepaid expenses	$ -	$ -	$ 4,141,872
Transfer to proprietary technologies from deposits and prepaid expenses	$ -	$ -	$ 4,390,043
Proceeds from convertible bond payable paid to director and applied to operating activities	$ -	$ 4,110,000	$ -
Common stock issue to secure debts loans and trade finance facilities	$ 17,277,765	$ -	$ -
Reverse split adjustments	$ 2,766,642	$ -	$ -
Series B convertible preferred stock converted into common stock	$ 7,000	$ -	$ -

The accompanying notes are an integral part of these consolidated financial statements.

SINO AGRO FOOD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Sino Agro Food, Inc. (the " **Company** " or " **SIAF** ") (formerly known as Volcanic Gold, Inc. and A Power Agro Agriculture Development, Inc.) was incorporated on October 1, 1974 in the State of Nevada, United States of America.

The Company was engaged in the mining and exploration business but ceased its mining and exploring business on October 14, 2005. On August 24, 2007, the Company entered into a Merger and Acquisition Agreement with Capital Award Inc., a Belize corporation (" **CA** ") and its subsidiaries Capital Stage Inc. (" **CS** ") and Capital Hero Inc. (" **CH** "). Effective the same date, CA completed a reverse merger transaction with SIAF. SIAF acquired all the outstanding common stock of CA from Capital Adventure, a shareholder of CA, for 3,232,323 shares of the Company's common stock.

On August 24, 2007 the Company changed its name from Volcanic Gold, Inc. to A Power Agro Agriculture Development, Inc. On December 8, 2007, the Company changed its name to Sino Agro Food, Inc.

On September 5, 2007, the Company acquired three existing businesses in the People's Republic of China (the **"P.R.C."**):

(a) Hang Yu Tai Investment Limited (" **HYT** "), a company incorporated in Macau, the owner of 78% equity interest in ZhongXingNongMu Ltd (" **ZX** "), a company incorporated in the P.R.C.;

(b) Tri-way Industries Limited (" **TRW** "), a company incorporated in Hong Kong; and

(c) Macau Eiji Company Limited (" **MEIJI**"), a company incorporated in Macau, the owner of 75% equity interest in Enping City Juntang Town Hang Sing Tai Agriculture Co. Ltd. (" **HST** "), a P.R.C. corporate Sino-Foreign joint venture. HST was dissolved in 2010.

On November 27, 2007, MEIJI and HST established a corporate Sino - Foreign joint venture, Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd. (" **JHST** "), a company incorporated in the P.R.C. with MEIJI owning a 75% interest and HST owning a 25% interest.

On November 26, 2008, SIAF established Pretty Mountain Holdings Limited (" **PMH**"), a company incorporated in Hong Kong with an 80% equity interest. On May 25, 2009, PMH formed a corporate Sino-Foreign joint venture, Qinghai Sanjiang A Power Agriculture Co. Ltd. (" **SJAP** "), incorporated in the P.R.C., of which PMH owns a 45% equity interest. At the time, the remaining 55% equity interest in SJAP was owned by the following entities:

- Qinghai Province Sanjiang Group Company Limited (English translation) (" **Qinghai Sanjiang**"), a company incorporated in the P.R.C with major business activities in the agriculture industry; and
- Guangzhou City Garwor Company Limited (English translation) (" **Garwor**"), a company incorporated in the P.R.C., specializing in sales and marketing.

SJAP is engaged in the business of manufacturing bio-organic fertilizer, livestock feed and development of other agriculture projects in the County of Huangyuan, in the vicinity of the Xining City, Qinghai Province, P.R.C.

In September 2009, the Company carried out an internal reorganization of its corporate structure and business, and formed a 100% owned subsidiary, A Power Agro Agriculture Development (Macau) Limited (" **APWAM** "), which was formed in Macau. APWAM then acquired PMH's 45% equity interest in SJAP. By virtue of the acquisition, APWAM assumed all obligations and liabilities of PMH under the Sino Foreign Joint Venture Agreement. On May 7, 2010, Qinghai Sanjiang sold and transferred its equity interest in SJAP to Garwor. The State Administration for Industry and Commerce of Xining City Government of the PRC approved the sale and transfer. As a result, APWAM owned 45% of SJAP and Garwor owned the remaining 55%. This remains the case as of the date of this report (the " **Report**").

On September 9, 2010, an application was submitted by the Company to the Companies Registry of Hong Kong for deregistration of PMH under Section 291AA of the Hong Kong Companies Ordinance. On January 28, 2011, PMH was dissolved.

1. CORPORATE INFORMATION (CONTINUED)

On February 15, 2011 and March 29, 2011, the Company entered into an agreement and a memorandum of understanding (an " **MOU"**), respectively, to sell 100% equity interest in HYT group (including HYT and ZX) to Mr. Xin Ming Sun, a director of ZhongXingNong Nu Co., Ltd for $45,000,000, with effective date of January 1, 2011.

On February 28, 2011, the Company applied to form Enping City Bi Tao A Power Prawn Culture Development Co Limited (" **EBAPCD** ") , and the Company would indirectly own a 25% equity interest in future Sino Joint Venture Company (pending approval).

On February 28, 2011, TRW applied to form a corporate joint venture, Enping City Bi Tao A Power Fishery Development Co., Limited (" **EBAPFD** "), incorporated in the PRC. TRW owned a 25% equity interest in EBAPFD. On November 17, 2011, TRW formed Jiang Men City A Power Fishery Development Co., Limited (" **JFD** ") in which it acquired a 25% equity interest, while withdrawing its 25% equity interest in EBAPFD. As of December 31, 2011, the Company had invested for total cash consideration of $1,258,607 in JFD. JFD operates an indoor fish farm. On January 1, 2012, the Company acquired an additional 25% equity interest in JFD for total cash consideration of $1,662,365. As of January 1, 2012, the Company had consolidated the assets and operations of JFD. On April 1, 2012, the Company acquired an additional 25% equity interest in JFD for the total cash consideration of $1,702,580. These acquisitions were at our option according the terms of the original development agreement. The Company presently owns a 75% equity interest in JFD, representing majority of voting rights and controls its board of directors.

On April 15, 2011, MEIJI applied to form Enping City A Power Cattle Farm Co., Limited (" **ECF** "), all of which the Company would indirectly own a 25% equity interest on November 17, 2011. On January 1, 2012, the Company had invested $1,076,489 in ECF and the amount was settled in contra against accounts receivable due from ECF. On September 17, 2012 MEIJI formed Jiang Men City Hang Mei Cattle Farm Development Co., Limited (" **JHMC** ") and acquired additional 50% equity interest for the total cash consideration of $2,944,176 on September 30, 2012 while withdrawing its 25% equity interest in ECF. This acquisition was at our option according to the terms of the original development agreement. The Company presently owns 75% equity interest in JHMC, representing majority of voting right and controls its board of directors. As of September 30, 2012, the Company had consolidated the assets and operations of JHMC. Up to December 31, 2015, MEIJI further invested $400,000 in JHMC.

On July 18, 2011, the Company formed Hunan Shenghua A Power Agriculture Co., Limited (" **HSA** "), in which the Company owns a 26% equity interest, and SJAP owns a 50% equity interest with the Chinese partner owning the remaining 24%. As of December 31, 2015, MEIJI and SJAP total investment in HSA were $857,808 and 629,344, respectively.

On November 12, 2013, the Company acquired a shell company, Goldcup9203 AB, incorporated in Sweden, in which the Company owns a 100% equity interest. Goldcup 9203 AB changed its name to Sino Agro Food Sweden AB (publ) (" **SAFS** "). As of December 31, 2015, the Company invested $77,664 in SAFS.

SJAP formed Qinghai Zhong He Meat Products Co., Limited (" **QZH** "), with SJAP would owning 100% equity interest. On October 25, 2015, both QZH and new stockholder, Qinghai Quanwang Investment Management Co., Ltd (" **QQI** ") contributed additional capital of $4,157,682 and $769,941, respectively. As of result, SJAP decreased its equity interest from 100% to 85% and QQI owned a 14% equity interest. As of December 31, 2015, the SJAP's total investment in QZH was $4,645,487. In addition, according to investment agreement between QZH and QQI, (i) QQI only enjoy interest 6% annually on its capital contribution and did not enjoy profit distribution; (ii) investment period was 3 years only, and (iii) SJAP shared 100% (2014: 100%) on profit or loss after deduction 6% interest to QQI and enjoyed 100% (2014: 100%) voting rights of QZH's board and stockholders meetings.

The Company's principal executive office is located at Room 3801, Block A, China Shine Plaza, No. 9 Lin He Xi Road, Tianhe District, Guangzhou City, Guangdong Province, P.R.C., 510610.

The nature of the operations and principal activities of the Company and its subsidiaries are described in Note 2.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 FISCAL YEAR

The Company has adopted December 31 as its fiscal year end.

2.2 REPORTING ENTITIES

Name of subsidiaries	Place of incorporation	Percentage of interest	Principal activities
Capital Award Inc. ("CA")	Belize	100% (2014: 100%) directly	Fishery development and holder of A-Power Technology master license.
Capital Stage Inc. ("CS")	Belize	100% (2014: 100%) indirectly	Dormant
Capital Hero Inc. ("CH")	Belize	100% (2014: 100%) indirectly	Dormant
Sino Agro Food Sweden AB ("SAFS")	Sweden	100% (2014: 100%) directly	Dormant
Tri-way Industries Limited ("TRW")	Hong Kong, P.R.C.	100% (2014: 100%) directly	Investment holding, holder of enzyme technology master license for manufacturing of livestock feed and bio-organic fertilizer and has not commenced its planned business of fish farm operations.
Macau Eiji Company Limited ("MEIJI")	Macau, P.R.C.	100% (2014: 100%) directly	Investment holding, cattle farm development, beef cattle and beef trading
A Power Agro Agriculture Development (Macau) Limited ("APWAM")	Macau, P.R.C.	100% (2014: 100%) directly	Investment holding
Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd ("JHST")	P.R.C.	75% (2014: 75%) indirectly	HylocereusUndatus Plantation ("HU Plantation").
Jiang Men City A Power Fishery Development Co., Limited ("JFD")	P.R.C.	75% (2014: 75%) indirectly	Fish cultivation
Jiang Men City Hang Mei Cattle Farm Development Co., Limited ("JHMC")	P.R.C.	75% (2014: 75%) indirectly	Beef cattle cultivation
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	P.R.C.	76% (2014: 76%) indirectly	Manufacturing of organic fertilizer, livestock feed, and beef cattle and sheep cultivation, and plantation of crops and pastures

Name of variable interest entity	Place of incorporation	Percentage of interest	Principal activities
Qinghai Sanjiang A Power Agriculture Co., Ltd ("SJAP")	P.R.C.	45% (2014: 45%) indirectly	Manufacturing of organic fertilizer, livestock feed, and beef cattle and plantation of crops and pastures
Qinghai Zhong He Meat Products Co., Ltd ("QZH")	P.R.C.	*86% (2014:100%) indirectly	Cattle slaughter

***** This represents stockholding percentage of total equity.

In addition, according to investment agreement between QZH and QQI, (i) QQI only enjoyed interest 6% annually on its capital contribution and did not enjoy any profit distribution; (ii) investment period was 3 years only, and (iii) SJAP shared 100% (2014: 100%) on profit or loss after deduction 6% interest to QQI and enjoyed 100% (2014: 100%) voting rights of QZH's board and stockholders meetings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 BASIS OF PRESENTATION

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (" **US GAAP** ").

Reverse stock split and new conversion rate of Series B preferred stock to share of common stock on December 16, 2014, the Company implemented a 9.9-for-1 reverse stock split. On December 17, 2014, the Company implemented new conversion rate of 9.9 for 1 share of common stock. All share information contained within this report, including consolidated balance sheets, consolidated statements of income and other comprehensive income, and footnotes have been retroactively adjusted for the effects of reverse stock split and new conversion rate of Series B preferred stock to share of common stock.

2.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company, its subsidiaries CA, CS, CH, TRW, MEIJI, JHST, JFD, JHMC, HSA, APWAM, SAFS and its variable interest entity SJAP and QZH. All material inter-company transactions and balances have been eliminated in consolidation.

SIAF, CA, CS, CH, TRW, MEIJI, JHST, JFD, JHMC, HSA, APWAM, SAFS, SJAP and QZH are hereafter referred to as (the "Company").

2.5 BUSINESS COMBINATION

The Company adopted the accounting pronouncements relating to business combination (primarily contained in ASC Topic 805 "Business Combinations"), including assets acquired and liabilities assumed on arising from contingencies. These pronouncements established principles and requirement for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquisition as well as provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the business combination. In addition, these pronouncements eliminate the distinction between contractual and non-contractual contingencies, including the initial recognition and measurement criteria and require an acquirer to develop a systematic and rational basis for subsequently measuring and accounting for acquired contingencies depending on their nature. The Company's adoption of these pronouncements will have an impact on the manner in which it accounts for any future acquisitions.

2.6 NON - CONTROLLING INTEREST IN CONSOLIDATED FINANCIAL STATEMENTS

The Company adopted the accounting pronouncement on non-controlling interests in consolidated financial statements, which establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This guidance is primarily contained in ASC Topic "Consolidation." It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated financial statements. The adoption of this standard has not had material impact on the Company's consolidated financial statements.

2.7 USE OF ESTIMATES

The preparation of consolidated financial statements in conformity with US GAAP requires management to make assumptions and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods covered thereby. Actual results could differ from these estimates. Judgments and estimates of uncertainties are required in applying the Company's accounting policies in certain areas. The following are some of the areas requiring significant judgments and estimates: determinations of the useful lives of assets, estimates of allowances for doubtful accounts, cash flow and valuation assumptions in performing asset impairment tests of long-lived assets, estimates of the realization of deferred tax assets and inventory reserves.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 REVENUE RECOGNITION

The Company’s revenue recognition policies are in compliance with ASC 605. Sales revenue is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable, and (iv) the ability to collect is reasonably assured. These criteria are generally satisfied at the time of shipment when risk of loss and title passes to the customer.

Government grants are recognized when (i) the Company has substantially accomplished what must be done pursuant to the terms of the grant that are established by the local government; and (ii) the Company receives notification from the local government that the Company has satisfied all of the requirements to receive the government grants; and (iii) the amounts are received.

Multiple-Element Arrangements

To qualify as a separate unit of accounting under ASC 605-25 “ *Multiple Element Arrangements* ”, the delivered item must have value to the customer on a standalone basis. The significant deliverables under the Company’s multiple-element arrangements are consulting and service under development contract, commission and management service.

Revenues from the Company’s consulting and services under development contracts are performed under fixed-price contracts. Revenues under long-term contracts are accounted for under the percentage-of-completion method of accounting in accordance with the Financial Accounting Standards Board (“ **FASB** ”) Accounting Standards Codification (“ **ASC** ”) Topic 605, *Revenue Recognition* (“ASC 605”). Under the percentage-of-completion method, the Company estimates profit as the difference between total estimated revenue and total estimated cost of a contract and recognize that profit over the contract term. The percentage of costs incurred determines the amount of revenue to be recognized. Payment terms are generally defined by the installation contract and as a result may not match the timing of the costs incurred by the Company and the related recognition of revenue. Such differences are recorded as either costs or estimated earnings in excess of billings on uncompleted contracts or billings in excess of costs and estimated earnings on uncompleted contracts. The Company determines a customer’s credit worthiness at the time an order is accepted. Sudden and unexpected changes in a customer’s financial condition could put recoverability at risk.

The percentage of completion method requires the ability to estimate several factors, including the ability of the customer to meet its obligations under the contract, including the payment of amounts when due. If the Company determines that collectability is not assured, the Company will defer revenue recognition and use methods of accounting for the contract such as the completed contract method until such time as the Company determines that collectability is reasonably assured or through the completion of the project.

For fixed-price contracts, the Company uses the ratio of costs incurred to date on the contract to management’s estimate of the contract’s total costs, to determine the percentage of completion on each contract. This method is used as management considers expended costs to be the best available measure of progression of these contracts. Contract costs include all direct material, subcontract and labor costs and those indirect costs related to contract performance, such as supplies, tool repairs and depreciation. The Company accounts for maintenance and repair services under the guidance of ASC 605 as the services provided relate to construction work. Contract costs incurred to date and expected total contract costs are continuously monitored during the term of the contract. Changes in job performance, job conditions, and estimated profitability arising from contract penalty, change orders and final contract settlements may result in revisions to the estimated profit ability during the contract. These changes, which include contracts with estimated costs in excess of estimated revenues, are recognized as contract costs in the period in which the revisions are determined. Profit incentives are included in revenues when their realization is reasonably assured. At the point the Company anticipates a loss on a contract, the Company estimates the ultimate loss through completion and recognizes that loss in the period in which the loss was identified.

The Company does not provide warranties to customers on a basis customary to the industry, however, customers can claim warranty directly from product manufacturers for defects in equipment or products. Historically, the Company has experienced no warranty claims.

The Company provides various management services to its customers in the P.R.C. based on a negotiated fixed-price contract. The clients usually pay the fees when the services contract is signed and services are rendered. The Company recognizes these services-based revenues from contracts when (i) management services are rendered; (ii) clients recognize the completion of services; and (iii) collectability is reasonably assured. Fees received in advance are recorded as deferred revenue under current liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 COST OF GOODS SOLD AND COST OF SERVICES

Cost of goods sold consists primarily of direct purchase cost of merchandise goods, and related levies. Cost of services consist primarily direct cost and indirect cost incurred to date for development contracts and provision for anticipated losses for development contracts.

2.10 SHIPPING AND HANDLING

Shipping and handling costs related to cost of goods sold are included in general and administrative expenses, which totaled $32,311, $23,010 and $39,549 for the years ended December 31, 2015, 2014 and 2013, respectively.

2.11 ADVERTISING

Advertising costs are included in general and administrative expenses, which totaled $2,795,633, $2,379,831 and $2,365 for the years ended December 31, 2015, 2014 and 2013, respectively.

2.12 RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are included in general and administrative expenses, which totaled $549,020, $786,261 and $0 for the years ended December 31, 2015, 2014 and 2013, respectively.

2.13 FOREIGN CURRENCY TRANSLATION AND OTHER COMPREHENSIVE INCOME

The reporting currency of the Company is the U.S. dollars. The functional currency of the Company is the Chinese Renminbi (RMB).

For those entities whose functional currency is other than the U.S. dollars, all assets and liabilities are translated into U.S. dollars at the exchange rate on the balance sheet date; shareholders' equity is translated at historical rates and items in the statements of income and of cash flows are translated at the average rate for the period. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported in the statements of cash flows will not necessarily agree with changes in the corresponding balances in the balance sheets. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statements of shareholders' equity. Transaction gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of income and comprehensive income, as incurred.

Accumulated other comprehensive income in the consolidated statement of shareholders' equity amounted to $1,427,638 as of December 31, 2015 and $6,452,816 as of December 31, 2014. The balance sheet amounts with the exception of equity as of December 31, 2015 and December 31, 2014 were translated using an exchange rate of RMB 6.49 to $1.00 and RMB 6.12 to $1.00, respectively. The average translation rates applied to the statements of income and other comprehensive income and of cash flows for the years ended December 31, 2015, 2014 and 2013 were RMB 6.23 to $1.00, RMB 6.14 to $1.00 and RMB 6.19 to $1.00, respectively.

2.14 CASH AND CASH EQUIVALENTS

The Company considers all highly liquid securities with original maturities of three months or less when acquired to be cash equivalents. Cash and cash equivalents kept with financial institutions in the P.R.C. are not insured or otherwise protected. Should any of those institutions holding the Company's cash become insolvent, or should the Company become unable to withdraw funds for any reason, the Company could lose the cash on deposit with that institution.

2.15 ACCOUNTS RECEIVABLE

The Company maintains reserves for potential credit losses on accounts receivable. Management reviews the composition of accounts receivable and analyzes historical bad debts, customer concentrations, customer credit worthiness, current economic trends and changes in customer payment patterns to evaluate the adequacy of these reserves. Reserves are recorded primarily on a specific identification basis.

The standard credit period for most of the Company's clients is three months for sale of goods and commission income and six months for consulting and service income from development contracts. The collection period over 1 year is classified as long-term accounts receivable. Management evaluates the collectability of the receivables at least quarterly. Provision for doubtful accounts as of December 31, 2015 and 2014 are $0.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 INVENTORIES

Inventories are valued at the lower of cost (determined on a weighted average basis) and net realizable value. Costs incurred in bringing each product to its location and conditions are accounted for as follows:

(a) raw materials - purchase cost on a weighted average basis;

(b) manufactured finished goods and work-in-progress - cost of direct materials and labor and a proportion of manufacturing overhead based on normal operation capacity but excluding borrowing costs; and

(c) retail and wholesale merchandise finished goods - purchase cost on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs for completion and the estimated costs necessary to make the sale.

2.17 PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalization. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.

Plant and machinery	5 - 10 years
Structure and leasehold improvements	10 - 20 years
Mature seeds and herbage cultivation	20 years
Furniture and equipment	2.5 - 10 years
Motor vehicles	5 - 10 years

An item of plant and equipment is removed from the accounts upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of income in the period the item is disposed.

2.18 GOODWILL

Goodwill is an asset representing the fair economic benefits arising from other assets acquired in a business combination that are not individually identified or separately recognized. Goodwill is tested for impairment on an annual basis at the end of the Company's fiscal year, or when impairment indicators arise. The Company uses a fair-value-based approach to test for impairment at the level of each reporting unit. The Company directly acquired MEIJI, which is the holding company of JHST that operates the Hu Plantation. As a result of this acquisition, the Company recorded goodwill in the amount of $724,940. This goodwill represents the fair value of the assets acquired in these acquisitions over the cost of the assets acquired.

2.19 LONG TERM INVESTMENT

On October 29, 2014, the Company invested in Huangyuan County Rural Credit Union ("RCU"), Huangyuan County , Xining City, Qinghai Province, the P.R.C. RCU is engaged in the financing and crediting business to agricultural projects for local farmers. The Company has a 5% equity stake in RCU. The Company has no representative on the board of directors to oversee corporate operations. The Company accounts for its long term investment at cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 PROPRIETARY TECHNOLOGIES

A master license of stock feed manufacturing technology was acquired and the costs of acquisition are capitalized as proprietary technologies when technological feasibility has been established. Cost of acquisition of stock feed manufacturing technology master license is amortized using the straight-line method over its estimated life of 20 years.

An aromatic cattle-feeding formula was acquired and the costs of acquisition are capitalized as proprietary technologies when technological feasibility has been established. Cost of acquisition on aromatic cattle-feeding formula is amortized using the straight-line method over its estimated life of 25 years.

The cost of sleepy cods breeding technology license is capitalized as proprietary technologies when technological feasibility has been established. Cost of granting sleepy cods breeding technology license is amortized using the straight-line method over its estimated life of 25 years.

Bacterial cellulose technology license and related trade mark are capitalized as proprietary technologies when technological feasibility has been established. Cost of license and related trade mark is amortized using the straight-line method over its estimated life of 20 years.

The Company has determined that technological feasibility is established at the time a working model of products is completed. Proprietary technologies are intangible assets of finite lives. Management evaluates the recoverability of proprietary technologies on an annual basis at the end of the Company's fiscal year, or when impairment indicators arise. As required by ASC Topic 350 "Intangible - Goodwill and Other", the Company uses a fair-value-based approach to test for impairment.

2.21 CONSTRUCTION IN PROGRESS

Construction in progress represents direct costs of construction as well as acquisition and design fees incurred. Capitalization of these costs ceases and the construction in progress is transferred to property and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided until construction is completed and the asset is ready for its intended use.

2.22 LAND USE RIGHTS

Land use rights represent acquisition of rights to agricultural land from farmers and are amortized on the straight-line basis over their respective lease periods. The lease period of agricultural land is in the range from 10 to 60 years. Land use rights purchase prices were determined in accordance with the P.R.C. Government's minimum lease payments on agricultural land and mutually agreed to terms between the Company and the vendors.

2.23 CORPORATE JOINT VENTURE

A corporation formed, owned, and operated by two or more businesses as a separate and discrete business or project (venture) for their mutual benefit is considered to be a corporate joint venture. Investee entities, in which the Company can exercise significant influence, but not control, are accounted for under the equity method of accounting. Under the equity method of accounting, the Company's share of the earnings or losses of these companies is included in net income.

A loss in value of an investment that is other than a temporary decline is recognized as a charge to operations. Evidence of a loss in value might include, but would not necessarily be limited to, the absence of an ability to recover the carrying amount of the investment or inability of the investee to sustain an earnings capacity that would justify the carrying amount of the investment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 VARIABLE INTEREST ENTITY

A variable interest entity (“ **VIE** ”) is an entity (investee) in which the investor has obtained less than a majority interest, according to the Financial Accounting Standards Board (FASB). A VIE is subject to consolidation if a VIE meets one of the following three criteria as elaborated in ASC Topic 810-10, Consolidation:

(a) equity-at-risk is not sufficient to support the entity’s activities;
(b) as a group, the equity-at-risk holders cannot control the entity; or
(c) the economics do not coincide with the voting interest.

If a firm is the primary beneficiary of a VIE, the holdings must be disclosed on the balance sheet. The primary beneficiary is defined as the person or company with the majority of variable interests. A corporation formed, owned, and operated by two or more businesses (ventures) as a separate and discrete business or project (venture) for their mutual benefit is defined as a joint venture.

2.25 TREASURY STOCK

Treasury stock means shares of a corporation’s own stock that have been issued and subsequently reacquired by the corporation. Converting outstanding shares to treasury shares does not reduce the number of shares issued but does reduce the number of shares outstanding. These shares are not eligible to receive dividends. Accounting for excesses and deficiencies on treasury stock transactions is governed by ASC 505-30-30.

State laws and federal agencies closely regulate transactions involving a company’s own capital stock, so the purchase of outstanding shares must have a legitimate purpose. Some of the most common reasons for purchasing outstanding shares are as follows:

(a) to meet additional stock needs for various reasons, including newly implemented stock option plans, stock for convertible bonds or convertible preferred stock, or a stock dividend.
(b) to make more shares available for acquisitions of other entities.

The cost method of accounting for treasury shares has been adopted by the Company. The purchase of outstanding shares and thus converting them into treasury shares is treated as a temporary reduction in shareholders’ equity in view of the expectation to reissue the shares instead of retiring them. When the Company reissues the treasury shares, the temporary account is eliminated. The cost of acquiring outstanding shares for converting into treasury shares is charged to a contra account, in this case a contra equity account that reduces the stockholder equity balance.

2.26 INCOME TAXES

The Company accounts for income taxes under the provisions of ASC Topic 740 “Accounting for Income Taxes.” Under ASC Topic 740, deferred tax assets and liabilities are determined based on the difference between the financial statement carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse.

The provision for income tax is based on the results for the year as adjusted for items, which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred income taxes are calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it related to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

ASC Topic 740 also prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken, or for one expected to be taken, in a tax return. ASC Topic 740 also provides guidance related to, among other things, classification, accounting for interest and penalties associated with tax positions, and disclosure requirements. Any interest and penalties accrued related to unrecognized tax benefits will be recorded as tax expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 POLITICAL AND BUSINESS RISK

The Company's operations are carried out in the P.R.C. Accordingly, the political, economic and legal environment in the P.R.C. may influence the Company's business, financial condition and results of operations by the general state of the P.R.C.'s economy. The Company's operations in the P.R.C. are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

2.28 CONCENTRATION OF CREDIT RISK

Cash includes cash at banks and demand deposits in accounts maintained with banks within the P.R.C. Total cash in these banks as of December 31, 2015 and 2014 amounted to $7,022,695 and $2,814,677, respectively, none of which is covered by insurance. The Company has not experienced any losses in such accounts and believes it is not exposed to any risks to its cash in bank accounts.

The Company had 5 major customers (A, B, C, D & E) whose business individually represented the following percentages of the Company's total revenue for the year indicated:

	2015	2014	2013
Customer A	15.25%	14.24%	-%
Customer B	12.41%	25.73%	18.09%
Customer C	11.09%	6.65%	8.49%
Customer D	9.60%	15.94%	9.24%
Customer E	8.87%	6.58%	-%
Customer F	-%	-%	15.02%
Customer G	-%	-%	9.14%
Customer H	57.22%	69.14%	59.98%

		Percentage of revenue	Amount
Customer A	Fishery Development Division	15.25%	$ 65,446,497
Customer B	Fishery Development and Corporate and Others Divisions	12.41%	$ 53,263,768
Customer C	Cattle Farm Development and HU Plantation Division	11.09%	$ 47,597,310

Accounts receivable are derived from revenue earned from customers located primarily in the P.R.C. The Company performs ongoing credit evaluations of customers and has not experienced any material losses to date.

The Company had 5 major customers whose accounts receivable balance individually represented the following percentages of the Company's total accounts receivable:

	2015	2014
Customer A	13.71%	10.23%
Customer B	11.31%	9.68%
Customer C	10.12%	13.51%
Customer D	9.31%	21.21%
Customer E	8.45%	-%
Customer F	-%	7.12%
	52.90%	61.75%

As of December 31, 2015, amounts due from customers A, B and C are $18,596,496, $15,343,718 and $13,727,905, respectively. The Company has not experienced any significant difficulty in collecting its accounts receivable in the past and is not aware of any financial difficulties of its major customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.29 IMPAIRMENT OF LONG-LIVED ASSETS AND INTANGIBLE ASSETS

In accordance with ASC Topic 360, “Property, Plant and Equipment,” long-lived assets to be held and used are analyzed for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The Company reviews the carrying amount of its long-lived assets, including intangibles, for impairment, during each reporting period. An asset is considered impaired when estimated future cash flows are less than the carrying amount of the asset. In the event the carrying amount of such asset is considered not recoverable, the asset is adjusted to its fair value. Fair value is generally determined based on discounted future cash flow. As of December 31, 2015 and December 31, 2014, the Company determined no impairment losses were necessary.

2.30 EARNINGS PER SHARE

As prescribed in ASC Topic 260 “ *Earnings per Share,* ” Basic Earnings per Share (“ **EPS** ”) is computed by dividing net income available to common stockholders by the weighted average number of common stock shares outstanding during the year. Diluted EPS is computed by dividing net income available to common stockholders by the weighted-average number of common stock shares outstanding during the year plus potential dilutive instruments such as stock options and warrants. The effect of stock options on diluted EPS is determined through the application of the treasury stock method, whereby proceeds received by the Company based on assumed exercises are hypothetically used to repurchase the Company’s common stock at the average market price during the period.

ASC 260-10-55 requires that stock dividends or stock splits be accounted for retroactively if the stock dividends or stock splits occur during the year, or retroactively if the stock dividends or stock splits occur after the end of the period but before the release of the financial statements, by considering it outstanding of the entirety of each period presented. Dilution is computed by applying the treasury stock method. Under this method, options and warrants are assumed to be exercised at the beginning of the period (or at the time of issuance, if later), and as if funds obtained thereby were used to purchase common stock at the average market price during the year.

For the years ended December 31, 2015, 2014, and 2013, basic earnings per share attributable to Sino Agro Food, Inc. and subsidiaries common stockholders amount to \$3.69, \$5.81 and \$6.14 respectively. For the years ended December 31, 2015, 2014 and 2013, diluted earnings per share attributable to Sino Agro Food, Inc. and its subsidiaries’ common stockholders amounted to \$3.60, \$5.56 and \$5.76, respectively.

2.31 ACCUMULATED OTHER COMPREHENSIVE INCOME

ASC Topic 220 “*Comprehensive Income”* establishes standards for reporting and displaying comprehensive income and its components in financial statements. Comprehensive income is defined as the change in stockholders’ equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The comprehensive income for all periods presented includes both the reported net income and net change in cumulative translation adjustments.

2.32 RETIREMENT BENEFIT COSTS

P.R.C. state managed retirement benefit programs are defined contribution plans and the payments to the plans are charged as expenses when employees have rendered service entitling them to the contribution made by the employer.

2.33 STOCK-BASED COMPENSATION

The Company has adopted both ASC Topic 718, “Compensation - Stock Compensation” and ASC Topic 505-50, “Equity-Based Payments to Non - Employees” using the fair value method in which an entity issues its equity instruments to acquire goods and services from employees and non-employees. Stock compensation for stock granted to non-employees has been determined in accordance with this accounting standard and the accounting standard regarding accounting for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling goods or services, as the fair value of the consideration received or the fair value of equity instruments issued, whichever is more reliably measured. This accounting standard allows the “simplified” method to determine the term of employee options when other information is not available. Under ASC Topic 718 and ASC Topic 505-50, stock compensation expenses is measured at the grant date on the value of the option or restricted stock and is recognized as expenses, less expected forfeitures, over the requisite service period, which is generally the vesting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.34 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and paragraph 820-10-35-37 of the FASB Accounting Standards Codification ("Paragraph 820-10-35-37") to measure the fair value of its financial instruments. Paragraph 820-10-35-37 establishes a framework for measuring fair value under U.S. GAAP, and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, Paragraph 820-10-35-37 establishes a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by Paragraph 820-10-35-37 are described below:

Level 1	Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.
Level 2	Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.
Level 3	Pricing inputs that are generally observable inputs and not corroborated by market data.

The carrying amounts of the Company's financial assets and liabilities, such as cash and accrued expenses, approximate their fair values because of the short maturity of these instruments. The Company does not have any assets or liabilities measured at fair value on a recurring or a non-recurring basis, consequently, the Company did not have any fair value adjustments for assets and liabilities measured at fair value as of December 31, 2015 or December 31, 2014, nor gains or losses are reported in the statements of income and comprehensive income that are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at the reporting date for the fiscal years ended December 31, 2015, 2014 or 2013.

2.35 NEW ACCOUNTING PRONOUNCEMENTS

The Company does not expect any recent accounting pronouncements to have a material effect on the Company's financial position, results of operations, or cash flows.

In April 2014, the FASB issued ASU 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," which provides a narrower definition of discontinued operations than under existing U.S. GAAP. ASU 2014-08 requires that only a disposal of a component of an entity, or a group of components of an entity, that represents a strategic shift that has, or will have, a major effect on the reporting entity's operations and financial results should be reported in the consolidated financial statements as discontinued operations. ASU 2014-08 also provides guidance on the consolidated financial statement presentations and disclosures of discontinued operations. The new guidance is effective prospectively for the Company to all new disposals of components and new classification as held for sale beginning April 1, 2015. The Company is evaluating the effects, if any, of the adoption of this guidance will have on the consolidated financial position, results of operations or cash flows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.35 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), which amends the existing accounting standards for revenue recognition. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date*, which delays the effective date of ASU 2014-09 by one year. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. As such, the updated standard will be effective for us in the first quarter of 2018, with the option to adopt it in the first quarter of 2017. We are still evaluating the effect that the updated standard will have on the Company's consolidated financial statements and related disclosures.

In June 2014, the FASB issued ASU 2014-10, "Development Stage Entities (Topic 915): Elimination of Certain Financial Reporting Requirements, Including an Amendment to Variable Interest Entities Guidance in Topic 810, Consolidation". The guidance eliminates the definition of a development stage entity thereby removing the incremental financial reporting requirements from U.S. GAAP for development stage entities, primarily presentation of inception to date financial information. The provisions of the amendments are effective for annual reporting periods beginning after December 15, 2014, and the interim periods therein. However, early adoption is permitted. The adoption of ASU 2014-10 did not have a material impact on the Company's consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." ASU 2014-15 will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. This pronouncement is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and early adoption is permitted. Management is currently evaluating the impact of this pronouncement on the Company's consolidated financial statements.

In November 2014, FASB issued ASU No. 2014-17, *(Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force.)* The amendments in this update provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The adoption of ASU 2014-17 did not have a material impact on the Company's consolidated financial statements.

In January 2015, FASB issued ASU No. 2015-01, *Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*. This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The Company does not expect the adoption of ASU 2015-01 to have material impact on the Company's consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update ("ASU") No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis.* The new consolidation standard changes the way reporting enterprises evaluate whether (a) they should consolidate limited partnerships and similar entities, (b) fees paid to a decision maker or service provider are variable interests in a variable interest entity ("VIE"), and (c) variable interests in a VIE held by related parties of the reporting enterprise require the reporting enterprise to consolidate the VIE. The guidance is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2015. Early adoption is allowed, including early adoption in an interim period. A reporting entity may apply a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption or may apply the amendments retrospectively. The adoption of ASU 2015-02 did not have a material impact on the Company's consolidated financial statements.

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-03, which simplifies presentation of debt issuance costs. The amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU No. 2015-03 will be effective for fiscal years beginning after December 15, 2015, with early adoption permitted. The adoption of ASU 2015-03 did not have a material impact on the Company's consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update No. 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes* (ASU 2015-17), which simplifies the presentation of deferred income taxes by requiring deferred tax assets and liabilities be classified as noncurrent on the balance sheet. The updated standard is effective for us beginning on January 1, 2017 with early application permitted as of the beginning of any interim or annual reporting period. The adoption of ASU 2015-17 did not have a material impact on the Company's consolidated financial statements.

Other accounting standards that have been issued or proposed by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption.

3. SEGMENT INFORMATION

The Company establishes standards for reporting information about operating segments on a basis consistent with the Company's internal organization structure as well as business segments and major customers in consolidated financial statements. The Company operates in five principal reportable segments: Fishery Development Division, HU Plantation Division, Organic Fertilizer and Bread Grass Division, Cattle Farm Development Division and Corporate and Others Division. No geographic information is required as all revenue and assets are located in the P.R.C.

2015	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Revenue	$ 173,884,972	$ 13,674,894	$164,565,027	$ 35,272,834	$ 41,655,757	$429,053,484
Net income (loss)	$ 46,820,827	$ 5,198,917	$ 16,669,323	$ 2,752,147	$ (5,085,684)	$ 66,355,530
Total assets	$ 152,429,084	$ 54,867,488	$297,805,297	$ 48,258,274	$ 86,214,050	$639,574,193

2014	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Revenue	$ 188,334,643	$ 11,086,276	$116,233,062	$ 32,891,161	$ 55,789,231	$404,334,373
Net income (loss)	$ 53,141,522	$ 3,852,659	$ 27,929,319	$ 2,916,940	$ 4,224,170	$ 92,064,610
Total assets	$ 138,549,425	$ 53,220,509	$244,014,073	$ 47,753,495	$ 49,149,387	$532,686,889

3. SEGMENT INFORMATION (CONTINUED)

	2013					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Revenue	$109,059,105	$22,814,476	$ 73,718,075	$ 24,792,014	$ 31,042,143	$261,425,813
Net income (loss)	$ 40,267,690	8,894,028	$ 14,302,266	$ 4,717,736	$ 6,024,809	$ 74,206,529
Total assets	$ 96,033,450	$49,831,925	$156,141,447	$ 46,428,738	$ 19,079,371	$367,514,931

Note

(1) Operated by Capital Award, Inc. (“CA”) and Jiang Men City A Power Fishery Development Co., Limited (“JFD”).

(2) Operated by Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited (“JHST”).

(3) Operated by Qinghai Sanjiang A Power Agriculture Co., Limited (“SJAP”), Qinghai Zhong He Meat Products Co., Limited (“QZH”), A Power Agro Agriculture Development (Macau) Limited (“APWAM”), and Hunan Shenghua A Power Agriculture Co., Limited (“HSA”).

(4) Operated by Jiang Men City Hang Mei Cattle Farm Development Co. Limited (“JHMC”) and Macau Eiji Company Limited (“MEIJI”).

(5) Operated by Sino Agro Food, Inc. (“SIAF”) and Sino Agro Food Sweden AB (publ) (“SAFS”).

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of revenue:-

	2015					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 85,404,016	$ -	$ -	$ -	$ -	$ 85,404,016
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	13,674,894	-	-	-	$ 13,674,894
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	19,967,383	-	-	19,967,383
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	86,973,719	-	-	86,973,719
Qinghai Zhong He Meat Products Co., Limited ("QZH")	-	-	57,623,925	-	-	57,623,925
Macau Eiji Company Limited ("MEIJI")	-	-	-	35,272,834	-	35,272,834
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	37,869,783	37,869,783
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	86,588,170	-	-	-	-	86,588,170
Macau Eiji Company Limited ("MEIJI")	-	-	-	-	-	-
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	3,785,974	3,785,974
Commission and management fee						
Capital Award, Inc. ("CA")	1,892,786	-	-	-	-	1,892,786
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	-	-
	$ 173,884,972	$ 13,674,894	$ 164,565,027	$ 35,272,834	$ 41,655,757	$ 429,053,484

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of revenue (Continued):-

	2014					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 105,775,887	$ -	$ -	$ -	$ -	$ 105,775,887
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	11,086,275	-	-	-	$ 11,086,275
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	20,005,179	-	-	20,005,179
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	88,827,545	-	-	88,827,545
Qinghai Zhong He Meat Products Co., Limited ("QZH")	-	-	13,208,787	-	-	13,208,787
Macau Eiji Company Limited ("MEIJI")	-	-	-	32,891,161	-	32,891,161
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	50,859,247	50,859,247
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	75,182,557	-	-	-	-	75,182,557
Macau Eiji Company Limited ("MEIJI")	-	-	-	-	-	-
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	4,929,984	4,929,984
Commission and management fee						
Capital Award, Inc. ("CA")	1,567,751	-	-	-	-	1,567,751
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	-	-
	$ 182,526,195	$ 11,086,275	$ 122,041,511	$ 32,891,161	$ 55,789,231	$ 404,334,373

SINO AGRO FOOD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of revenue (Continued):-

	2013					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 72,362,980	$ -	$ -	$ -	$ -	$ 72,362,980
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	22,814,476	-	-	-	$ 22,814,476
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	11,490,395	-	-	11,490,395
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	62,227,680	-	-	62,227,680
Qinghai Zhong He Meat Products Co., Ltd ("QZH")	-	-	-	-	-	-
Macau Eiji Company Limited ("MEIJI")	-	-	-	17,671,418	-	17,671,418
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	22,047,092	22,047,092
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	35,259,211	-	-	-	-	35,259,211
Macau Eiji Company Limited ("MEIJI")	-	-	-	7,120,596	-	7,120,596
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	8,799,503	8,799,503
Commission and management fee						
Capital Award, Inc. ("CA")	1,436,914	-	-	-	-	1,436,914
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	195,548	195,548
	$ 109,059,105	$ 22,814,476	$ 73,718,075	$ 24,792,014	$ 31,042,143	$ 261,425,813

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services:-
COST OF GOODS SOLD

	2015					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 67,152,999	$ -	$ -	$ -	$ -	$ 67,152,999
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	4,382,965	-	-	-	4,382,965
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	11,510,644	-	-	11,510,644
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	68,719,888	-	-	68,719,888
Qinghai Zhong He Meat Products Co., Limited ("QZH")	-	-	42,548,711	-	-	42,548,711
Macau Eiji Company Limited ("MEIJI")	-	-	-	33,403,353	-	33,403,353
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	33,125,324	33,125,324
	$ 67,152,999	$ 4,382,965	$ 122,779,243	$ 33,403,353	$ 33,125,324	$ 260,843,884

COST OF SERVICES

	2015					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	$ 55,641,537	$ -	$ -	$ -	$ -	$ 55,641,537
Macau Eiji Company Limited ("MEIJI")	-	-	-	-	-	-
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	1,404,813	1,404,813
	$ 55,641,537	$ -	$ -	$ -	$ 1,404,813	$ 57,046,350

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services (Continued):-
COST OF GOODS SOLD

	2014					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 76,925,056	$ -	$ -	$ -	$ -	$ 76,925,056
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	3,334,857	-	-	-	3,334,857
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	11,261,482	-	-	11,261,482
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	61,871,146	-	-	61,871,146
Qinghai Zhong He Meat Products Co., Limited ("QZH")	-	-	9,353,132	-	-	9,353,132
Macau Eiji Company Limited ("MEIJI")	-	-	-	31,151,084	-	31,151,084
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	36,856,895	36,856,895
	$ 76,925,056	$ 3,334,857	$ 82,485,760	$ 31,151,084	$ 36,856,895	$ 230,753,652

COST OF SERVICES

	2014					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	$ 39,387,359	$ -	$ -	$ -	$ -	$ 39,387,359
Macau Eiji Company Limited ("MEIJI")	-	-	-	-	-	-
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	4,854,541	4,854,541
	$ 39,387,359	$ -	$ -	$ -	$ 4,854,541	$ 44,241,900

3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services (Continued):-
COST OF GOODS SOLD

	2013					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Sale of goods						
Capital Award, Inc. ("CA")	$ 51,470,476	$ -	$ -	$ -	$ -	$ 51,470,476
Jiang Men City Heng Sheng Tai Agriculture Development Co., Limited ("JHST")	-	10,101,512	-	-	-	10,101,512
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	-	-	7,040,470	-	-	7,040,470
Qinghai Sanjiang A Power Agriculture Co., Limited ("SJAP")	-	-	38,411,418	-	-	38,411,418
Qinghai Zhong He Meat Products Co., Limited ("QZH")	-	-	-	-	-	-
Macau Eiji Company Limited ("MEIJI")	-	-	-	13,161,262	-	13,161,262
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	19,160,917	19,160,917
	$ 51,470,476	$ 10,101,512	$ 45,451,888	$ 13,161,262	$ 19,160,917	$ 139,346,055

COST OF SERVICES

	2013					
	Fishery Development Division (1)	HU Plantation Division (2)	Organic Fertilizer and Bread Grass Division (3)	Cattle Farm Development Division (4)	Corporate and others (5)	Total
Name of entity						
Consulting and service income for development contracts						
Capital Award, Inc. ("CA")	$ 13,197,048	$ -	$ -	$ -	$ -	$ 13,197,048
Macau Eiji Company Limited ("MEIJI")	-	-	-	4,733,262	-	4,733,262
Sino Agro Food, Inc. ("SIAF")	-	-	-	-	2,618,298	2,618,298
	$ 13,195,048	$ -	$ -	$ 4,733,262	$ 2,618,298	$ 20,548,608

4. GAIN ON EXTINGUISHMENT OF DEBTS

The Company executed several agreements with third parties to settle debts by issuance of the Company's common stock. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued. Any excess of the fair value of the shares over the carrying cost of the debt has been reported as a gain on the extinguishment of debts of $132,000, $270,586 and $1,318,947 has been credited to consolidated statements of income as other comprehensive income for the years ended December 31, 2015, 2014 and 2013, respectively.

	2015	2014	2013
Total amounts of debts to be settled	$ 1,000,000	$ 13,006,375	$ 18,030,632
Less: Aggregate market fair value of 100,000 (2014: 2,734,626) (2013: 3,767,675) shares of common stock in exchange of the above debts for debts extinguishment	(868,000)	(12,735,789)	(16,711,685)
Gain on extinguishment of debts	$ 132,000	$ 270,586	$ 1,318,947

5. INCOME TAXES

United States of America

The Company was incorporated in the State of Nevada, in the United States of America. The Company has no trading operations in United States of America and no U.S. corporate tax has been provided for in the consolidated financial statements of the Company.

Undistributed Earnings of Foreign Subsidiaries
The Company intends to use the remaining accumulated and future earnings of foreign subsidiaries to expand operations outside the United States and accordingly, undistributed earnings of foreign subsidiaries are considered to be indefinitely reinvested outside the United States and no provision for U.S. Federal and State income tax or applicable dividend distribution tax has been provided thereon.

The Company appointed US tax professionals to assist in filing income tax returns for the years ended December 31, 2015, 2014 and 2013 in compliance with US Treasury Internal Revenue Code and we had already filed our 2014 and 2013 Tax returns with the Internal Revenue Service (" **IRS**") of USA Government.

As of December 31, 2015, the Company reviewed its tax position with the assistance US tax professionals and believed that there would be no taxes and no penalties assessed by the IRS in the United States of America.

5. INCOME TAXES (CONTINUED)

China

Beginning January 1, 2008, the new Enterprise Income Tax (" **EIT** ") law replaced the existing laws for Domestic Enterprises (" **DE's** ") and Foreign Invested Enterprises (" **FIE's** "). The new standard EIT rate of 25% replaced the 33% rate currently applicable to both DE's and FIE's. The Company is currently evaluating the impact that the new EIT will have on its financial condition. Beginning January 1, 2008, China unified the corporate income tax rule on foreign invested enterprises and domestic enterprises. The unified corporate income tax rate is 25%.

Under new tax legislation in China beginning in January 2008, the agriculture, dairy and fishery sectors are exempt from enterprise income taxes.

No EIT has been provided in the financial statements of SIAF, CA, JHST, JHMC, JFD, HSA, SJAP and QZH since they are exempt from EIT for the years ended December 31, 2015, 2014 and 2013 as they are within the agriculture, dairy and fishery sectors.

Belize

CA, CS and CH are international business companies incorporated in Belize, and are exempt from corporate tax in Belize.

Hong Kong

No Hong Kong profits tax has been provided in the consolidated financial statements of TRW, since these entities did not earn any assessable profits arising in Hong Kong for the years ended December 31, 2015, 2014 and 2013.

Macau

No Macau Corporate income tax has been provided in the consolidated financial statements of APWAM and MEIJI since these entities did not earn any assessable profits for the years ended December 31, 2015, 2014 and 2013.

Sweden

No Sweden Corporate income tax has been provided in the consolidated financial statements of SAFS since SAFS did not earn any profits for the years ended December 31, 2015, 2014 and the period from November 12, 2013 (date of registration) to December 31, 2013.

No deferred tax assets and liabilities are of December 31, 2015 and 2014 since there was no difference between the financial statements carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the period in which the differences are expected to reverse.

Provision for income taxes is as follows:

	2015	2014	2013
SIAF	$ -	$ -	$ -
SAFS	-	-	-
TRW	-	-	-
MEIJI and APWAM	-	-	-
JHST, JFD, JHMC, SJAP, QZH and HSA	-	-	-
	$ -	$ -	$ -

The Company did not recognize any interest or penalties related to unrecognized tax benefits in the years ended December 31, 2015, 2014 and 2013. The Company had no uncertain positions that would necessitate recording of tax related liability. The Company is subject to examination by the respective tax authorities.

6. CASH AND CASH EQUIVALENTS

	2015	2014
Cash and bank balances	$ 7,229,197	$ 3,031,447

7. INVENTORIES

As of December 31, 2015, inventories are as follows:

	2015	2014
Sleepy cods, prawns, eels and marble goby	$ 4,053,458	$ 3,051,606
Beef and mutton	14,593,458	2,908,886
Bread grass	1,207,260	2,336,308
Beef cattle	5,026,404	8,362,763
Organic fertilizer	10,815,983	7,292,389
Forage for cattle and consumable	10,328,365	6,547,333
Raw materials for bread grass and organic fertilizer	15,440,348	14,223,407
Immature seeds	1,383,431	1,245,301
	$ 62,848,707	$ 45,967,993

8. DEPOSITS AND PREPAYMENTS

	2015	2014
Deposits for		
- purchases of equipment	$ 4,963,245	$ 4,668,784
- acquisition of land use rights	3,373,110	3,373,110
- inventories purchases	19,948,867	14,221,199
- aquaculture contracts	4,340,741	20,467,603
- building materials	-	877,598
- consulting service providers and others	9,197,796	5,188,473
- construction in progress	20,243,172	20,467,357
- issue of shares as collateral	11,281,100	-
Prepayments - debts discounts and others	9,919,126	3,827,401
Shares issued for employee compensation and overseas professional and bond interest	544,772	2,860,066
	$ 83,811,929	$ 75,951,591

9. ACCOUNTS RECEIVABLE

The Company has performed an analysis on all of its accounts receivable and determined that all amounts are collectible by the Company. As such, all accounts receivable are reflected as a current asset and no allowance for bad debt has been recorded as of December 31, 2015 and 2014. Bad debts written off for the years ended December 31, 2015, 2014 and 2013 are $0.

Aging analysis of accounts receivable is as follows:

	2015	2014
0 - 30 days	$ 49,190,282	$ 21,663,061
31 - 90 days	29,280,990	38,324,554
91 - 120 days	19,838,792	21,138,383
over 120 days and less than 1 year	37,364,354	23,377,073
over 1 year	-	-
	$ 135,674,418	$ 104,503,071

10. OTHER RECEIVABLES

	2015	2014
Advanced to employees	$ 169,369	$ 476,630
Advanced to suppliers	8,052,235	9,910,682
Advanced to customers	20,696,433	13,917,948
Advanced to developers	28,000,000	28,000,000
Advanced to convertible bond holder	2,862,550	-
	$ 59,780,587	$ 52,305,260

Advanced to employees, suppliers, customers and developers are unsecured, interest free and with no fixed terms of repayment.

The Company entered friendly loan agreements with suppliers, customers and developers to assist them to procure project loans.

11. PLANT AND EQUIPMENT

	2015	2014
Plant and machinery	$ 5,889,915	$ 5,507,571
Structure and leasehold improvements	90,612,871	51,650,906
Mature seeds and herbage cultivation	14,122,937	10,794,289
Furniture and equipment	704,153	629,055
Motor vehicles	790,434	765,858
	112,120,310	69,347,679
Less: Accumulated depreciation	(7,861,231)	(4,994,704)
Net carrying amount	$ 104,259,079	$ 64,352,975

Depreciation expenses were $2,866,527, $2,457,131 and $1,496,551 for the years ended December 31, 2015, 2014 and 2013, respectively.

12. CONSTRUCTION IN PROGRESS

	2015	2014
Construction in progress		
- Office, warehouse and organic fertilizer plant in HSA	$ 26,158,968	$ 20,205,123
- Oven room, road for production of dried flowers	3,079,766	539,304
- Organic fertilizer and bread grass production plant and office building	11,746,949	12,325,685
- Rangeland for beef cattle and office building	26,463,249	35,074,556
- Fish pond	5,339,837	975,609
	$ 72,788,769	$ 69,120,277

13. LAND USE RIGHTS

Private ownership of agricultural land is not permitted in the P.R.C. Instead, the Company has leased seven lots of land. The cost of the first lot of land use rights acquired in 2007 in Guangdong Province, the P.R.C. was $6,408,289 and consists of 180.23 acres with the lease expiring in 2067. The cost of the second lot of land use rights acquired in 2008 in Guangdong Province, the P.R.C. was $764,128, which consists of 31.84 acres with the lease expiring in 2068. The cost of the third lot of land use rights acquired in 2011 was $12,040,571, which consists of 79.48 acres in Guangdong Province, the P.R.C. with the lease expires in 2037. The cost of the fourth lot of land use rights acquired in 2011 was $35,405,750 which consisted of 287.21 acres in the Hunan Province, the P.R.C. and the leases expire in 2051, 2054 and 2071. The cost of the fifth lot of land use rights acquired in 2012 was $528,240 which consisted of 21.09 acres in Qinghai Province, the P.R.C. and the lease expires in 2051. The cost of the sixth lot of land use rights acquired in 2013 was $489,904 which consisted of 6.27 acres in Guangdong Province, the P.R.C. and the lease expires in 2023. The cost of the seventh lot of land use rights acquired in 2014 was $4,453,665 which consisted of 33.28 acres in Guangdong Province, the P.R.C. and the lease expires in 2044.

13. LAND USE RIGHTS (CONTINUED)

	2015	2014
Cost	$ 65,961,071	$ 69,428,143
Less: Accumulated amortization	(7,475,396)	(6,105,941)
Net carrying amount	$ 58,485,675	$ 63,322,202

	Expiry date	Description	Amount
Balance @1.1.2014			$ 65,192,615
Additions			
2014	2044	Zhongshan City, Guangdong Province, the P.R.C.	4,453,665
Exchange difference			(218,137)
Balance @12.31.2014			69,428,143
Exchange difference			(3,467,072)
Balance @12.31.2015			$ 65,961,071

Land use rights are amortized on the straight-line basis over their respective lease periods. The lease period of agriculture land is 30 to 60 years. Amortization of land use rights were $1,369,455, $1,619,155 and $1,589,082 for the years ended December 31, 2015, 2014 and 2013, respectively.

14. GOODWILL

Goodwill represents the fair value of the assets acquired the acquisitions over the cost of the assets acquired. It is stated at cost less accumulated impairment losses. Management tests goodwill for impairment on an annual basis or when impairment indicators arise. In these instances, the Company recognizes an impairment loss when it is probable that the estimated cash flows are less than the carrying value of the assets. To date, no such impairment loss has been recorded.

	2015	2014
Goodwill from acquisition	$ 724,940	$ 724,940
Less: Accumulated impairment losses	-	-
Net carrying amount	$ 724,940	$ 724,940

15. PROPRIETARY TECHNOLOGIES

By an agreement dated November 12, 2008, TRW acquired an enzyme technology master license, registered under a Chinese patent, for the manufacturing of livestock feed and bioorganic fertilizer and its related labels for $8,000,000. On March 6, 2012, MEIJI acquired an aromatic-feed formula technology for the production of aromatic cattle for $1,500,000. On October 1, 2013, SIAF was granted a license to exploit sleepy cods breeding technology to grow out of sleepy cods for $2,270,968 for 50 years. SJAP booked bacterial cellulose technology license and related trademark for $2,119,075 and amortized expenditures for 20 years starting from January 1, 2014.

	2015	2014
Cost	$ 13,771,527	$ 13,886,098
Less: Accumulated amortization	(2,987,169)	(2,405,800)
Net carrying amount	$ 10,784,358	$ 11,480,298

Amortization of proprietary technologies was $581,369, $591,102 and $417,064 for the years ended December 31, 2015, 2014 and 2013, respectively. No impairments of proprietary technologies have been identified for the years ended December 31, 2015, 2014 and 2013.

16. LONG TERM INVESTMENT

	2015	2014
Investment in Huangyuan County Rural Credit Union	$ 769,941	$ 817,127
Less: Accumulated impairment losses	-	-
	$ 769,941	$ 817,127

17. TEMPORARY DEPOSITS PAID TO ENTITIES FOR EQUITY INVESTMENTS IN FUTURE SINO JOINT VENTURE COMPANIES

Intended unincorporated Investee	Projects Engaged		2015	2014
A	Trade center	*	$ 4,086,941	$ 4,086,941
A	Seafood center	*	1,032,914	1,032,914
B	Fish Farm 2 GaoQiqiang Aquaculture	*	6,000,000	6,000,000
C	Prawn farm 1	*	14,554,578	14,554,578
D	Prawn farm 2	*	9,877,218	9,877,218
E	Cattle farm 2	*	5,558,057	5,558,057
			$ 41,109,708	$ 41,109,708

The Company made temporary deposits paid to entities for equity investments in future Sino Joint Venture companies ("SJVCs") engaged in projects development of trade and seafood centers, fish, prawns and cattle farms. Such temporary deposits represented as deposits of the respective consideration required for the purchase of equity stakes of respective future SJVCs. The amounts were classified as temporary because legal procedures of formation of SJVCs have not yet been completed. As of December 31, 2015, the percentages of equity stakes of A (trade and seafood centers), B (fish farm 2 GaoQiqiang Aquaculture Farm), C (prawn farm 1), D (pawn farm 2) and E (cattle farm 2) are 31%, 23%, 56%, 29% and 35% respectively.

* The above amounts were subject to conversion to an additional equity investment in the investees upon the completion of legal procedures of formation of SJVCs.

18. VARIABLE INTEREST ENTITY

On September 28, 2009, APWAM acquired the PMH's 45% equity interest in the Sino-Foreign joint venture company, Qinghai Sanjiang A Power Agriculture Co. Limited (" **SJAP** "), which was incorporated in the P.R.C. As of December 31, 2015, the Company has invested $2,251,359 in this joint venture. SJAP is engaged in its business of the manufacturing of organic fertilizer, livestock feed, and beef cattle and plantation of crops and pastures.

Continuous assessment of the VIE relationship with SJAP

The Company may also have a controlling financial interest in an entity through an arrangement that does not involve voting interests, such as a VIE. The Company evaluates entities deemed to be VIE's using a risk and reward model to determine whether to consolidate. A VIE is an entity (1) that has total equity at risk that is not sufficient to finance its activities without additional subordinated financial support from other entities, (2) where the group of equity holders does not have the power to direct the activities of the entity that most significantly impact the entity's economic performance, or the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns, or both, or (3) where the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately fewer voting rights.

18. VARIABLE INTEREST ENTITY (CONTINUED)

The Company also quantitatively and qualitatively examined if SJAP is considered a VIE. Qualitative analyses considered the extent to which the nature of its variable interest exposed the Company to losses. For quantitative analyses, the Company also used internal cash flow models to determine if SJAP was a VIE and, if so, whether the Company was the primary beneficiary. The projection of these cash flows and probabilities thereof requires significant managerial judgment because of the inherent limitations that relate to the use of historical data for the projection of future events. On December 31, 2015, the Company evaluated the above VIE testing results and concluded that the Company is the primary beneficiary of SJAP's expected losses or residual returns and that SJAP qualifies as a VIE of the Company. As result, the Company has consolidated SJAP as a VIE.

The reasons for the SJAP qualified as a VIE are as follows:

• Originally, the board of directors of SJAP consisted of 7 members; 3 appointees from Qinghai Sanjiang (one stockholder), 1 from Garwor (one stockholder), and 3 from the Company, such that the Company did not have majority interest represented on the board of directors of SJAP.

• On May 7, 2010, Qinghai Sanjiang sold and transferred its equity interest in SJAP to Garwor. The State Administration for Industry and Commerce of Xining City Government of the P.R.C. approved the sale and transfer.

Consequently Garwor and the Company agreed that the new board of directors of SJAP would consist of 3 members; 1 appointee from Garwor and 2 appointees from the Company, such that the Company now had a majority interest in the board of directors of SJAP. Also, and in accordance with the Company's Sino Joint Venture Agreement, the Company's management appointed the chief financial officer of SJAP. As a result, the financial statements of SJAP were included in the consolidated financial statements of the Company.

Continuous assessment of the VIE relationship with QZH

The Company may also have a controlling financial interest in an entity through an arrangement that does not involve voting interests, such as a VIE. The Company evaluates entities deemed to be VIE's using a risk and reward model to determine whether to consolidate. A VIE is an entity (1) that has total equity at risk that is not sufficient to finance its activities without additional subordinated financial support from other entities, (2) where the group of equity holders does not have the power to direct the activities of the entity that most significantly impact the entity's economic performance, or the obligation to absorb the entity's expected losses or the right to receive the entity's expected residual returns, or both, or (3) where the voting rights of some investors are not proportional to their obligations to absorb the expected losses of the entity, their rights to receive the expected residual returns of the entity, or both, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately fewer voting rights.

The Company also quantitatively and qualitatively examined if QZH is considered a VIE. Qualitative analyses considered the extent to which the nature of its variable interest exposed the Company to losses. For quantitative analyses, the Company also used internal cash flow models to determine if QZH was a VIE and, if so, whether the Company was the primary beneficiary. The projection of these cash flows and probabilities thereof requires significant managerial judgment because of the inherent limitations that relate to the use of historical data for the projection of future events. On December 31, 2015, the Company evaluated the above VIE testing results and concluded that the Company is the primary beneficiary of QZH's expected losses or residual returns and that QZH qualifies as a VIE of the Company. As result, the Company has consolidated QZH as a VIE.

The reasons for the QZH qualified as a VIE are as follows:

- Originally, SJAP was sole stockholder of QZH, owned 100% equity interest in QZH and controlled directorship of QZH.

- On October 25, 2015, both QZH and new stockholder, Qinghai Quanwang Investment Management Co., Ltd (" **QQI** ") contributed additional capital of $4,157,682 and $769,941, respectively. As of result, SJAP decreased its equity interest from 100% to 86% and QQI owned 14% equity interest. In addition, according to investment agreement between QZH and QQI, (i) QQI only enjoyed interest 6% annually on its capital contribution and did not enjoy any profit distribution; (ii) investment period was 3 years only, and (iii) SJAP shared 100% (2014: 100%) on profit or loss after deduction 6% interest to QQI and enjoyed 100% (2014: 100%) voting rights of QZH's board and stockholders meetings. As of December 31, 2015, the SJAP's total investment in QZH was $4,645,487.

- Consequently, the Company still indirectly control directorship of QZH, such that the Company now had a majority interest in the directorship of QZH. Also, and in accordance with the Company's Sino Joint Venture Agreement, the Company's controlled QZH's chief financial officer appointment. As a result, the financial statements of QZH were included in the consolidated financial statements of the Company.

19. CONSTRUCTION CONTRACT

(i) Costs and estimated earnings in excess of billings on uncompleted contracts

		2015		2014
Costs	$	6,487,032	$	-
Estimated earnings		10,995,534		-
Less: Billings		(16,175,681)		-
Costs and estimated earnings in excess of billings on uncompleted contracts	$	1,306,885	$	-

(ii) Billings in excess of costs and estimated earnings on uncompleted contracts

		2015		2014
Billings	$	146,830,043	$	102,199,674
Less: Costs		(85,092,860)		(46,648,989)
Estimated earnings		(53,036,477)		(47,490,105)
Billing in excess of costs and estimated earnings on uncompleted contracts	$	8,700,706	$	8,060,580

(iii) Overall

		2015		2014
Billings	$	163,005,724	$	102,199,674
Less: Costs		(91,579,892)		(46,648,989)
Estimated earnings		(64,032,011)		(47,490,105)
Billing in excess of costs and estimated earnings on uncompleted contracts	$	7,393,821	$	8,060,580

20. SERIES F SHARES MANDATORY REDEMPTION PAYABLE

On August 13, 2014, the Company filed a Certificate of the Designations, Powers, Preferences and Rights of the Series F Non-Convertible Preferred Stock (the "**Certificate**") to its Articles of Incorporation, with the Secretary of State of the State of Nevada, setting forth the terms of its Preferred Stock. On June 10, 2014, the Company amended and restated the Certificate to (i) postpone the payment date of the dividend there under to May 30, 2015, (ii) to delete a reference to the redemption or declaration of any cash dividend or distribution on any Junior Securities, and (iii) make certain minor corrections to the Certificate. No share of Series F Non-Convertible Preferred Stock was ever issued. The Company believes it to be in the best interests of its shareholders to delay the cash payment until such time as its financial position would enable it to make the payment without harming its ability to develop its business in accordance with management's plans. As of May 30, 2015, payment on the F series shares has been made, and respective shares cancelled, accordingly.

21. OTHER PAYABLES

		2015		2014
Due to third parties	$	312,782	$	8,176,469
Due to debts loan		4,797,332		-
Promissory notes issued to third parties		2,200,000		1,100,000
Due to local government		2,279,797		2,419,513
	$	9,589,911	$	11,695,982
Less: Amount classified as non-current liabilities				
Due to debts loan		(4,797,332)		-
Amount classified as current liabilities	$	4,792,579	$	11,695,982

Due to third parties are unsecured, interest free and have no fixed terms of repayment.

The Company issued 753,304 shares of common stock ranging from $6.96 to $8.91 as collateral to secure debts loan of $4,797,332 from third party. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued.

22. BORROWINGS

There are no provisions in the Company's bank borrowings and long term debts that would accelerate repayment of debt as a result of a change in credit ratings or a material adverse change in the Company's business. Under certain agreements, the Company has the option to retire debt prior to maturity, either at par or at a premium over par.

Short term bank loans

Name of lender	Interest rate	Term	2015	2014
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.4%	January 3, 2014 - December 17, 2018	$ 616,333^*	$ 325,092^*
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.18%	October 21, 2014 - October 20, 2015	-^*	4,085,635^*
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	4.785%	October 28, 2015 - October 27, 2016	3,849,707^*	-
			$ 4,466,040	$ 4,410,727

Long term debts

Name of lender	Interest rate	Term	2015	2014
GanGuo Village Committee Bo Huang Town Huangyuan County, Xining City, Qinghai Province, the P.R.C.	12.22%	June 2012 - June 2017	$ 169,387	$ 179,768
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.4%	January 3, 2014 - December 17, 2018	2,001,848^*#	2,451,381^*#
Less: The current portion reclassified as short term debts			(616,333)	(325,092)
			$ 1,554,902	$ 2,306,057

The above note agreements contained regular provisions requiring timely repayment of principals and accrued interests, payment of default interest in the event of default, and without specific financial covenants. Management of the Company believes the Company is in material compliance with the terms of the loan agreements.

^ personal and corporate guaranteed by third parties.
* secured by land use rights with net carrying amount of $471,048 (2014: $499,856).
# repayable $616,333, $616,333 and $769,182 in 2015, 2016, 2017 and 2018, respectively.

23. BONDS PAYABLE

On July 1, 2013 , the Company offered a maximum of $21,000,000 of units (“ **Units** ”) for an aggregate of 840 Units; each Unit consisting of a $25,000 principal amount promissory note made by the Subscription Agreement and Confidential Private Placement Memorandum with maturity date two years from the Initial Closing Date of the Offering September 30, 2013. The interest rate of 5% is paid annually. Commission, issue cost and discounts are amortized over 2 years from October 1, 2013.

Terms of the bonds are as follows:

Issue size:	$16,800,000
Number of units offered:	840 units
Number of units issued:	69 units
Principal value per unit:	$25,000 per unit
Net payable value /bond:	$20,000 per unit
Discounted value/bond:	$5,000 paid to bond holder
Maturity date:	2 years (September 30, 2015)
Participating interest:	5% per annum
Effective yield:	11.80% per annum

	2015	2014
Bonds payable	$ -	$ 1,725,000

The Company calculated professional service compensation of $400,000 in respect of bond issue, and recognized $200,000 for the year ended December 31, 2014. As of December 31, 2014, the deferred compensation balance was $100,000 and the deferred compensation balance of $100,000 was to be amortized over 6 months beginning on January 1, 2015.

The Company calculated professional service compensation of $100,000 in respect of bond issue, and recognized $100,000 for the year ended December 31, 2015. As of December 31, 2015, the deferred compensation balance was $0.

24. NEGOTIABLE PROMISSORY NOTES

During the year ended December 31, 2015, (i) TRW issued negotiable promissory notes to fund companies and individuals for $3,854,550 and the company acted as guarantor for repayment; and (ii) negotiable promissory notes amounting to$3,040,050 were repaid and no promissory notes were negotiated into shares of the Company during the year.

	2015	2014
Negotiable promissory notes	$ 865,968	$ -

Issuer:	Tri-way Industries Limited ("TRW")
Principal amount:	$814,500
Interest payable:	$73,275
Interest rate:	2.50% - 2.6% per month on principal amount. Interest shall be calculated on the basis of a 30/360 day count convention.
Default interest rate:	15% per month on principal amount. Interest shall be calculated on the basis of a 30/360 day count convention.
Interest payment:	Accrued interest on the principal amount shall be paid by cash in arrears on each interest payment date.
Issue date:	August 29, 2015 and October 12, 2015.
Repayment date:	Repaid in full within 283 calendar days from the issue of notes.
Conversion option:	Notes holders can exercise at any time from and including the day falling 60 calendar days from the date of the notes, upon the note holders giving not less than 5 business day prior written notices to TRW and the Company. the principal amount shall be converted to shares of the Company. The TRW may at their own discretion choose to settle such conversion option with newly issue shares or existing shares, at their sole discretion. In the event a dividend, share split or consolidation or spin-off (each a Corporate Event") from the Company, the conversion price shall be adjusted to provide the same economic value to the notes holders as if such Corporate Event did not occur. To the maximum, the above notes can be negotiated for 104,642 shares of Common Stock.
Security:	Corporate guarantee by the Company.

25. CONVERTIBLE NOTE PAYABLES

On August 29, 2014, the Company completed the closing of a private placement financing transaction with an accredited investor, which purchased a 10.5% Convertible Note (the "**Note**") in the aggregate principal amount of up to $33,300,000. The Company received the total advance of $11,632,450. The Company shall offer investor a discount equal to 25% of the amount of the principal advanced by the investor.

Interest on the note shall accrue on the outstanding principal balance of this Note from August 29, 2014. Interest shall be payable quarterly on the last day of each of March, June, September and December commencing September 30, 2014 provided, however, that note holder may elect to require the Company to issue to the note holder a promissory note in lieu of cash in satisfaction of any interest due and payable at such time. Any interest payment note shall be subject to the same terms as the note. The note has a maturity date of February 28, 2020.

The note is convertible, at the discretion of the note holder, into shares of the Company's common stock (i) at any time following an Event of Default, or (ii) for a period of thirty (30) calendar days following October 31, 2015 and each anniversary thereof, at an initial conversion price per share of $1.00, subject to adjustment for stock splits, reverse stock splits, stock dividends and other similar transactions and subject to the terms of the note. As long as the note is outstanding, the investor shall have a right of first refusal, exercisable for thirty (30) calendar days after notice to the note holder, to purchase securities proposed to be offered and sold by the Company.

	2015	2014
10.50% convertible note of maturity date February 28, 2020	$ 34,904,739	$ 15,803,928

The Company calculated the fair value of the convertible note and the beneficial conversion feature utilizing the Discounted Cash Flows model at the date of the issuance of convertible note. The relative fair values were allocated to the liability and equity components of the debt. Accordingly, a discount was created on the debt and this discount will be amortized to interest expense over the life of the debt. Debt premium of $24,475 and $5,188 were amortized for the years ended December 31, 2015 and 2014, respectively.

As of December 31, 2015, there was $32,666,666 principal outstanding and accrued interest in the amount of $2,238,073 that was owed under the terms of the convertible note. As of December 31, 2014, there was $15,509,933 principal outstanding and accrued interest in the amount of $293,995 that was owed under the terms of the convertible note.

The above note agreement contained regular provisions requiring timely repayment of principals and accrued interests, payment of default interest in the event of default, default and optional conversion and without specific financial covenants. Management of the Company believes the Company is in material compliance with the terms of the convertible note agreement.

The Company calculated professional service compensation of $1,500,000 in respect of convertible note issue, and recognized $1,500,000 and $0 for the years ended December 31, 2015 and 2014. As of December 31, 2015, the deferred compensation balance was $0.

26. SHAREHOLDERS' EQUITY

The Group's share capital as of December 31, 2015 and 2014 shown on the consolidated balance sheet represents the aggregate nominal value of the share capital of the Company as of that date.

On March 22, 2010, the Company designated 100 shares of Series A preferred stock at a par value per share of $0.001. As of the same date, 100 shares of Series A preferred stock were issued at $1 per share for cash in the amount of $100.

The Series A preferred stock:
(i) does not pay a dividend;
(ii) votes together with the shares of Common Stock of the Corporation as a single class and, regardless of the number of shares of Series A Preferred Stock outstanding and as long as at least one of such shares of Series A Preferred Stock is outstanding, shall represent eighty percent (80%) of all votes entitled to be voted at any annual or special meeting of shareholders of the Corporation or action by written consent of shareholders. Each outstanding share of the Series A Preferred Stock shall represent its proportionate share of the 80%, which is allocated to the outstanding shares of Series A Preferred Stock; and
(ii) ranks senior to common stockholders, holders of Series B convertible preferred stockholders and any other stockholders on liquidation.

The Company has designated 100 shares of Series A preferred stock with 100 shares issued and outstanding as of December 31, 2015 and 2014, respectively.

26. SHAREHOLDERS' EQUITY (CONTINUED)

The Series B convertible preferred stock:

On March 22, 2010, the Company designated 7,000,000 shares of Series B convertible preferred stock at a par value per share of $0.001. The Series B convertible preferred stock is redeemable, the stockholders are not entitled to receive any dividend and voting rights but rank senior over common stockholders on liquidation, and can convert to common stock on a one for one basis at any time. On June 26, 2010, 7,000,000 shares of common stock were surrendered for cancellation and the Company issued 7,000,000 shares of Series B convertible preferred stock at $9.90 per share. Pursuant to share exchange agreement made as of December 22, 2012, between the Company and a stockholder, Capital Adventure Inc., a holder of 3,000,000 shares of common shares, with the consent of Board of Directors, to exchange for 3,000,000 shares of Series B convertible preferred stock on a one-for-one basis. As of December 23, 2012, 3,000,000 shares of Series B convertible preferred stock were issued to Capital Adventure Inc., for the exchange of its holding of 3,000,000 shares of common stocks. As of December 31, 2012, 3,000,000 shares of common stocks were still not returned to the Company. On March 27, 2013, 3,000,000 Series B convertible preferred stock were cancelled. On December 17, 2014, the Company approved an amendment to certificate designation in respect of Series B preferred stock. Pursuant to the above new amendment, each holder of Series B preferred stock shall have the rights, at any time or from time to time, to convert each 9.9 shares of Series B preferred to one fully paid and non-assessable share of common stock of par value $0.001 per share. On June 15, 2015, Series B preferred stockholder exercised at the above conversion ratio to convert 7,000,000 shares of Series B preferred stock to 707,070 shares of common stock.

There were 0 and 7,000,000 shares of Series B convertible preferred stock issued and outstanding as of December 31, 2015 and 2014, respectively.

The Series F Non-Convertible Preferred Stock:

(i) is not redeemable subject to (iv);
(ii) except for (iv), with respect to dividend rights, rights on liquidation, winding up and dissolution, rank junior and subordinate to (a) all classes of Common Stock,(b) all other classes of Preferred Stock and (c) any class or series of capital securities of the Company.
(iii) Shall not entitled to receive any further dividend; and
(iv) on May 30, 2014, the holders of shares of Series F Non-Convertible Preferred Stock with coupon shall be entitled to a coupon payment directly from the Company at the redemption rate of $3.40 per share. Upon redemption, the Holder shall no longer own any shares of Series F with coupon that have been redeemed, and all such redeemed shares shall disappear and no longer exist on the books and records of the Company; redeemed shares of Series F which no longer exist upon redemption shall thereafter be counted toward the authorized but unissued "blank check" preferred stock of the Company.

On August 22, 2012, the Company's Board of Directors declared that the Company's stockholders were entitled to receive one share of restricted Series F Non-convertible Preferred Stock for every 100 shares of Common Stock owned by the stockholders as of September 28, 2012, with lesser or greater amounts being rounded up to the nearest 100 shares of Common Stock for purpose of the computing the dividend. The holders of record of shares of Series F Non-Convertible Preferred Stock shall be entitled to a coupon payment directly from the Company at the redemption rate of $3.40 per share and be payable on May 30, 2014. However, the Company was unable to issue the Series F Non-convertible Preferred Stock as originally contemplated. Consequently, The Company's transfer agent was instructed to note in its record date rather than actual issue the Preferred F shares. On June 14, 2014, the Company announced the delay in payment of the coupon until May 30, 2015. The company reserved the excess over the nominal amount of the Series F Non-convertible Preferred Stock of $3,124,737 as Series F Non-convertible Preferred Stock redemption payable. As of May 30, 2015, payment on the F series shares has been made, and respective shares cancelled, accordingly.

As a result, total issued and outstanding of Series F Non-Convertible Preferred Stock as of December 31, 2015 and 2014 are 0 shares and grand total issued and outstanding preferred stock as of December 31, 2015 and 2014 are 100 and 7,000,100 shares, respectively.

26. SHAREHOLDERS' EQUITY (CONTINUED)

Common Stock:

During the year ended December 31, 2013, the Company issued 3,767,675 shares of common stock for $1,821,276 at values ranging from $3.66 to $6.14 per share to settle debts due to third parties. The Company executed several agreements with third parties to settle debts by issuance of the Company's common stock. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued. Any excess of the fair value of the shares over the carrying cost of the debt has been reported as a gain on the extinguishment of debts of $1,318,947 and $1,666,386 has been credited to consolidated statements of income as other income for the years ended December 31, 2013 and 2012, respectively; and (ii) 30,021 shares of common stock valued to employees at fair value of $4.46 per share for $133,744 for employee compensation. The fair value of the common stock issued was determined by using the trading price of the Company's common stock on the date of issuance of $4.46 per share.

On November 10, 2014, the Company approved an amendment to the Corporation's Articles of Incorporation to effectuate a reverse stock split (the "Reverse Split") of the Corporation's common stock, par value $0.001 per share (the "Common Stock") affecting both the authorized and issued and outstanding number of such shares by a ratio of 9.9 for 1. The Reverse Split became effective in the State of Nevada on December 16, 2014. Subsequent to the December 31, 2014, the Board of directors and the holders of a majority of the voting power of our stockholders of the company have approved an amendment to articles of incorporation to increase its authorized shares of Common Stock from 17,171,716 to 22,727,273.

During the year ended December 31, 2014, the Company issued (i) 2,734,625 shares of common stock for $13,006,373 at values ranging from $3.96 to $10.40 per share to settle debts due to third parties. The Company executed several agreements with third parties to settle debts by issuance of the Company's common stock. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued. Any excess of the fair value of the shares over the carrying cost of the debt has been reported as a gain on the extinguishment of debts of $270,586 and $1,318,947 has been credited to consolidated statements of income as other income for the year ended December 31, 2014 and 2013, respectively; (ii) 130,568 shares of common stock valued to employees at fair value of $4.26 per share for $555,827 for employee compensation. The fair value of the common stock issued was determined by using the trading price of the Company's common stock on the date of issuance of $4.26 per share; (iii) 400,008 shares of common stock valued to professionals at fair value ranging from $3.96 to $7.43 per share for $2,763,618 for service compensation. The fair value of the common stock issued was determined by using the trading price of the Company's common stock on the date of issuance ranging from $3.96 to $9.90 per share; and (iv) 1,681 piecemeal shares of common stock valued at fair value of $9.49 per share for $15,951 for cancellation. The fair value of the common stock issued was determined by using the trading price of the Company's common stock on the date of cancellation of $9.49 per share.

During the year ended December 31, 2015, the Company issued (i) 100,000 shares of common stock for $868,000 at $8.68 per share to settle debts due to third parties. The Company executed several agreements with third parties to raise debts loan by issuance of the Company's common stock. The shares issued by the Company were valued at the trading price of the stock on the date the shares were issued. Any excess of the fair value of the shares over the carrying cost of the debt has been reported as a gain on the extinguishment of debts of 132,000, $270,586 and $1,318,947 has been credited to consolidated statements of income as other income for the years ended December 31, 2015, 2014 and 2013, respectively; (ii) 753,304 shares of common stock ranging from $6.96 to $8.91 as collateral to secure debts loan of $4,797,332, and the shares issued by the Company were valued at the trading price of the stock on the date the shares were issued; (iii) 1,135,000 shares of common stock ranging from $8.75 to $12.50 as collateral to secure trade finance facility amounting to the extent of $11,281,100, and the shares issued by the Company were valued at the trading price of the stock on the date the shares were issued and such shares returned to treasury stock after the contract period of three years (iv) 153,392 shares at $11.13 per share and 75,002 shares at $14.20 per share were issued for reverse split adjustments; (v) 47,787 shares of common stock valued to employees and directors at fair value of $15.20 per share for $726,315 for employee compensation; 7,000,000 shares of Series B preferred stock were converted into 707,070 shares under terms of issue; and (vi) cancelled 514 shares for $10.97 per share for reverse splits adjustments..

The Company has 20,133,757 and 17,162,716 shares of common stock issued and outstanding as of December 31, 2015 and 2014, respectively.

27. OBLIGATION UNDER OPERATING LEASES

The Company leases (i) 2,178 square feet of agriculture space used for offices for a monthly rent of $634 in Enping City, Guangdong Province, P.R.C., its lease expiring on March 31, 2017; (ii) 5,081 square feet of office space in Guangzhou City, Guangdong Province, P.R.C. for a monthly rent of $12,733, its lease expiring on July 8, 2016; (iii) 1,555 square feet of staff quarters in Linli District, Hunan Province, P.R.C. for a monthly rent of $163, its lease expiring on May 1, 2016; and (iv) 430 square feet of shared office in Stockholm, Sweden, for a monthly rent of $11,800, its lease expiring on December 31, 2020.

Lease expenses were $179,201, $159,300 and $150,104 for the years ended December 31, 2015, 2014 and 2013, respectively.

The future minimum lease payments as of December 31, 2015, are as follows:

Year ending December 31, 2016	$	101,497
Year ending December 31, 2017		89,250
	$	190,747

28. STOCK BASED COMPENSATION

On July 2, 2013, the Company issued employees a total of 30,021 shares of common stock valued at fair value of range from $4.46 per share for services rendered to the Company. The fair value of the common stock issued was determined by using the trading price of the Company's common stock on the date of issuance of $4.46 per share.

The Company calculated stock based compensation of $405,544, and recognized $305,236 for the year ended December 31, 2013. As of December 31, 2013, the deferred compensation balance was $100,308 and the deferred compensation balance of $100,308 was to be amortized over 9 months beginning on January 1, 2014.

On April 25, 2014, the Company issued employees a total of 130,567 shares of common stock valued at fair value of $4.26 per share for services rendered to the Company. The fair values of the common stock issued were determined by using the trading price of the Company's common stock on the date of issuance of $4.26 per share.

On June 16, 2014, the Company issued professionals a total of 117,248 shares of common stock valued at fair value of $3.96 per share for services rendered to the Company. The fair values of the common stock issued were determined by using the trading price of the Company's common stock on the date of issuance of $3.96 per share.

On September 16, 2014, the Company issued professionals a total of 202,020 shares of common stock valued at fair value of $7.43 per share for services rendered to the Company. The fair values of the common stock issued were determined by using the trading price of the Company's common stock on the date of issuance of $7.43 per share.

28. STOCK BASED COMPENSATION(CONTINUED)

On December 15, 2014, the Company issued professionals a total of 80,739 shares of common stock valued at fair value of range from $9.90 per share for services rendered to the Company. The fair values of the common stock issued were determined by using the trading price of the Company's common stock on the date of issuance of $9.90 per share.

The Company calculated stock based compensation of $3,419,752 and recognized $659,686 for the year ended December 31,, 2014. As of December 31, 2014, the deferred compensation balance for staff was $2,760,066 and the deferred compensation balances of (i) $510,066; (ii) $750,000, (iii) $1,500,000 was to be amortized over 6, 9 and 12 months beginning on January 1, 2015.

On May 6, 2015, the Company issued directors and employees a total of 47,787 shares of common stock valued at fair value of $15.20 per share for services rendered to the Company. The fair values of the common stock issued were determined by using the trading price of the Company's common stock on the date of issuance of $15.20 per share.

The Company calculated stock based compensation of 3,486,428 and recognized $3,123,247 for the year ended December 31,, 2015. As of December 31, 2015, the deferred compensation balance for staff was $363,181 and the deferred compensation balance of $363,181 was to be amortized over 6 months beginning on January 1, 2016.

29. CONTINGENCIES

As of December 31, 2015 and 2014, the Company did not have any pending claims, charges, or litigation that it expects would have a material adverse effect on its consolidated balance sheets, consolidated statements of income and other comprehensive income, and consolidated statements of cash flows.

During the year ended December 31, 2015 the Company entered into loan and pledge agreement with a Shanghai, P.R.C. based lender (the "lender") The lender has various trading facilities and has agreed to allow the Company or its nominee to use parts of trading facilities up to an amount of $20million (2014: $0) to be used in tranches and revolved up to a period of three years, and up to December 31, 2015 of which $7,478,375 (2014: $0) was utilized. The trade finance agreement contained regular provisions requiring timely repayment of principals and accrued interests, payment of default interest in the event of default, and without specific financial covenants. Management of the Company believes the Company is in material compliance with the terms of the trade finance agreement.

30. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances as disclosed elsewhere in these consolidated financial statements, during the years ended December 31, 2015, 2014 and 2013, the Company had the following significant related party transactions:-

Name of related party	**Nature of transactions**
Mr. Solomon Yip Kun Lee, Chairman	Included in due to a director, due to Mr. Solomon Yip Kun Lee is $211,247 and $1,172,059 as of December 31, 2015 and 2014, respectively. The amounts are unsecured, interest free and have no fixed terms of repayment.

31. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including convertible preferred stock, stock options and warrants, in the weighted average number of common shares outstanding for the year, if dilutive. The numerators and denominators used in the computations of basic and dilutive earnings per share are presented in the following table:

	2015	2014	2013
BASIC			
Numerator for basic earnings per share attributable to the Company's common stockholders:			
Net income used in computing basic earnings per share	$ 66,355,530	$ 92,064,610	$ 74,206,529
Basic earnings per share	$ 3.69	$ 5.81	$ 6.14
Basic weighted average shares outstanding	17,988,619	15,847,496	12,093,973

	2015	2014	2013
DILUTED			
Numerator for basic earnings per share attributable to the Company's common stockholders:			
Net income used in computing basic earnings per share	$ 66,355,530	$ 92,064,610	$ 74,206,529
Convertible note interest	571,667	-	-
Net income used in computing diluted earnings per share	$ 66,927,197	$ 92,064,610	$ 74,206,529
Diluted earnings per share	$ 3.60	$ 5.56	$ 4.23
Basic weighted average shares outstanding	17,988,619	15,847,496	12,093,973
Add: weight average of common stock converted from Series B Convertible preferred shares outstanding	-	707,070	778,469
weight average of common stock convertible from convertible note payables	587,622	-	-
Diluted weighted average shares outstanding	18,576,241	16,554,566	12,872,442

For the years ended December 31, 2014 and 2013, full dilution effect of convertible note of $15,803,928 (2013: $0), was not taken into account for calculation of the diluted earnings per share because convertible note holder is restricted to exercise shares before October 1, 2015 under terms of convertible note agreement.

For the year ended December 31, 2015, full dilution effect of convertible note of $35,414,573 was taken into account for calculation of the diluted earnings per share because convertible note holder can exercise the right to convert to common stock by giving 1 month notice after October 1, 2015 under terms of convertible note agreement.

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Exhibit 31.1

Certification of the Chief Executive Officer
Pursuant to §240.13a- 14 or §240. 15d- 14 of the Securities Exchange Act of 1934, as amended

I, LEE YIP KUN SOLOMON, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Sino Agro Food, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 30, 2016

By: /s/ LEE YIP KUN SOLOMON
Name: Lee Yip Kun Solomon
Title: Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Chief Financial Officer
Pursuant to §240.13a- 14 or §240. 15d- 14 of the Securities Exchange Act of 1934, as amended

I, DAN RITCHEY, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Sino Agro Food, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) designed such internal controls over financial reporting, or caused such internal controls over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: March 30, 2016

By: /s/ DAN RITCHEY
Name: Dan Ritchey
Title: Chief Financial Officer
(Principal Financial Officer)

<u>Exhibit 32.1</u>

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Sino Agro Food, Inc. (the "Registrant") on Form 10-K for the period ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lee Yip Kun Solomon, Principal Executive Officer, and I, Dan Ritchey, Principal Financial Officer and Principal Accounting Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: March 30, 2016

By: /s/ LEE YIP KUN SOLOMON
Name: Lee Yip Kun Solomon
Title: Chief Executive Officer and
(Principal Executive Officer)

Date: March 30, 2016

By: /s/ DAN RITCHEY
Name: Dan Ritchey
Title: Chief Financial Officer and
(Principal Financial Officer)

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