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FORM 10-K

Sino Agro Food, Inc. - N/A

Filed: March 31, 2015 (period: December 31, 2014)

Annual report with a comprehensive overview of the company

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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, 2014

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, 2014, based upon the $4.07 per share closing price of such stock on that date, was approximately $49,951,309

There were 18,069,412 shares of common stock outstanding as of March 27, 2015.

Documents incorporated by reference: None

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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" "we," "our company," "our" 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 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)	**2014**	**2013**
Fisheries (CA)	$ 105.8	$ 72.4
Organic Fertilizer (HSA & SJAP	122.0	73.7
Cattle (MEIJI)	32.9	17.7
Plantation (JHST)	11.1	22.8
Corporate, Marketing & Trading (SIAF)	50.6	22.0
Total Revenues derived on sales of goods	$ 322.4	$ 208.6

Division (on consulting & services)	**2014**	**2013**
CA (Fishery related developments)	$ 76.8	$ 36.7
MEIJI (Cattle farm developments)	0	7.1
SIAF (Other developments)	4.9	9.0
Total Revenues derived on consulting & services	$ 81.7	$ 52.8

History
Our 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. We were engaged in the mining and exploration business but ceased our mining and exploring business on October 14, 2005. On August 24, 2007, we entered into a Merger and Acquisition Agreement with Capital Award Inc., a Belize corporation and its subsidiaries Capital Stage Inc. and Capital Hero Inc. Effective the same date, Capital Award completed a reverse merger transaction with us. We acquired all the outstanding common stock of Capital Award from Capital Adventure, a shareholder of Capital Award, for 3,232,323 shares of our common stock.

On August 24, 2007 we changed our name from Volcanic Gold, Inc. to A Power Agro Agriculture Development, Inc. On December 8, 2007, we changed our name to Sino Agro Food, Inc. 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.

For two years, the Company operated in the dairy segment. We sold our dairy business in December of 2009. We determined that the dairy industry had poor fundamentals in that it was manipulated and controlled by a few value-added manufacturers who obtained a majority of their raw milk from various regional dairy farmers of the country who received very little value yet were expected to deliver high quality milk. As a result, small dairy farmers were essentially forced to use chemicals in their milk to bring up the milk's protein level. In our opinion, this state of affairs led to the downfall and collapse of the Chinese dairy industry in 2010. After the sale of our dairy business, we instituted and began to implement our five year plan to develop the vertically integrated business operations consisting of (i) cattle fattening and production of beef products and (ii) cultivation of fish and prawn and related products.

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.

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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.

Four major customers for the Marketing and Trading unit accounted for 62.55% of consolidated revenues during the fiscal year ended December 31, 2014.

Our largest customer represents a group of thirty separate live seafood wholesalers at the Guangzhou wholesale markets. Our second largest customer is WSC1, which is owned and operated by Guangzhou City A Power NaWei Trading Co. Ltd. ("APNW"). Capital Award was the consulting engineer responsible for the construction of WSC1 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.

The Company holds patents and licenses for fertilizer formulas and for indoor fish farm techniques. We hold a "master license" in China for "A Power Technology" ("APT"), a modular on-land fish growing system and technology based on a re-circulating aquaculture system ("RAS").

The Company's SIAF Division (also called "Corporate and Other" or "Marketing and Trading"), plus our wholly owned subsidiaries Capital Award Inc. ("CA"), Macau EIJI Company Ltd. ("MEIJI"), and Tri-way Industries Ltd. ("TRW") generate revenues from two main activities: "Engineering and Consulting Services" and "Marketing and Sales of Food Products." Engineering and Technology Services are awarded via Consulting and Service Contracts ("CSC's") for the development, construction, supply of plants and equipment, and management of farms and related business operations (including fish, prawn, cattle, and plantation).

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 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, PRC.

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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.

Our Business Model
The Company works together with joint venture partners to form operating companies, in which we acquire equity interest. After a certain period of time and successful operating results, the Company and its joint venture partners will form a Sino Foreign Joint Venture Company ("SJVC"). Prior to the formal naming, registration, and incorporation of an anticipated SJVC, SIAF would prepay a deposit toward the consideration of its future SJVC as a percentage of the assets of the fully developed farm, based on cost. Upon formal incorporation, the pre-payments become equity capital.

Incorporated companies are joint ventures managed at a local operations level by joint venture partners, and overseen by SIAF.

The Company embarked upon a five-year phased growth plan in January, 2010. This plan targeted accruing net assets of approximately $500 million by the end of February, 2015. As of December 31, 2014, our net tangible book value stood at $399,647,082. Nearly all of these assets have come from, and are anticipated to come from, internally generated income and grants.

We believe that income from operations will fulfill our targeted net assets. Expansion of existing joint venture operations, as well as increases in equity stakes in SJVC's that will be incorporated progressively through the end of 2015, are expected to add to net assets. As has been our history, the quarterly increase in net assets is itself expected to grow each quarter in 2015; however, there is no guarantee that this will be achieved.

Cross-Listing on First North
We have taken steps to have our shares of common stock quoted (no new shares will be issued) on NASDAQ OMX First North in Stockholm, Sweden ("First North"). First North is an alternative market, operated by the different exchanges within NASDAQ OMX (the "Exchange"). It does not have legal status as an EU-regulated market. Companies trading on First North are subject to the rules of First North and not the legal requirements for admission to trading on a regulated market. The risk in such an investment may be higher than on the main market.

Before trading in our shares of common stock can commence, an application must be submitted to the Exchange for approval. We have engaged Mangold Fondkommission AB ("MFAB") to act as our financial advisor in connection with our efforts to have our shares of common stock quoted on First North. MFAB, based in Stockholm, is assisting us in the application process. Trading on First North is subject to a number of conditions including affiliation of our shares to Euroclear Sweden, sufficient shareholder distribution in Sweden and the approval of NASDAQ OMX. Our shares are currently eligible for quotation on the OTC QB in the United States and we expect them to continue to be traded on the OTC QB, in addition to First North, if approved. There can be no assurance that our shares of common stock will trade on First North.

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:

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- 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.

General standard principal terms and conditions for Farm Development Consulting and Service Contracts are outlined below:

- The Contracting parties: SIAF subsidiary is the consulting and service provider (turnkey contractor). The China businessmen and investor group is the Developer of the Project.
- Development schedules for the project.
- Responsibilities and obligations of the parties: SIAF subsidiary is to build the project (including development of its business operation) using our technology, systems, know-how, and management expertise and systems for and on behalf of the Developer such that the Developer is responsible to pay SIAF subsidiary for its work (including sub-contractors and suppliers appointed by SIAF) in a timely manner (normally a 60 days term).
- Provisions allow SIAF subsidiary to select and appoint sub-contractors and suppliers.
- Extra work and additional work and extra cost provisions.
- Warranty and limitation of liabilities.
- Scope of work and lists of supplies (including all plant and equipment).
- Installation, training and commissioning of the developments and business operation.
- Granting to SIAF subsidiary the right of management of operation, and marketing and sales of the produce and products from the farm's operation.

These SIAF subsidiaries generally have exclusive marketing, sales and distribution rights to each subsidiary's respective proprietary technologies, patents, licenses, and intellectual property relating to their subject matter expertise (e.g., cattle, aquaculture, plantation farming). For example, CA purchases all marketable fish and prawns from the farms and in turn sells 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 JHMC.

Land Ownership in China
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 (LUR). This is akin to "leasehold" land rights in the United States. Corporate entities and individuals may own the property (buildings) erected on Government land.

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Land Use Rights may be transferred, but they are based on agricultural contracts, and cannot be changed arbitrarily to non-agricultural purposes.

OTC QB: SIAF
Sino Agro Food, Inc. became a fully reporting company in 2011, with the effectiveness of its Form 10. Our shares of common stock are currently quoted on the OTC QB.

Business Overview and Introduction
We introduced our business activities in China in 2006 as an engineering consulting company that specializes in building agriculture and aquaculture farms and the development of related business operations. We use our expertise and know-how in specific agriculture and aquaculture technologies, including:

- Our A Power Re-circulating Aquaculture System and related technology
- Our cattle growing, feeding and caring technology
- Design engineering, construction, project management, business operations and information systems for indoor and outdoor fishery and cattle farms and hydroponic vegetable farms, adaptable to various climate and growing conditions
- Producing organic, green and natural agriculture produce
- Ongoing operational management, including sales and marketing, for aquaculture fishery farms, cattle farms, produce farms, and products. We performed all these business functions successfully in Australia and Malaysia since 1998.

In all of our developments, we were and continue to be the master engineer pioneering the construction and building of farms from raw land into fully operational facilities. This covers the construction and building of infrastructure including:

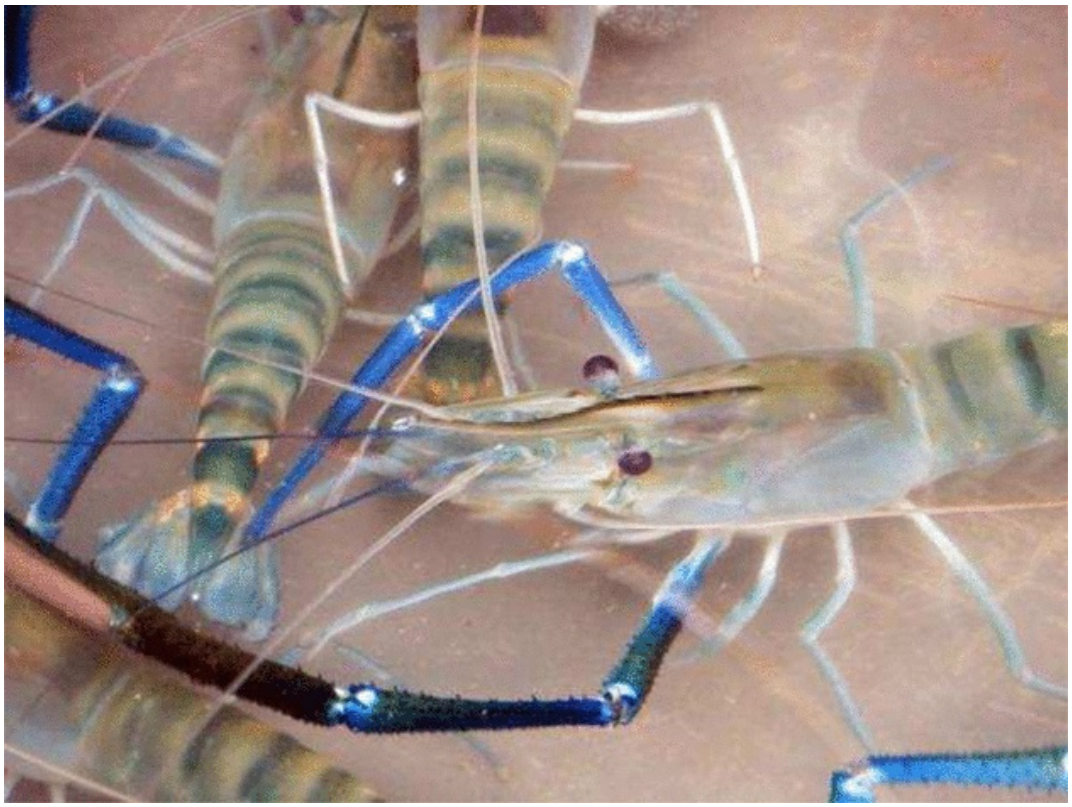
- staff quarters
- offices
- processing facilities
- all production facilities
- Storage
- infrastructure, including roads

In each development, we provide the related management teams responsible for leading all business activities into effective and efficient operations.

In the past few years, our company has matured into a company dedicated to the agriculture and aquaculture industry. We have made early inroads to all levels of business in our supply chain. Our revenues are mainly derived from seafood and beef, along with fertilizer, livestock, the HU Plantation, and our services in engineering consulting. We divide our business activities into five standalone business divisions or units: (1) Fishery, (2) Cattle & Beef, (3) Organic Fertilizer, (4) HU Plantation and (5) Marketing and Trading.

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Our LawZi Prawns



CHARTS AND TABLES

The following exhibits provide overview information about our Company:

(1) Exhibit 1 contains two organization charts. Chart 1(a) reflects our Group Corporate Structure as at December 31, 2014. Chart 1(b) indicates the prospective structure of our "Unincorporated Project Companies." These are future SJVC's that are not yet officially formed, but are operational. The Company paid deposits (for a percentage of equity) as consideration toward their respective acquisitions pending formation of corresponding SJVC's. Official formations are scheduled in 2015 and 2016.

(2) Exhibit 2 is a table that indicates the abbreviations of the names of our companies.

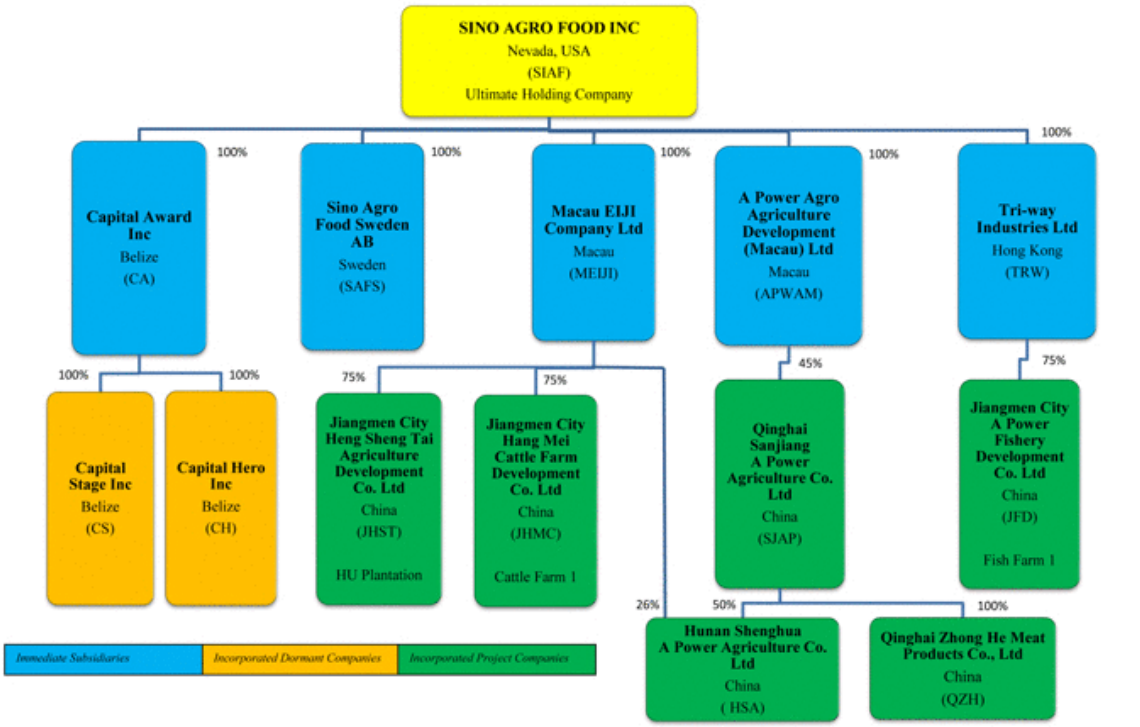
(3) Exhibit 3 is a map that shows the location of the Company's businesses in China.

(4) Exhibit 4 is a table that defines the activities of the Company's business units.

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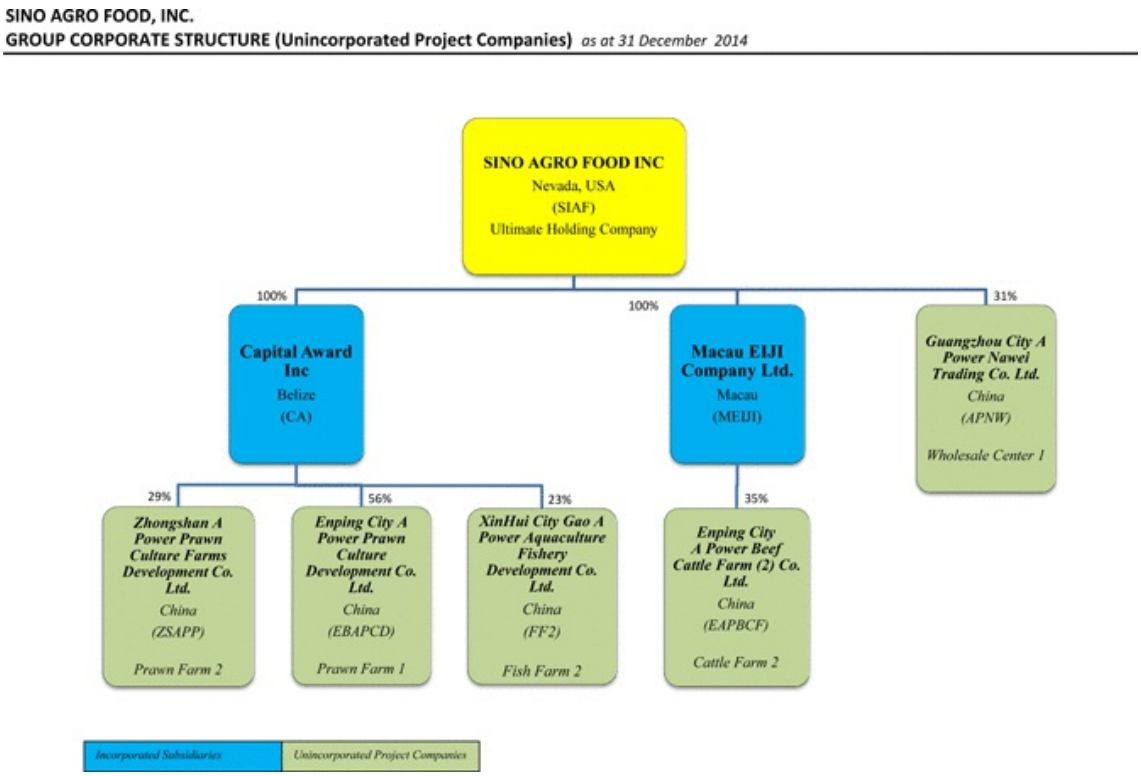
Exhibit 1, Chart 1(a) represents our group organization structure:

SINO AGRO FOOD, INC.
GROUP CORPORATE STRUCTURE (Incorporated Companies) *as at* 31 December 2014



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Exhibit 1, Chart 1(b) shows how our unincorporated companies fit into our corporate structure:



***Notes**: 1. The "Unincorporated Project Companies" are private companies formed in China with Chinese citizens acting as their legal representative as required by Chinese law. These companies' names will be changed in accordance with the names granted by relevant authorities once their corresponding Sino Joint Venture companies (SJVC) have officially been formed.*
2. The % shown above represents the payments toward their respective purchases in equivalent to the equity % of the respective SJVCs pending the official approval for the formation thereof.

Exhibit 2: Abbreviated Names of the Entities

Incorporated Companies

#	Abbreviation	Name of Entity	Date Formed
1	SIAF	Sino Agro Food, Inc.	1974
2	CA	Capital Award Inc.	2003
3	MEIJI	Macau EIJI Company Ltd.	2005
4	APWAM	A Power Agro Agriculture Development (Macau) Ltd.	2007
5	TRW	Tri-way Industries Ltd. (Hong Kong)	2009

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6	CS	Capital Stage Inc.	2003
7	CH	Capital Hero Inc.	2003
8	JHST or HU Plantation	Jiangmen City Heng Sheng Tai Agriculture Development Co. Ltd.	2009
9	JHMC or Cattle Farm 1	Jiangmen City Hang Mei Cattle Farm Development Co. Ltd.	2012
10	SJAP	Qinghai Sanjiang A Power Agriculture Co. Ltd.	2009
11	JFD or Fish Farm 1	Jiangmen City A Power Fishery Development Co. Ltd.	2011
12	HSA	Hunan Shenghua A Power Agriculture Co. Ltd.	2011
13	SIAFS	Sino Agro Food Sweden Aktiebolag	2013

Unincorporated Project Companies

#	Abbreviation	Name of Entity	Date Formed
14	APNW or Wholesale Center 1	Guangzhou City A Power NaWei Trading Co. Ltd. China	2012
15	ZSAPP or Prawn Farm 2	Zhongshan A Power Prawn Culture Farms Development Co. Ltd. China	2012
16	EBAPCD or Prawn Farm 1	Enping City A Power Prawn Culture Development Co. Ltd. China	2011
17	EAPBCF or Cattle Farm 2	Enping City A Power Beef Cattle Farm 2 Co. Ltd. China	2011
18	Fish & Eel Farm 2	XinHui City Gao A Power Aquaculture Fishery Development Co. Ltd.	2011
19.	ZSNPF	Zhongshan City A Power Agriculture Development Co. Ltd.	2014
20.	Shanghai Distribution (1)	Shanghai Ding Tai A Power Aquatic Products Co. Ltd.	2015
21.	Shanghai Distribution (2)	Shanghai Hong Cheng A Power Trading Co. Ltd.	2015

All “Unincorporated Project Companies” are private companies formed in China with Chinese citizens acting as their legal representatives as required by Chinese law. These companies’ names will be changed in accordance with the names granted by the relevant authorities once their corresponding SJVC have officially been formed. As of the date of this Annul Report, we do not own any equity stake in any of these Unincorporated Project Companies. However, we have paid certain amount of pre-payments as deposits toward part of the respective consideration required for the purchase of respective future SJVC, and the corresponding payments made are equal to the % of equity stakes being paid for in the respective future SJVC.

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Exhibit 3: Map of the Company's Entities in China



Exhibit 4: Business Activities of the Company's Entities

Abbreviation	Business Activities
SIAF	Engineering consulting (in general types of developments), business management, trading, sales and marketing
CA	Engineering consulting (mainly in development of fishery), management of fishery operations, marketing and sales of fishery produces and products.
MEIJI	Engineering consulting (mainly in cattle farming and vegetable farming), management service and marketing and sales of cattle and related products.
APWAM	Holding Company
TRW	Holding Company and holder of technology licenses.
CS	Dormant
CH	Dormant
JHST or HU Plantation	HU Plantation, Immortal Vegetable farming, processing and sales of produces and products.

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JHMC or Cattle Farm 1	A demonstration farm for growing cattle in a semi-tropical climate.
SJAP	Existing activities: Manufacturing of organic fertilizer, bulk and concentrated livestock feed, and rearing of cattle and cooperative farming Slaughter and deboning of cattle and value added processing of beef products Expected added activities by 2015 or 2016: Manufacturing of Enzyme Electricity generation via Marsh Gas Station
JFD or Fish Farm 1	Growing of fish (sleepy cod species), eels (Flower Pattern species) and prawns.
HSA	Existing Activities Manufacturing of organic fertilizer, 100% pure organic mixed fertilizer and lake fish farming organic fertilizer. Expected added activities by 2015: Cattle farming
SIAFS	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.

Business Activities of the Unincorporated Project Companies

Abbreviation	**Business Activities**
Wholesale Center 1 or WC1	Marketing, sales and distribution of seafood and meats and related products.
ZSAPP or Prawn Farm 2	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.
EBAPCD or Prawn Farm 1	Growth of prawns, production starting in Q3 2013 & additional production from its expanded 10 more APM tanks will start production in Q2 1015.
EAPBCF or Cattle Farm 2	By year 2015 - Cattle Growing.
Fish & Eel Farm 2	Growing fish, eels and prawns. Production started in 2014, although construction is on-going.

Notes:

"Unincorporated Project Companies" are private companies formed in China with Chinese citizens acting as their legal representatives as required by Chinese law. These companies' names will be changed in accordance with the names granted by relevant authorities once their corresponding SJVC's are formed officially. As of the date of this Annual Report, we do not own any equity stake in any of these Unincorporated Project Companies. However, it means that we have paid certain pre-payments as deposits toward part of the consideration required for the purchase of respective future SJVC, and the corresponding payments made are equal to the % of equity stakes being paid for in the future SJVC.

Our operations and assets in the PRC may be subject to significant political and economic uncertainties. Government policies are subject to rapid change; the government of the PRC may adopt policies that have the effect of hindering private economic activity and greater economic decentralization. All of the Company's land use rights are related to allocated land. The local government authorities have granted such land use rights to us for free, or at a discounted levy rate given our contribution to the development of the local economy. Discounted rates could change. Because Chinese law governs almost all of our material agreements, we cannot assure you that we will be able to enforce our legal rights within China or elsewhere. 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. It could be 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 all but one of our directors reside outside of the United States. As a result, it may not be possible for United States investors to enforce their legal rights.

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Note on Our Usage of "Prawns" and "Prawn Fingerlings"

Prawns: In this Annual Report, we use "prawns" to represent any prawns or shrimp of all species and sizes.

Prawn Fingerlings (**or prawn fries**): In this Annual Report, we refer to "prawn fingerlings" of all species including our Mexican White Shrimp (baby shrimp that are 7 to 10 days old after hatching) and our LawZi River Prawns (baby prawns that are 21 to 28 days old after hatching).

Dates
Our fiscal quarters are aligned to the calendar year, so that in this Annual Report we often refer to dates in a quarterly format (i.e., Q1, Q2, Q3 and Q4) along with the year. Q1 represents January through March, Q2 means April through June, Q3 refers to July through September, and Q4 means October through December.

Summary of Our Sino Joint Venture Companies ("SJVC's")

There are two methods that we use to obtain our SJVC's in China;

- The first approach is to pay for our entire share of capital expenditures and associated costs (including establishment and development cost) and applying for the formation of the SJVC starting from day one. A Sino Joint Venture Agreement (or Memorandum of Understanding) is usually executed in advance bearing corresponding terms and conditions agreed by the joint venture parties.

Examples: SJAP, JHST and HSA

- The second method involves us acquiring the entity only after its business operation has been developed and started to generate revenues; in this case, we would have determined that the particular operation would be beneficial to the Company in all aspects, and thereafter we would apply for the formation of its SJVC:

Examples: JHMC and JFD.

This method is typically used in connection with projects that we built and developed for our Chinese investors such that the Joint Venture Agreements bear standard terms and conditions, in other words where the investors agree:

1. to appoint us as their Consulting Engineer granting the right for us to appoint local qualified sub-contracts to build/construct the farms and local suppliers to supply all plants and equipment and related parts and components of the farms;
2. to let us have full management right on the construction and development of the farm and the management right to manage the operation of the related developed business operation of the farm afterward and as the sole marketing and distribution agent of the farm for the sales and marketing of the farm's produces and products;
3. to pay for all construction and development costs in accordance with the terms and conditions of our consulting servicing contracts for acting as their consulting engineer;
4. in the event that we decide to acquire the developed farm and related business operations, the investors shall agree to incorporate a Sino Foreign Joint Venture Company to acquire all assets and liabilities of the said farm and business and allow us the option to take up to 75% of the SJVC at 100% net asset value of the SJVC and the investors keep 25% of the SJVC; and
5. in the event we decide not to acquire the developed farm and related business operation, the investors agree to appoint us as the management of operation of the farm for a minimum period of 15 years.

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OUR EMPLOYEES

This table lists the number of our employees by job classification and business division, as of March 27, 2015:

Abbreviations of Business Divisions	Managers	Skilled	Unskilled	Casual	Total
SIAF, including CA, MEIJI, APWAM, TRW, CS, CH	12	15	3	0	30
JHST	5	16	55	50	126
JHMC	2	2	12	16	32
SJAP	18	32	80	180	310
JFD	2	6	7	0	15
HSA	6	5	22	10	42
Total	45	76	179	256	556

COOPERATIVE FARMERS

Our Cooperative Farming Model provides us with an intermediary supply pipeline so we can ramp up our production at lower marginal cost to our operations, albeit on favorable trade terms from us.

Our strategy is to identify agriculture projects with strong growth potential linked to sales demand where small farmers lack commercial scale and expertise, and where they benefit with our strategic alliance approach. This provides a mutually beneficial outcome for local small farmers who cooperate with us as an intermediary to produce the goods to supply our farms. We also work with local governments, and with their help we introduce and initiate Farmers Cooperatives, such as in Huangyuan County, Xining City. This concept of strategic alliance with small hold farmers under a Cooperative Farming Model is based on the following key characteristics and value enhancers:

1. Once we have completed our assessment of the ability of the regional farmers to grow crops and pastures for us as our nominated contractors using our land that was leased to us free of rent by the local government or using the farmer's own land, and using our plants and equipment for their planting and harvesting, we provide the farmers with supervision and associated services, seeds and organic fertilizer on credit terms offset by the crops and pastures that we purchase from them.
2. We also use this regional farmers' concept when we are growing cattle as these farmers are our contractors using our bulk livestock feed on credit terms that will be offset by the amount of mature cattle that we buy from them.
3. The ultimate aim of this arrangement is to obtain cattle that will be qualified as "organically reared cattle" such that we shall be able to produce "organic beef products" on a commercial scale basis.

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

- SIAF's agricultural waste is prepared by SIAF into bio-organic fertilizer. Also the livestock feed is prepared into bio-organic livestock feed.
- The bio-organic fertilizer and the bio-organic livestock feed are sold to farmers that work on SIAF's land-use rights (which are owned by the government) at a discounted price. The fertilizer and the livestock feed are also prepared based on our enzyme technologies. The use of the enzyme is synergistic as the production of fertilizer and livestock feed is permissible during 12 months of the year, providing competitive advantage.
- The farmers use the bio-organic fertilizer on the soil where they plant grain, and feed the grain to the cows together with the livestock feed. Tests made by the government that owns the land shows the following results from use of the bio-organic fertilizer:
  - Additional average weight gain per head of fattening cattle;
  - Additional fresh milk produced;
  - All feeds are much easier to digest resulting in a much cleaner environment in the cattle yards and houses;
  - No sickness during the period was recorded through the cause of consumption of our feeds; and
  - All cattle preferred to eat our feed and were reluctant to revert back to the consumption of their old feed after they had consumed our feed during the period.
- SIAF acquires the young cattle from the regional farmers when they are about 6 months old. Due to the discounted price of the bio-organic fertilizer, SIAF acquires the young cattle to a discounted price from the farmers for a win-win outcome. The young cattle are fed with SIAF's organic livestock feed (our "Stock Feed Manufacturing Technology").

Recent Case Studies

Our records show that farmers' average annual incomes increased from RMB 480 per Mu per year to RMB 2,100 per Mu per year by planting crops and pasture for us applying our fertilizer with harvesting being done by our teams of harvesting workers using our machinery and equipment (1 Mu is about 660 square meters).

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Farmers who grow cattle using our livestock feed, and then sold their cattle to us have quadrupled their annual incomes. Previously, it took them four years to grow and fatten a head of cattle to about 600 kg of body weight, but now it takes them less than 12 months to fatten a head of cattle to a body weight of no less than 700 Kg. There is no guarantee that local farmers using our products, methods and services will experience similar gains in the future.

OUR TECHNOLOGIES

A Power Re-circulating Aquaculture System and Technology (APRAS)

We build fish farms (where we raise fish, prawns, and eels) using our A Power Re-circulating Aquaculture System and Technology, or APRAS, now in its 10 th version, to operate our sizeable commercial farming facilities. The APRAS is "an engineered, self-contained water treatment and re-circulating aquaculture system, or RAS, for growing aquatic animals on a commercial scale." In a given farm all fish grow-out tanks are modules that can be custom built in various sizes to support the farm's growing capacity. RAS technology has been proven in Europe and Australia for over thirty years. The Company attributes the following benefits to the system:

- Improved productivity
- Lower labor requirements
- Mortality rates of less than 8%, and
- Feed-to-fish conversion ratios of 1:1 for pellet feed and 2:1 for non-pellet feed

The indoor system is fully controlled:

- Tank water is treated through micro-bio bacterial compartments to digest soluble wastes
- Solid waste separators remove the insoluble wastes
- UV and O3 chambers clean the water
- Optimal oxygen levels are maintained by in-built aerators

Water temperature is controlled by heat exchangers, which recycle water at a rate between 60 times to 120 times per hour adjusted according to the motion requirement of the growing species of fish. Water temperature is maintained within suitable ranges to suit each species of fish. Importantly, our system does not require chemicals or antibiotics, and is pollution free. All tanks in the farm are built with concrete and all buildings are made of steel with concrete walls that we anticipate will last for tens of years. Also all plant and equipment and components are replaceable, after their life expectancy of 25 years. Given the high incidence of pollution in aquaculture and the existing outdated open dam aquaculture methods used in China, we believe that our technology gives us distinct advantages both in the sales of prawns, fish, and eels, and for our consulting and service business to develop more farms in China.

At the same time we believe that land prices are rising rapidly in China. Our APRAS maximizes the utilization of land, because our technology produces a greater quantity of aquatic species per surface area compared to China's existing, aging open-dam or caging aquaculture systems and technologies. For instance, a standard APRAS Modular tank has a surface area of 100 m2 and the capacity to produce over 40 MT of prawns per year, whereas the old systems produce an average of 6 Mt per 660 m2 (or Mu) per year. In other words, we can produce annually 1,600 MT of prawns per acre of land, whereas the old systems produce 36 MT of prawns per acre per year. This gives us a considerable advantage. Now that we have established commercial APRAS farms in China and proven their commercial viability, we believe that in theory and conceptually the Company has the potential to venture into developing aquaculture projects with annual productivity over hundreds of thousands of metric tons in the foreseeable future. However, there can be no assurance that our annual productivity will in fact reach hundreds of thousands of metric tons.

Our Aromatic Feed Formula and Feeding Systems

We feed our cattle with a portion of our aromatic feed (which is a feed mix consisting of various Chinese herbs to improve the health of the cattle) at a ratio in accordance with their needs during each growing stages of the cattle while they are being grown in the farm.

Our Enzyme Technologies

(Bacterial and Bio-organic Manufacturing Technology)

We own two Enzyme Technologies. The one known as T2 was invented by SJAP and is being used for the manufacture of organic fertilizer and bulk livestock feed by SJAP at Qinghai, Xining's operation. We bought the other, known as T1, from a third party, and use it in our Cattle Farm 1's operation to produce livestock feed T1, and at HSA to produce 100% pure organic mixed fertilizer. We have the exclusive rights to both Enzyme Technologies. T2 has not been patented, but T1 is a patented intellectual property (see Exhibit 10.1 for further information).

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There are fundamental differences between T1 and T2 as shown in the table below:

Fundamentals	**T1**	**T2**
Required temperature for fermentation	15 degrees C	4 degrees C
Time required to complete fermentation processes	21 days	7 days
Temperature variation for storages	Up to -10 degrees C	Up to -30 degrees C
Shelf Life	One year	Two years or more
Protein % increases after fermentation	3%	6%

T2 is more practical and suitable to apply in colder regions, such as at SJAP's operation at Qinghai, Xining, with six month winters at average temperature of -20 degrees C and below. T1 is better suited to regions with milder climates, such as at JHMC (Cattle Farm 1) and HSA where warm to hot weather is typical for ten months each year, and winters are mild.

Composition of Bulk Livestock Feed
Raw materials consisting of crop wastes, as well as locally grown and available wild wheat plus wild wheat stems, wild peas with stems and leaves, and selective grown pastures will be cut and rolled into bales. The T1 or T2 enzyme is added during the cutting and rolling process, then the bales are packed and sealed in airtight and weather proof packaging for storage in the open. The materials will go through a number of aging and fermentation processes generated by the enzyme such that the feed will be ready for consumption, as the farmers require it to feed their cattle or sheep.

Our Formulas for Concentrated Livestock Feed
We apply six different formulas in our concentrated livestock feed manufacturing process. Our joint venture partners, former professors at the University of Xining before they joined SJAP, invented these formulas. All cattle's daily diets include consumption of both the bulk and concentrated livestock feed that are tailor made to suit each stage of their growing cycles in order that optimal growth efficiency is achieved. For example, milk cows require a higher protein diet, weaning calves need more calcium to grow body frames, and fattening cattle need higher calorie input to gain body weight. Bulk livestock feed provides the carbohydrates while our concentrated livestock feed provides the protein, vitamins, trace elements and other necessary supplements that will be required by cattle at various stages of their growing cycles. Our formulas enhance feed with specific concentrated raw materials (i.e., soya bean, corns, seeds, etc.), such that no excessive raw materials will be wasted, and all beneficial ingredients will be consumed. Thus, we produce healthy cattle with maximal efficiency. At the same time, our formulas will reduce excessive body fat of growing cattle.

SJAP has conducted many tests to show that fattened cattle average around 15 Kg of fat per body weight per 800 Kg if they were not fed with our Concentrated Livestock Feed. The fattened cattle fed with our Concentrated Livestock Feed average only 6 Kg of fat per 800 kg, which means that salable net weight gain per cattle is 9 kg, because fats are not saleable.

Intellectual Property
As discussed in this section, the T1 Enzyme Technology (T1) is our patented intellectual property. Our other proprietary technologies and techniques, such as "A Power Re-circulating Aquaculture System and Technology," our T2 Enzyme Technology, and six Concentrated Livestock Feed formulas are our trade secrets, but not patented intellectual properties.

COST AND EFFECTS OF COMPLIANCE WITH ENVIRONMENTAL LAWS
We believe that our environmental impact treatments are commercially cost effective based on recycling of waste described as follows:

- Using our APRAS systems, water is continually re-circulated in the grow-out tanks while being treated internally in the filtration chambers. Insoluble wastes are centrally collected and reapplied to our cropping fields as organic fertilizer, and all soluble wastes are consumed in our bacterial chambers to allow the recycling of cleared water. In this respect the Company is planning on building commercial hydroponic farms (growing vegetables and fruit in door using the fish farms' organic fertilizer), adjacent to all of our APRAS farms. We believe this will yield economic efficiency. In this respect, our first hydroponic farm is built in conjunction with Prawn Farm 1's expansion work, which is expected to add 6 more APM tanks to its existing operation and the hydroponic farm next to the said expansion. As of the date of this Annual Report, this work has begun.

- SJAP plans to continue building a marsh gas station during 2015 to generate electricity based on the source of energy generated from the fermentation processes of the cattle waste collected from its cattle farms and after the fermentation processes, the residue will be recycled as raw materials for the manufacturing of its organic fertilizer. For this project, the government has agreed to award SJAP a development grant of US$2 million to help initiate the marsh gas station.

- We believe the most cost effective way to take care of any environment impact associated with our businesses is to create commercial viabilities through recycling the waste.

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Thus far, our recycling programs built into the development designs of the each project are revenues that offset all related costs in environment treatments as operational cost (e.g., cattle wastes are recycling into raw material for our organic fertilizer manufacturing or channeled into our cropping field to grow pastures to feed back to our cattle, and all solid wastes from our fishery operations are being collected and applied as liquid fertilizer to grow our plants and in future to grow our hydroponic plants) and we don't use harmful chemical in our fishery or cattle fattening production as such we do not believe that we have any material and adverse environmental impacts. Accordingly, to date we have clean bill of cost as far as environmental issues are concerned and they were not treated as cost of environmental impacts but as operational costs.

VERTICAL INTEGRATION

Food quality and safety is a paramount concern in China, among consumers and by the government. Our vertically integrated operations ensure that we control and deliver products with consistent quality, value, and healthful attributes throughout our supply chain. Vertical integration also allows us to streamline our processes while we optimize costs.

Our five year business plan, which started in January 2010 and runs through December 2014, aims to complete the development of all the integrated activities listed below with a view to achieving greater productivity and furthering our marketing plan concept of "From Farms to Plates.

As of March 31, 2015, the 5 year business plan has been accomplished; as such our next phase of business plan is being investigated and analyzed by our board of managements targeting to update our shareholders accordingly on or before June 30, 2015.

Vertical integration for our fishery developments:
We intend to develop the following mutually supportive business activities:

- Research and development in the fishery technologies, growing techniques, management systems, species of aquatic animals that will be grown that will have commercial market niches, breeding stocks that will have the ability to produce and sustain supplies of fingerling (or baby stocks) in commercial scales, feed analysis and formulation, marketing and sales, logistics and transportation of live aquatic animals and other related general information of the industry (e.g., we have established relationships with a number of local professional sub-contractors and entities to carry out the referred duties for the Company).

- Hatchery and nursery farm. For example, we established Prawn Farm 2 to serve such purpose.

- Grow-out farms. For example, we established Fish Farm 1 and Prawn Farm 1 for the growth of aquatic animals.

- Marketing and distribution networks: We have established Wholesale Center 1 and are developing a chain of restaurants as part of our ultimate distribution channels to sell our seafood. We envision a distribution network that consist of sales channels via secondary wholesalers, restaurant and hotel distributors, supermarket chain distributors, and commissioned sales agents. Some of these will compete directly with health shops and supermarket chains, establishments similar to Wholesale Center 1 and the chains of restaurants that we intend to develop for and on behalf of our Chinese joint venture investors.

Some of the companies listed above (i.e., Prawn Farms 1 and 2, Wholesale, Restaurants) are unincorporated project companies that we do not currently own, but intend to acquire according to our typical SJVC formula:

- Normally and prior to the official formation of the SJVC's we take an equity position in the company that is the developer of the project to secure our future acquisition of the SJVC's.

- The total consideration of the future purchase of any SJVC is based on its book value at the time of official formation having injected all of the related project's development assets and liabilities into the SJVC.

- As such the required acquisition cost is generally funded partly by cash and partly by a receivable owing on the consulting and service fee.

Vertical Integration in our Organic Beef and Cattle Business at SJAP
Currently, SJAP is developing the following mutually supportive activities:

- In-house Research and Development in enzyme and feed technologies, growing techniques, management systems, breeding stocks, analysis and formulation, marketing and sales, logistics and transport, and other aspect of SJAP's industry. "Continuous Improvement" activities in all parts of the business.
- Manufacturing of organic fertilizer since 2009.
- Manufacturing of Bulk Livestock Feed since 2010.
- Manufacturing of Concentrated Livestock Feed since March 2013.

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- Cattle growing and rearing since 2010.
- Farming cooperative (initiated and formed in 2010; the cooperative currently includes over 100 members from 22 cooperative farms).
- Slaughtering, deboning and value added processing of cattle, beef meats and products are in start-up mode, with trial operations since January 2014.
- Marketing, sales and distribution network discussions initiated during Q4 2013 with some of the first and second tier wholesalers and distributors in Beijing City, Shanghai City and Guangzhou City to prepare for sales starting in January 2014 of meat from our abattoir. However the construction work was delayed due to the lack of delivery of some of the plants and equipment caused by the winter climate; as such, the abattoir and de-boning factory's operation were delayed for six months and actual operation commenced in June 2014. The abattoir and de-boning factory were operational from the beginning of July 2014 and their production activities are recorded and shown below.
- Construction of our enzyme factory is in on hold until the end of winter in the Tibetan Plateau. By December 7, 2013, we had completed leveling land on the factory site. However its construction work has been rescheduled to start sometimes after Q2 2015.
- Development of marsh gas station that completes our environmental program to recycle all of our cattle waste is in the research and analysis phase. When completed, it will supply electricity to our neighbors in Huangyuan District, and its by-products become raw material for the manufacture of organic fertilizer. This latest SJAP contribution adds to the ways we service our corporate social responsibility in Qinghai Province. This development plan is rescheduled to commence in spring (Q1) 2016.

Marketing, Sales and Distribution, Produce and Products

The Fishery Sector
Chinese markets prefer, and pay premium prices for, live aquatic animals. There are many markets with hundreds of wholesalers selling live seafood in many Provinces of China, supported by well-developed logistics services in road and air transport. As such, we currently sell our seafood mainly to wholesalers that operate in the dominant wholesale markets at Shanghai City, the Southern Coastal Cities, and Guangzhou City.

Some of the fish farms that we report on in this section, notably Prawn Farms 1 and 2 and Fish Farm 2, are unincorporated project companies that we do not currently own, but intend to acquire when their developments are fully completed targeting between 2015 to 2017 respectively, as outlined under the *Vertical Integration* section, and elsewhere in this Annual Report. Prawn Farms 1 and 2 and Fish Farm 2 are contracted to Capital Award for its construction and operational management.

Fish Farm 1:
Fish Farm 1 produces eel, prawns, and fish. Initially, we grew a high value fish known as Sleepy Cod, a tropical species growing mainly in the Southern regions of Guangdong Province. Sleepy Cod, similar to the much-prized marble or sand goby, is an attractive breed for aquaculture purposes as it is a relatively small fish that grows well in our APRAS and provides white pieces of fillets with flaky flesh that we believe most Asians prefer. It is easy to ship, as it lies motionless in shipping bags, and stacks well in the live fish tanks used in Asian restaurants. Our APRAS system provides suitable environments to grow Sleepy Cod that allow the fish to grow in separated compartments inserted in the tanks to avoid harm to their skin, resulting in a more valuable unblemished appearance.

Because our water management system is designed to recycle clean water back to the grow-out tanks free from any pollutants and diseases, we don't use antibiotics, pesticides, or other harmful chemicals to grow our fish. The environments in our tanks are similar to the fish tanks that restaurants use to keep their fish before selling them to customers. We market our fish as free from chemicals and pollutants. We believe that our Sleepy Cod are well received and in demand, and in general our Sleepy Cod sell at premium prices of between 8% to 10% above the daily market averages. In addition to four tanks of Sleepy Cod, Fish Farm 1 grows four tanks of Flower Pattern Eel and eight tanks of prawns.

Prawn Farm 1:
Stocking of prawn fingerling (baby prawns of 7 to 21 days old) began during Q1 2013 for growing into marketable sized prawns from count sizes of 90-100 pieces per Kg and larger. Larger prawns always demand higher premium prices. Prawn Farm 1 grows two varieties: the Mexican White Prawn, which is an imported breed grown in water containing approximately 0.5% of salinity and that has a rather sweet flavor and crispy texture that is liked by Chinese consumers; and a locally bred species that we call the "LawZi Prawn" (its direct English translation is "Big Giant Prawn") which originated in Thailand but is now well developed in China. The LawZi Prawns are grown in fresh water and are in high demand in many gourmet kitchens, especially when they weigh over 50 grams per piece.

Prawn Farm 2:
Originally Prawn Farm 2 was developed as a hatchery and nursery to produce prawn fingerlings for sale to regional prawn farmers. Through Q2 2013, the Company produced and sold mainly Mexican White Prawn fingerlings. During Q1 2013, we successfully bred our second generation of LawZi brood stock prawns crossed between the wild species and domestic species, and began to sell LawZi Prawn fingerlings in Q3 2013. At present, we are conducting trials to adapt our indoor growing environment for eels.

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The Cattle Sector

Organic Fertilizer, Livestock Feed and Cattle Farming at SJAP
Currently SJAP manufactures organic fertilizer (since 2009), bulk livestock feed (since 2010), concentrated livestock feed (since March 2013), and has been raising cattle since 2011.

Organic fertilizers are sold mainly to our cooperative farmers, who plant crops and pastures for us that we repurchase to process into Bulk Livestock Feed. Part of this Bulk Livestock feed will be used to grow cattle in our own cattle farm and part will be sold to our cooperative growers for growing cattle, with the remaining part being sold to other regional farmers.

The Concentrated Livestock Feed ("CLSF") complements SJAP's bulk livestock feed to provide the local cattle and sheep farming industry with a complete feed formula that caters to the nutritional requirements of cattle and sheep at various growth cycles (e.g., specially formulated mixes with efficient nutrients for dairy cows and sheep, weaning, fattening and mature cattle and sheep). The advantage of our 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 excess concentrated feed being wasted on over feeding, which results in worthless excess fat in mature animals. The Chinese central government has placed an order with SJAP to reserve annually up to 5000 MT of CLSF as part of the country's annual reserve emergency livestock feed inventory. Since March 2013, SJAP has generated additional revenue from the sales of CLSF.

Simmental Cattle
The cattle we grow are primarily Simmental (a common breed introduced to China in the early 20th century), Charolais, and some Angus cattle. In general, we buy six to eight months old cattle when they have established their body frames, then they will be fattened either by us in our indoor cattle stations or by our cooperative farmers at their own farms for a further 6 to 10 months until they will reach a body weight averaging 700-800 Kg per head and sell them as live cattle to the wholesale cattle buyers. It is because our cattle are well fed and healthy with better meat recovery rates such that we normally get premium prices that are about 10% above the daily market averages. We also earn between 10 to 12% from buying the cattle back from the cooperative farmers and resold to the cattle wholesalers. Since January 2014, we slaughter our own cattle, and process the meat in our deboning and packaging facility.





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Competitors

Sino Agro Food, Inc. is a primary producer. In China, millions of primary producers generate many billion metric tons of primary agricultural products each year using various methods and technology systems. Our production of a few thousand tons per year represents a tiny fraction of the supply chains competing internally among primary producers in a rather stable market circumstance, because China needs food. All primary producers are subject to market conditions, such as seasonal supply and demand, with higher quality products earning higher prices. We believe that our modern agriculture technologies and systems provide us opportunities and advantages to compete favorably against established farming methods and outdated technologies and systems used by the majority of primary producers in China.

Business Activities of Existing or Newly Formed Subsidiaries

1. Fishery Division operated by Capital Award Inc.
Our wholly owned subsidiary Capital Award, Inc. ("CA") generates revenues from two main activities: "Engineering and Consulting Services" and "Marketing and Sales of Seafood." Engineering and Technology Services are awarded to CA via Consulting and Service Contracts ("CSC's") for the development, construction, supply of plants and equipment, and management of fishery (including prawn) farms and related business operations.

CA's standard principal terms and conditions for Fishery Development Consulting and Service Contracts are outlined below:

- The Contracting parties: CA is the consulting and service provider (as the turnkey contractor), and the Chinese businessmen and investor group is the Developer of the Project.
- Development schedules for the project.
- Responsibilities and obligations of the parties: CA is to build the fishery project (including development of its business operation) using our APRAS technology, systems, know-how, and management expertise and systems for and on behalf of the Developer such that the Developer is responsible to pay CA for its work (inclusive all sub-contractors and suppliers appointed by CA) in a timely manner (normally a 60 days term).
- Provision clauses allow CA to appoint and to select sub-contractors and suppliers.
- Extra work and additional work and extra cost provisions.
- Warranty and limitation of liabilities.
- Scope of work and lists of supplies (including all plant and equipment).
- Installation, training and commissioning of the developments and business operation.
- Granting to CA of right of management of operation, and marketing and sales of the produce and products from the farm's operation.



16 APRAS Modules with 32 Tanks at Fish Farm 1

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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: Aug 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 31, 2015	Fully Operational	Phase (1) In operation Phase 2 : Production will start Q2 2015 Road work: completed	Phase 1 completed Bridge & Road completed Phase 3 Completed Phase 4 not started	Phase 1 fully operational Phase 2 in operation Phase 3 60% completed but production started. Phase 4: not started

Notes:

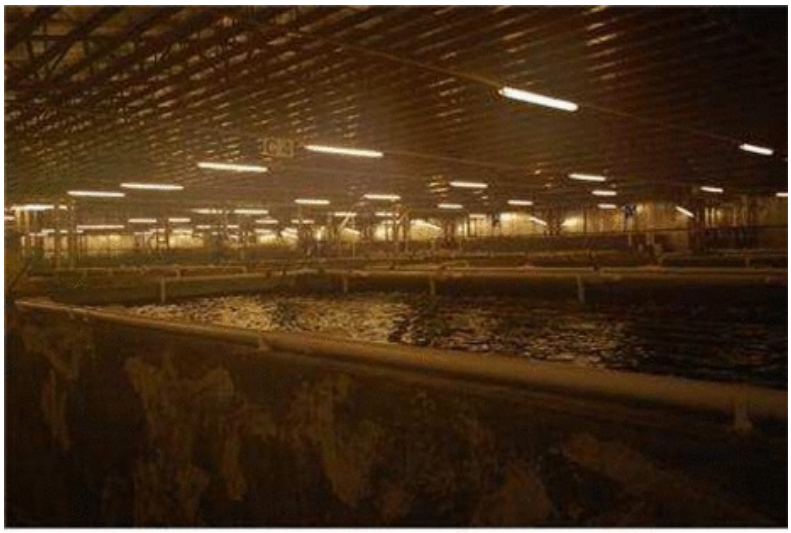
(a) The proposed company name for Prawn Farm 2, our future SJVC, is Zhongshan A Power Prawn Culture Development Co. Ltd. ("ZSAPP"). Prawn Farm 2 has generated income since May 2012. Phase 2 production of prawns began in August 2013. Production begins after construction phases complete. The work that was completed during Q2 2013 included the development of: (i) an additional indoor prawn nurturing apartment, (ii) three brood stock open dams with all under-ground in built filtration systems that capable of holding up to 3,000 mother prawns at a time, (iii) all external fences of the farm, and (iv) two open dams with all in built filtration systems that has the capacity to grow out up to 12 MT of fish per year and all associated infrastructure. There are 30 Mu (equivalent to 5 acres) of land that has been reserved for the construction of an indoor APRAS farm designed with the capacity to grow up to 1,200 MT of prawns per year at the complex. Its construction work was planned to start during Q1 2014 when most of the existing open dams' work (RAS open dam) was to have been completed, however, the work on the RAS open dams were completed only by December 2014 delayed by the months of rain during April to August 2014, such that the APRAS farm will be built between 2015 to 2016. The Company has prepaid $5,558,057 toward the consideration of its future SJVC toward the assets of the fully developed farm, equivalent to just under a 45% equity interest in ZSAPP, the future SJVC that we target to formalize during 2016.

(b) The development work on the fish and eel farm, Fish Farm 2, with an unrelated entity, Gao A Power Fishery Development Co. Ltd., is still in progress. The project is delayed because the property is situated on an inlet and drainage is extremely difficult to resolve and costly to fix. We have engineered a solution resolving this problem by constructing semi-enclosed growing dams that will be built with light building materials on land to be filled by soil collected from the extra water holding dams constructed at the same complex, outfitted with re-circulated filtration systems built externally adjacent to the water holding dams and the grow-out dams to suit the growing of prawns, fishes and/or eels in this farm. We are dividing workflow into phases and stages to yield the optimal financial efficiency and benefits. As of December 31, 2014, Phase 3's RAS open dams were completed on 310 Mu (or 51.15 acres) in its property with production started simultaneously.

(c) Not shown on the chart, and on hold, is our development work on Prawn Farm 3 at Huangyuan County, Xining City, for an unrelated third party Chinese investor, Wu Aquaculture A Power Development Co. Ltd. (a proposed name for this future SJVC). Originally, Prawn Farm 3 was planned to be on SJAP property. All engineering design and related pre-development work has been completed, with original plans to begin construction and infrastructure work in May 2013. However, management decided in February 2013 to relocate Prawn Farm 3 to another block of land adjacent to SJAP's existing property consisting of a much bigger area to accommodate future expansion whenever necessary. As a result of the relocation, the block of land where Prawn Farm 3 will be situated on a 45Mu area requiring rezoning from agriculture to industrial status. Any rezoning on parcels greater than 40Mu requires central government approval versus from local authorities, unfortunately requiring more time and causing delays in completing the process.

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Fish Farm 1 is operated by JFD, a 75% company owned subsidiary

Fish Farm 1 (JFD)
A large complex situated on 9,900 m2 of land in the Enping City District, Fish Farm 1 is fully self-contained, and provides our prototype model for fish farms in China.



FF1 Workshops and Aquaculture Buildings



FF1 Offices and Residences



Outdoor Covered Tanks at FF1



Offices at Fish Farm 1

Fish Farm 1, with 16 grow-out APRAS module tanks that grow fish indoors on land, has capacity to grow over 1,200 MT of fish per year. In Q4 2012, market prices for Sleepy Cod fell sharply from US$27 per kg to the current $15 per kg. We were able to respond to changing market conditions rapidly, and remodeled tanks to grow eels (in four tanks since Q2 2013) and prawns (in eight tanks since Q3 2013). We continue to grow Sleepy Cod in four tanks.

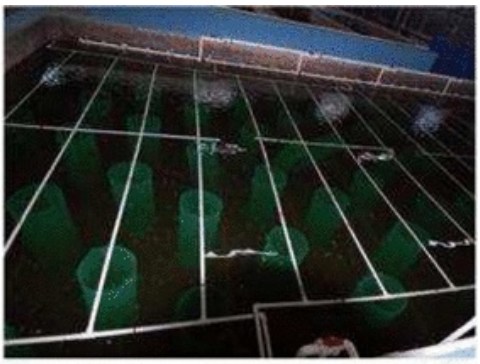
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Prawn Farm 1 (EBAPCD)

Situated in the Enping City district on 26,100 m2 of land, Prawn Farm 1 is designed to grow up to 1,200 MT per year by 2015, with current capacity to grow-out 250 to 300 MT of prawns. Prawn Farm 1 is a fully self-serviced complex with office, staff quarters, laboratory, dry and cold storage, stand-by generator room, heating rooms, water storage and tanks, landscaping gardens, etc.



APRAS Tanks for Prawns at PF1



Prawns Shelter in Plastic Netting Rolls



PF1's Backup Boiler

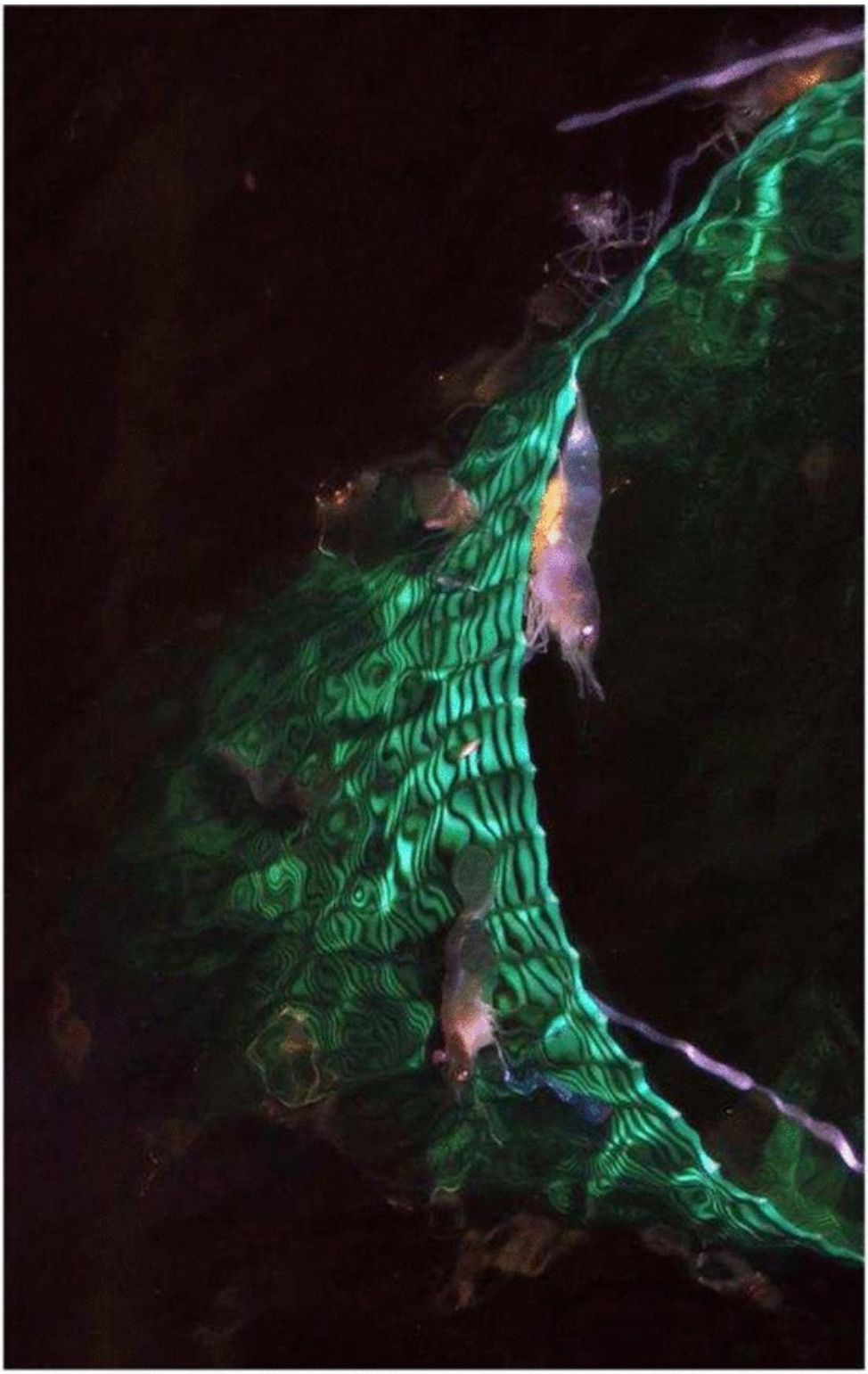


Office at Prawn Farm 1

Each grow-out tank in Prawn Farm 1 measures 12m x 10m x 2.5m deep and holds up to 240,000 liters of water. Between 500,000 to 600,000 LawZi Prawn fingerlings (supplied by our own hatchery and nursery at Prawn Farm 2 when they reach 21 to 28 days old) are stocked in each tank.

As shown in the photo at right, plastic netting rolls in the tanks shelter the prawns as they grow, increasing each tank's survival rates.

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Prawns rest on plastic netting rolls in grow out tanks.

We grow prawns for up to twelve weeks to reach marketable sizes from counts of 75 pieces per Kg and larger.

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During their growing period at Prawn Farm 1, prawns are frequently graded to optimize grow-out efficiency. In this way, faster growing prawns may reach marketable size after eight weeks, while slower growing prawns may need twelve weeks.

Our first and second batch of grow-out records show that the average of marketable prawn being harvested per tank is just under 8 MT per tank per growing cycle. As such, productivity per tank per year can be conservatively estimated at 40 MT per tank per year.

When we compare productivity to existing open dam prawn farming, which requires 26,000m2 (surface area of an open dam) to produce the 40 MT of marketable prawns per year, we obtain the same harvest in one 120m2 grow-out tank, drastically reducing the surface area required to produce the same measurable results.

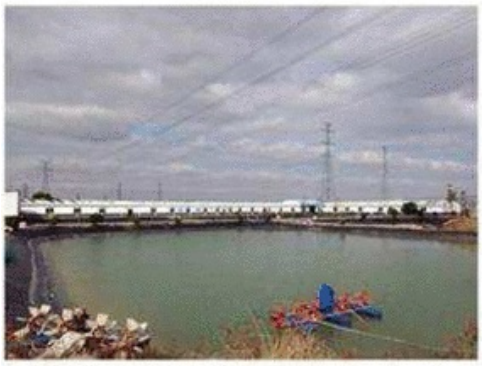
Prawn Farm 1 is operated by Capital Award for a private company formed in China with Chinese citizens acting as its legal representative as required by Chinese law. Prawn Farm 1 will become a SIAF subsidiary when its SJVC is officially formed. This is expected to occur in 2015 or 2016 pending on the completion of its phase 4's development of an indoor hydroponic farm; however, no guarantee can be made that the SJVC will be formed. SIAF's payments deposited toward future equity equates to an equity position of 45%.

Prawn Farm 2 (ZSAPP)
Prawn Farm 2 has a land bank of 120,000 m2. In addition to its core function as our hatchery and nursery operation to supply quality prawn fingerlings, Prawn Farm 2 is developing open grow-out dams that use built-in RAS filtration to reduce water consumption, and provide cleaner water to reduce the impact of pollution. Some open-dams produced prawns during Q3 2013. An additional 30,000 m2 is reserved to construct an indoor APRAS grow-out farm that aims to produce up to 1,200 MT of prawns per year. Construction began in Q1 of 2014.

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Entrance to Prawn Farm 2



PF2 Aquaculture Farm and Hatchery



PF2 Workshop and Hatchery Buildings



Building New Open Dams in Q4 2013



PF2 Laboratory

Pictured at right are nursery tanks. Each of these tanks can nurture up to 10 million prawns every five days per 30 cubic liters (or 30 MT) of water. Like our other farms, Prawn Farm 2 is a self-contained complex with all required facilities, including a classroom where local prawn farmers who buy our fries and fingerlings are trained by us to optimize growing out the prawns successfully.

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Prawn Farm 2 is operated by Capital Award for a private company formed in China with Chinese citizens as its legal representatives as required by Chinese law. Prawn Farm 2 will become a SIAF subsidiary when its SJVC is officially formed. This is expected to occur in 2015 to 2016 pending on the completion of works in Phase 3 and Phase 4; however, no guarantee can be made that the SJVC will be formed. Our deposits against our future ownership represent an equity position of 29% which is lower than the earlier estimate of 51% due to the fact that the additional capital expended on the farm increased its assets and work in progress.



Inside the Hatchery at Prawn Farm 2

Marketing and Sales of Seafood

Capital Award is the sole marketing, sales and distribution agent of our APRAS fishery and prawn farms, and purchases all marketable fish and prawns from the farms, and in turn sells them to wholesale markets. CA also supplies the farms with fingerlings, baby or adult fish or prawns, and stock feed. Presently, our RAS farms do not produce enough fish or prawns to warrant establishing and selling value added processing products or facilities, given that the Chinese markets pay the best prices for live fish and prawns. Thus, CA sells only live fish and prawns. CA generates revenue from the sale of seafood bought from farms that are Company subsidiaries, or are unincorporated project companies, and also from contracted growers in the manner described below.

Fish Farm 1

The Company owns a 75% equity interest in JFD, the owner and operator of Fish Farm 1. Fish Farm 1 represents our typical development model. 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 MT of water holding tanks, landscape gardens, standby generator rooms, all related underground and above ground infrastructure, and a 4,000m^2 fish grow-out farm. This farm supports 16 RAS tanks, each measuring 10m x 10m x 3m in depth and holding up to 240,000 liters (or 240 Metric Tons (MT) of water. Each tank has production capacity to grow up to 80 MT of aquatic animals per year depending on its stocking cycles (frequency of stocking of fish), and the initial size of the fish being stocked 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.

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Initially, Fish Farm 1 was designed to grow sleepy cod, which had a particular market with very attractive prices in Chinese markets; however, sleepy cod does not have a large market share in China compared to the carp species. Our market research of the sleepy cod market shows that total annual local domestic production is about 25,000-28,000 MT distributed to more than 100 wholesale markets throughout many provinces, with the markets at Guangzhou City, the Southern Coastal towns of Guangdong and in Shanghai City comprising the dominant markets. From the time we started stocking sleepy cod in 2011 until the end of year 2012, live sleepy cod constituted a niche market in China and sold at wholesale for an average price of US$27 per Kg. In January 2013, cheaper imports from other Asian countries were permitted to enter China at a low import tax, such that wholesale prices fell sharply to an average of US$15 per Kg. We mainly had fed live bait fish to our baby sleepy cod (250 to 300 gram each) that we bought from our contracted suppliers costing us approximately US$5 per sleepy cod grown at an average feed to weight gain conversion rate of 2.5 Kg of live bait to 1 kg of weight gained. As such, when we purchased our supplies of live bait at an average of US$1.65 per Kg, and low mortality rate at the average below 8% coupled with our recorded 3.5 stocking and harvesting cycles per year, Fish Farm 1 consistently achieved good sales revenues with gross profit margin of 50-55 % in 2011 and 2012. However, its gross profit margin fell in 2013 to between 35-40 % while the cost of supplies of baby sleepy cod and live bait fell correspondingly by an average of only 10%. JFD increased its revenue from 2013's $25.6 M to $51.8 M in 2014 due mainly to JFD having developed a brand of external growers to supply fish and eels for JFD to trade in the wholesale markets and JFD leased from PF(2) an additional 270 Mu (or 45 acres) of RAS open dams to increase its production and sales.

In this respect and in an attempt to mitigate the adverse circumstances, during Q1 2013 we stepped up the modification of our RAS tanks to adapt to the growing of eels using four tanks and prawns in eight tanks. We expanded our program in the Research and Development Station to accommodate the nurturing of Flower Pattern Eels' fingerlings to grow into adult eels (of 500 grams per eel and upward) that would be supplied to Fish Farm 1 to grow the adult eels into marketable sized eels (around 1.5 kg per eel and larger) which at present are selling at high prices between US$27-28 per Kg. Fish Farm 1 is now stocked with and growing Flower Pattern eels, prawns and sleepy cod.

Prawn Farm 1 (or EBAPCD):
EBAPCD (the proposed name of our future SJVC, subject to approval by relevant Chinese authorities under our application for SJVC status) was established to own and operate Prawn Farm 1. EBAPCD generated revenue starting during Q3 2013. Capital Award recognized income (booked in the Fishery Division's sales of goods) by purchasing prawns from Prawn Farm 1 and selling them to the wholesale markets.

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

The Company believes that its Prawn Farm 1 represents the first indoor RAS prawn farm in Asia. Going forward, Prawn Farm 1 will carry out its rotational stocking and harvesting program, targeting to produce between 250 to 300 MT of live prawns in 2013. During fiscal year 2013, Prawn Farm 1 harvested just over 200 MT of marketable sized prawns and about the same amount of production during 2014 while it is developing a band of external growers to supply fish and eels for PF(1) to trade in the wholesale markets and PF(2) also leased from PF(2) an additional 310 Mu (or 51.2 acres) of RAS open dams to increase its production and sales while the work in progress on the construction of its extended APM tanks was in progress that was completed by March 2015 targeting production to start within Q2 2015.

We saw a rapid increase in live prawn prices in Q1 2013 (averaging 100% increases in prices compared to Q1 2012) with current wholesale price averaging US$15 per Kg for size of 80s (equivalent to 80 to 90 pieces of prawn per Kg), and prices going up proportionately to sizes of Mexican White prawns, and at a premium rate for popular, but rarer species (e.g., our LawZi prawns, Green Prawns, Banana Prawns and Tiger Prawns). From recent growing records of the farm, the average time required to grow prawns from 7-days old Mexican White fingerlings and 21-days old LawZi Prawn fingerlings to marketable sizes in commercial scale at the Prawn Farm 1 under our RAS system is between 60-70 days for marketable Mexican White prawns for sizes weighing at 80 pieces per Kg, and 80-90 days for marketable LawZi Prawns for sizes weighing at 75 pieces per Kg. We intend to add more grading tanks to grade out the bigger prawns from the smaller prawns thus to grow them in separated tanks in the farm that will be able to reduce the grow-out period of the prawns because we will be able to grade them more frequently such that some of the faster growing prawns will be able to reach marketable sizes much faster because the graded prawns can be fed and cared for more appropriately and directly in their own graded tanks. The records also show a very low mortality rate, recording less than 5%, which we believe is far superior to the existing open dam prawn farms' average of 50%.

Prawn Farm 2 (or ZSAPP):
ZSAPP is also an intended name of the future SJVC (subject to approval by relevant Chinese authorities under our application for SJVC status), established to own and operate Prawn Farm 2. ZSAPP has generated revenues since May 2012. However, ZSAPP's financial statements will not be consolidated with ours until approval of this SJVC is obtained, and one of our subsidiaries acquires a majority equity interest therein. During the interim period, prior to the said official formation of the SJVC, Capital Award 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 RMB20 per 10,000 pieces of Mexican White prawn fingerlings and RMB40 per 10,000 pieces of LawZi Prawn fingerlings being sold by Prawn Farm 1 that were booked in the Fishery Division's Consulting and Service Revenues and (ii) the purchases of prawns from Prawn Farm 2 and sale to the wholesale markets that were booked in the Fishery Division's sales of goods.

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During Q1 2013, Prawn Farm 2 successfully produced LawZi Prawn fingerlings from the 5,000 pieces of breeding stock that we imported from Southeast Asian countries. Literally translated as "Big Giant Prawns," the full English name for our LawZi Prawns is "Giant Freshwater Prawns," the genus species is "*Macrobrachium Rosenbergii*," and they are also called "Green Prawns." By Q2 2013, reproduction of the LawZi Prawn fingerlings had become consistent; consequently, during fiscal year 2013, ZSAPP sold 800 million Mexican White fingerlings at an average of RMB165 per 10,000 fingerlings and over 200 million of LawZi Prawn fingerlings at an average of RMB460 per 10,000 fingerlings. During the past two years, our research confirmed that the demand and prices for LawZi Prawns in the local domestic markets were high (at between RMB450 to 550 per 10,000 fries in 2012) because supplies of quality LawZi Prawn fingerlings is competitively low compared to Mexican White fingerlings (price averaged between RMB150 to 170 per 10,000 fries in 2012), due to problems of inbreeding. As such, we expect high demand for our LawZi Prawn fries by the regional prawn growers, as they are offspring of our second generation breeding stock, and free from inbreeding problems. In the last week of September 2013, we imported an additional 5,000 breeding-stock prawns from Southeast Asian countries in an effort to continue improving our offspring culture. As of March 2015, progress made on its brood stock development program has successfully been brought under contract with (1) The China Government owned Research & Development Station, its first batch of Big Giant Prawn (BGP), whose brood stocks are claimed to be the best developed in China, and (2) a subsidiary of CP Group Thailand (one of the biggest seafood operators in Thailand and the world), its first batch of Specific Pathogen Free ("SPF") BGP brood stock during Q4 2014. Sales of fingerling from these BGP brood stocks began on March 26, 2015, and due to their superior quality we are expecting 5,000,000 pieces sold per day for the next 240 days generating revenues for PF(2) of up to RMB 72 million (or US$11.8 million) based on BGP fingerling sales, alone. Simultaneously, PF(2) is pursuing quality brood stock for Mexican White and Green Prawns and expecting positive results in 2015. It is expected that BGP fingerling will price at average of RMB650 / 10,000 pieces and Mexican White at an average of RMB280 / 10,000 in 2015, illustrating the demands of both fingerling to push up their respective wholesale prices.

Fish sales generated from purchases with other open-dam growers contracted by Capital Award. Capital Award has been contracting with local aquaculture farms to grow sleepy cod since 2012 based on a fixed production cost, with recently added eel growing contracts commencing in Q1 2013. There are existing contracts that will provide up to 800,000 pieces of sleepy cod and 600,000 pieces of eels sold by Capital Award between 2013 through the early part of 2014. During fiscal year 2013, more than 250,000 pieces of Sleepy cod and 66,000 pieces of eels were sold from these contracts. As of December 31, 2014, CA has made purchases from FF(2) (which acted as CA's sub-contracted grower) and enhanced additional revenues in excessive of $20 million.

2. The Beef Cattle business of MEIJI
Similarly to CA, MEIJI has two sources of revenues, its Engineering and Services revenues and its marketing and sales of cattle.

Engineering and services revenues
Revenues are generated from the construction and development of Cattle Farm 1 and Cattle Farm 2. This table lists the status of MEIJI's developments:

Name of the Developments	Cattle Farm 1 (JHMC)	Cattle Farm 2 (EAPBCF)	Cattle Farm 1 external road work	Cattle Farm 2 external road work
Location	LiangXi Town, Enping City	LiangXi Town, Enping City	LiangXi Town, Enping City	LiangXi Town, Enping City
Estimated Annual Capacity	1,500 Head	2,500 head	No production	No production
Land Area or Built Up Area	165,013 m2	230,300 m2	4.5 Km road	5.5 Km Road
Current Phase and Stage	Two Phases	Two Phases	One Phase	One Phase
Date Development Commenced	April 2011	February 2012	September 2012	September 2012
Completion Date	December 2011	2014	March 2013	March 2013
Contract Amount (Millions of US Dollars)	$3M + $1.17M	$10.6M	$4.32M	$5.28M
% complete as at December 31, 2014	Fully Operational	Fully operational	Completed	Completed

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Enping is situated in the Southern part of China with a semi-tropical climate, and the cattle farm is operated based on our semi-free-range growing and management system that allows the cattle to roam around and feed in our pasture fields during the mornings and be kept and fed with our formulated aromatic feed in our semi-opened cattle houses during the hot days and nights. This is an entirely different agricultural environment than that of SJAP (in Huangyuan, Xining) where the long winters are bitterly cold, and all cattle are grown in fully insulated cattle houses.

The 2012 experience of the JHMC farm showed that cattle grow faster in this environment than in SJAP (averaging 1.78 Kg per day per head in weight gain compared to SJAP's 1.5 kg per day per head). However, JHMC showed higher mortality rates than SJAP (recording 5% in JHMC compared to 0.25% in SJAP). The reason for higher mortality is due mainly to the change of climate, as Cattle Farm 1 buys young cattle from farms situated in the colder Northern part of China, where there is an ample supply of young cattle at lesser costs. However, these cattle require over three days of transportation, during which some of the weaker young cattle cannot adapt to the hot climate of Enping, and thus could not recover from the journey. To avoid repetition of this high mortality rate, JHMC built additional semi-open cattle houses that are equipped with cooling systems as temporary depots to receive the young cattle and to nurture them back to health before they are grown in our normal cattle houses.

Another difference between JHMC and SJAP is in the management of environmental impact. SJAP will continue to build a marsh gas station during 2015 to convert its cattle waste into electricity. Residue becomes raw material for organic fertilizer manufacturing. At JHMC, cattle waste is kept in septic wells that are treated with our enzyme under a fermentation process, and then channeled to fertilize our pasture fields at the farm. JHMC's waste treatment program is sufficient at present, as there is enough pasture fields to absorb the waste yielded from the limited number of cattle (up to 500 head) on the farm. However, as the number of cattle increases beyond the fields' fertilizer absorption capacity, an alternative environment treatment plan must be implemented in order that this JHMC farm can grow more cattle.

Earlier in the year, JHMC bought young cattle of age six to eight months and fattened them on the farm for six to ten months more. However from Q2 2013 onward, JHMC bought slightly older cattle (15 to 16 months old) and fattened them at the farm for a further three to six months, then sold them to the wholesale markets and/or to the Beijing cattle farm and wholesale shop that we have invested in. We expect faster and higher turnover of sales due to faster turn-around cycles of growth of cattle at the farm. During fiscal year 2013, Cattle Farm 1 sold over 1,700 heads of cattle averaging 22 months old. In 2014 MEIJI sold over 9,842 heads of cattle with sales revenue consisting of the combination of trading of cattle from sub-contracted growers and the consolidated revenue from CF1. Since the gross profit margin on trading is low, the overall gross profit margin percentage of MEIJI is reduced, and in this respect, CF1and CF2 are achieving an average above 15% on its cattle rearing operation, which is lower than earlier quarters' 20% due to the fact that the growth rate and the number of Southern Yellow cattle grown in the 4th Quarter were lower than the Simmental cattle grown in earlier quarters at the same time average sale price is at $4,194 / head which much higher than 2013's average of $3,157 / head for 5,597 heads due mainly to much heavier cattle being sold and not due to increases in prices from 2013 to 2014 and as a matter of fact average price dropped RMB1.5 to 2 / Kg of live weight in 2014 to 2013.

EAPBCF complements JHMC with an additional 76 acres of land suitable for growing our pasture (a cross between Elephant and Yellow grass) that has a very high yield of over 35 MT per 0.167 acres per year, and containing an average of over 9% protein that is very suitable for consumption by cattle. At capacity, both farms will produce up to 30,000 MT of pasture per year under normal weather conditions. This amount will feed up to 5,000 head of cattle per year at an average consumption rate of 6 MT per head per year if the environmental issue mentioned above is resolved.

By the end of February 2013, we completed the external roadwork of about 10 Km leading from the outer-boundary access road to and surrounding the two farms. The development cost of this road was shared at the ratio of 2/3 by JHMC and 1/3 by EAPBCF. This all-season road was constructed at the request of the district village committee of Enping City, enhancing corporate social responsibility in our development of the two cattle farms. Development work on Cattle Farm 2 was nearly complete at the end of September 2013, with pasture being planted and stocking of cattle commenced in Q2 2014. 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 SIAF subsidiary when its SJVC is officially formed. This is expected to occur during 2015 or 2016 pending availability of free cash flow of the Company; however, no guarantee can be made that the SJVC will be formed. SIAF's payments deposited toward future equity currently equates to an equity position of 25% instead of 35% as at December 31, 2013 due to increased assets in CF(2) from work in progress and additional of our fixed assets in 2014.

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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 our semi-grazing and housing method. Using our "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 some 0.28 kg per day per cattle more).



Semi-Free Grazing at Cattle Farm 1



Cattle at CF1



CF1's Cattle Housing Method

Marketing and Sale of Live Cattle by MEIJI

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.

Up to now, we have not experienced any material disagreement between the above parties. Any disagreement between the parties is usually reconciled and resolved on the spot within our operational guidelines, which clearly define each party's responsibilities and duties before the transaction can be completed. If not reconciled and resolved, the transaction will not be completed.

Beef is traditionally a high-end market in China, as it is mainly sold to expensive restaurants or upscale hotels rather than to Chinese consumers. This situation is rapidly changing, though, owing to urbanization and rising incomes, the rising demand for a high protein diet, and the rise in restaurant dining due to work demands.

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Our free-range cattle grown in the Enping farms are fed with natural pastures, CLF and our Aromatic Feed that contains Chinese herbal plants believed to improve animal health. As a result, these Enping farms produce healthy cattle and in turn quality meat. Although we cannot yet have them certified as pure organic meat, because we cannot get certification from suppliers of the raw materials used to make our concentrated feed purely organic, we believe that we are not far away from being qualified to obtain 100% pure organic meat certification. As of March 31, 2015 the said application for organic certification is still in progress as we discovered that it is a long process to obtain such certification involving many departments' approvals, so at this stage there is no guarantee or a fixed time that will be obtained.



Cattle Farm I Pasture

Our Enping cattle farms operate in Guangdong Province, not traditional cattle growing country due to its tropical climate. This provides advantages for our cattle sales within the region. Most cattle and beef supplies are imported from Western and Northern Provinces at higher costs, entailing higher wholesale and retail prices in Guangzhou City and its urban cities.

Moreover, our 2012 sampled meat trials, carried out with a number of reputable restaurants and hotels in Beijing City, were well received with frequent requests for us to supply them on a long-term basis. Our strategy is to ensure we can supply the quantity to maintain consistently sustainable supplies as required by our customers. Enping cattle farms grew at least 1,000 heads of mature cattle in 2013, the minimum number required to sustain the supplies to just a couple of restaurant chains. In 2014 we changed the breed of most cattle at CF(1) into locally bred "Yellow Cattle" because their wholesale prices in the Southern Districts of China are much higher than Angus or Simmentals that we used to rear (i.e. RMB37/38 per Kg instead of the RMB30/31 per Kg live weight) representing a difference up to 23% which is an attractive margin for a primary producer. At the same time, some of restaurants prefer to use the meat of "Yellow Cattle" due to their taste and textures are much preferred by their respective traditional cooking. We see good potential if we can develop this locally bred cattle into a specialty similar to Wagyu Cattle.

The Consulting Services agreement between MEIJI and a group of Chinese parties represented by a privately owned Chinese company named "Enping Bi Tao A Power Cattle Farm Co. Ltd" (the "China Party") for the development of Cattle Farm 1, dated April 15, 2011, is outlined below. Principal terms and conditions include:

- The China Party is the developer of Cattle Farm 1. MEIJI is an engineering and management consultant providing development of cattle farms and related business operations with the expertise to provide those related services.
- Cattle Farm 1 is developed on a 250 Mu (about 42 acres) situated at Yane Xiabban Village in the town of Liangxi, Enping City, Guangdong Province.
- The scope of work for MEIJI includes project engineering management, installation and commissioning, farm management, construction and buildings and supply of plants and equipment for consideration of US$3 million, covering the development of a basic cattle farm to house 500 heads of cattle at a given time.
- Further or additional work, if and when necessary to be carried out, will be mutually agreed and determined by both parties.
- The China Party must finance the development, paying MEIJI for its respective work.
- Subject to project completion and its performance, the parties agree to form an SJVC. MEIJI retains the right to acquire up to 75% equity in the SJVC based on its book value at the time of acquisition to be paid to the China Party.

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Beijing Cattle Farm

In February 2013, we entered into a joint venture with a group of businessmen (the "Chinese Party"). We started setting up a Cattle Station and related facilities (the "Beijing Cattle Farm") on a block of leased land measuring about 130,000m^2 within the Central Cattle Market and Facility of Beijing City to act as an intermediate housing to grow our Aromatic Beef cattle and to sell together with our Aromatic Cattle from JHMC through regional distributors, and in turn to some of the top hotels and restaurants chains in Beijing City, and also through wholesale shops that the Joint Venture intends to develop ("Operation of Sales"). The development of wholesale shops fits well as part of our interstate wholesale and distribution development plan that we mapped for some of the big cities in China. This one in Beijing City is the beginning of such a plan being put into motion.



Wholesale Shop in Beijing

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By July 31, 2013, the Joint Venture established one small wholesale shop within close proximity to the Beijing Cattle Farm and started sales of our beef meats regionally. This Beijing cattle station housed 450 head of cattle every 6 months, and its wholesale shop sold an average of 3 head of cattle per day. We are satisfied with its sales performance and realize that potentially there is good commercial viability to support expansion of similar shops developed within Tier 1 and Tier 2 cities in China. As of the date of this Annual Report, the Beijing operation has three additional small retailed shops selling an average of 120 Kg of meat per day per shop. These shops are operating in 2014; however, we saw the potential of setting up specially designed distribution centers to cater for the niche of the Shanghai market (Shanghai Operation) and we started the development and sale plan of a distribution center in Shanghai after we obtained supply contract with Tesco during Q2 2014 and completed its development and construction work by March 2015 targeting operation by April 2015. In this respect we haven't carried out any expansion program on Beijing operation in 2014 until such time we shall have consolidated our Shanghai Operation.



Advertisement in Beijing Newspaper for our Aromatic Beef

The Joint Venture Agreement has not been finalized; consequently, the Joint Venture is currently based on a verbal understanding only with following principal terms and conditions:

- The Chinese Party will be responsible for the development of and management of daily operations of the Beijing Cattle Farm and the Operation of Sales.
- Our company is responsible for supplying the aromatic beef cattle to the Beijing Cattle Farm that will be billed to the Chinese Party at maximum trading term no longer than 120 days initially for the first 12 months of operation and gradually reducing to within 60 days within year 2 of operation.
- Capital expenditure including working capital is limited at US$2.5 million for year one of the development and operation, and will be contributed 65% and 35% by the Company and the Chinese Party respectively. Subsequent capital requirement will be reviewed by both parties on or before February 28, 2014 pending its year one progress.
- After satisfactory progressive performance of its business operation in years one and two, the parties will apply to form a Sino Foreign Joint Venture.

We are waiting on respective lawyers to finalize all terms and condition of this joint venture for execution. Meanwhile, we do not expect to generate additional revenue from this operation, except from the sales of cattle from Cattle Farm 1. As of March 31, 2014, performance of its operation hadn't met our expectations; as such we extended the verbal understanding for a further period until June 30, 2015 to evaluate its performance before entering into an agreement. As of December 2014, we were still not satisfied with the Chinese Party's performance to finalize the Joint Venture.

3. SJAP and HSA Division in Fertilizer, Livestock Feed and Cattle
We have two operations in this division spread over two provinces in China, SJAP in Qinghai Province and HSA in Hunan Province.

Operation 1. Operation 1 is operated from Huangyuan County of Xining City in Qinghai Province by SJAP, a majority owned subsidiary of the Company incorporated in China in 2009. SJAP'S principal revenue generating activities comprise: (i) manufacturing and sale of organic fertilizer, (ii) manufacturing and sale of livestock feed and (iii) rearing and sale of beef cattle. On February 28, 2013, SJAP completed its development of the 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 had additional revenue generated from the sales of CLF.

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Our strategy is to increase the number of cooperative growers and obtain more internal cattle houses in an attempt to double the volume of production of mature cattle during 2014, which in turn would increase the demand for the production of fertilizer and bulk stock feed to grow in tandem. As of the date of this Annual Report, SJAP has established 22 Farmers Co-operatives that have the capacity to fatten up to 18,000 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 us using our land that has been provided lease-free by the local Government or by using their own land, our equipment operated by our workers for planting and harvesting, and our 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 us using our bulk livestock feed under the same credit terms and conditions described above. That is, when the Company purchases the mature cattle from them, their accounts are charged for the feed against the amount paid.

As mentioned earlier, the cattle we grow are primarily Simmental, Charolais, and Angus. In general, local farmers buy 12 to 15 month old cattle from our cattle agents, and we commit to repurchasing the cattle between 21 months to 24 months old.

SJAP now has twelve cattle houses, with our smaller buildings housing a minimum of 200 head and larger cattle houses accommodating up to 350 head. Additional cattle houses are under construction. Starting Q2 2014, we began to provide slaughter and deboning services to farmers at our 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. Trial runs of the slaughter facilities commenced in December 2013.

Before our abattoir and related facilities were operational, we 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 2014, however, we started to organize marketing networks and efforts to sell our beef (meats) and beef products efficiently in order to achieve better profit margins for our quality meat and establish our own brands and labels.

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 us. 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 will be exported to South Asian countries (i.e., Malaysia, Singapore, Hong Kong, Middle East countries and Thailand etc.) in 2015, as the Local Government encourages us to do.

Our own sales distribution outlets are including the development and operation of the following:

- Supplying established wholesale markets in City Centers of major capital cities in China.
- 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" and other Steak Bar Restaurants that will sell our own beef and beef products
- Franchising of retail butcher shops similar to the Beijing shop.

Our 1st "Bull" restaurant serves as our demonstration model. Converted from an old cattle house, and situated next to our renovated cattle houses at SJAP's complex, Bull seats over 130 and is a popular local dining facility. In fiscal year 2013, Bull sales reached over $590,000 with net profit of over $70,000 (netting about 12%), and used one head of cattle every three days and by December 2014, our second Bull Restaurant started operation in the Xining City with averaged monthly profit before tax at RMB100,000 / month as of March 31, 2015.

We can reasonably assume 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 we develop fifty Bull restaurants, we anticipate 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).

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This table 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
Guangzhou	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: We intend to acquire an existing wholesale establishment in each of these Tier 1, Tier 2, and Tier 3 Cities to be our main sales and distribution outlets, and as our main regional sales administration centers.

With the slaughterhouse, deboning and value added processing activities since Q1 2014, we expect rapid growth of year on year revenue and profits for SJAP thereafter. The table below lists examples of SJAP's revenue that we expect to be generated from one head of cattle.

Assumptions: Cattle is purchased at 15 to 16 months old and fattened for a period of five to six months, then slaughtered and de-boned. 10% of the beef meat will be used for value added processed beef products. Revenue generated from marketing division is excluded.

PER HEAD OF CATTLE

Revenue Components (Ex-factory)	Quantity	Average Unit Price in RMB At cost	Sales value	Revenues	Average Yielding Information & Statistics		
Organic Fertilizer	1 MT	650 / MT	1200 / MT	1,200	Fertilizer /Mu / year	0.65 MT	1 Mu = 660 m2
Bulk Livestock Feed	3 MT	705 / MT	1250 / MT	3,750	Bulk livestock feed	6 MT / year	Consumption
Concentrated Feed	600 Kg	1500 / MT	2600 / MT	1,560	Concentrated feed	4 Kg / Day	Consumption
Live Cattle	Live-weight	27 / Kg	29 / Kg	22,330	Harvest of pasture	3.5 MT / Mu	yield / Mu/year
Slaughterhouse	Service fee	2200 / head	5000 / head	5,000	Average weight /cattle	500 kg / head	15 to 16 months old
Meats	423 Kg	65 / Kg	78 / Kg	32,995	Average weight /cattle	770 Kg / head	20 to 22 months old
Bones	116 Kg	Nil	60 / Kg	6,960	Average weight gain	1.5 Kg / day	Fattening period
Value added Beef products	42 Kg	78 / Kg	156 / Kg	6,552	Meat recovery rate	55%	423 Kg / head
Government Subsidy	1 head			1,000	Bone weight	25%	116 Kg / head
Total Revenue				81,347	Value added product	10%	42 Kg / head

As primary producer, SJAP's revenue generated from one head of cattle	= RMB 29,940.
As a value added processor, SJAP's added revenue generated from one head of cattle	= RMB 51,507.
Total Revenue Generated from one head of cattle	= RMB 81,347.

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. 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.

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In the longer term, we believe that wholesale prices of SJAP's fertilizer and bulk livestock feed will maintain a steady growth rate of 5% to 10% per annum influenced mainly by rising labor cost of the country. Furthermore, we expect 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, and the Government's stringent restrictions placed on imported cattle and beef meat from many developed nations due to disease and quarantine control measures, all of which will influence the price rise in cattle and beef meats in China.

The average of cattle prices in fiscal year 2014, live cattle wholesale prices are RMB31 to 32 per Kg live weight for 2 to 3 year-old cattle, representing a decrease of 5 to 6% over fiscal year 2013. The average wholesale prices for live cattle reported in the 2013 annual report at RMB29 / Kg live-weight was wrong because its actual average of 2013 was at RMB32 to 34 / Kg. Prices increased sharply for beef cattle below one year old (priced between RMB32 to RMB34 per Kg live weight) earlier, they were stable in 2014. This indicates that there is still in demand for young cattle to be reared into mature cattle as the mature cattle market is becoming more stable and profitable. Current beef meat (in general, grade equivalent to meats de-boned from 2 to 3 year-old beef cattle) sells at wholesale between RMB80 to RMB82 per Kg for locally produced cattle but it is averaged at RMB60 / Kg for the imported meat, depending on quality specifications.

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Photos of SJAP's Operation and Complex:



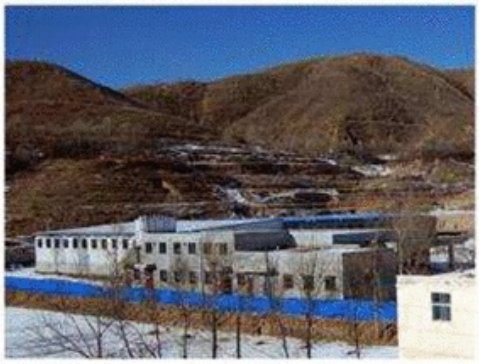
Exterior of SJAP Headquarters



Interior of SJAP Headquarters



Concentrated Livestock Feed



Abattoir and Meat Processing Facility



Cattle House at SJAP



Storage of our Livestock Feed

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Our Prototype Bull Restaurant



Exterior of Bull Restaurant



Dining Area in Bull Restaurant



Private Dining Room at Bull



The Bar Area of Bull Restaurant



A Welcoming Place Setting

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On October 28, 2013, SJAP's nomination to apply merit credentials as a certified Dragon Head Business in China was approved by Government Authorities. "Dragon Head Enterprise" is a prestigious certification granted by the Government to businesses that demonstrate corporate social responsibility ("CSR"), pioneering and leadership in business using high standards of quality and services. Dragon Head status frequently leads to additional governmental grants and other assistance. Qinghai Province has larger numbers of ethnic minorities who receive proportionately higher grants, incentives, assistance and subsidies from the Government. SJAP has been well supported by the Government due to our CSR, and we expect to receive even greater Government support since approval of our Dragon Head Enterprise status.



Abattoir Operations

SJAP's abattoir, meat deboning, meat packaging, and cold storage facilities started trial operations in December 2013. Limited production began in January 2014.

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De-boning and Packaging Beef



Flash Freezer in Meat Processing Facility



Aging Room at the Abattoir



Packaging of Bull Brand Beef

Operation 2. Operation 2, in Linli District, Hunan Province, is run by Hunan Shenghua A Power Agriculture Co. Ltd. China ("HSA"), a 76% owned subsidiary. HSA conducts the following business activities, both of which are in the development stage:

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

By January 2013, its 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. Earlier in this document we describe the enzyme, which we call T1. The advantage of this particular enzyme is that when it is applied to our 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 our 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 SJAP selling at an average of RMB 1,200 to RMB 1,300 per MT. Our 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.

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By end of 2014 HSA produced 14,128 MT and 35,868 MT of organic fertilizer (for general purposes) and mixed special organic fertilizer (for application in Lake to grow fish) respectively from its two production plant and facilities (one old one built in 2013 and one new one built in early 2014), and aims to increase its capacity to about 90,000 MT per year in stages by 2015, subject to its sales performance within the period. The main hardship related to selling fertilizer is the requirement to provide longer credit terms (sometimes up to 180 days) to our end buyers because these end users normally can afford to pay for them only after they sell their products. Therefore, we assess creditworthiness of our prospective customers, and only consider the farmers whom we deem creditworthy, and who follow our 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, a farming rich province next to the Guangdong Province. 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 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 US$ 75 Billion, recorded in 2011 as announced by Hunan Province Agriculture Department).

Construction work to develop HSA's 2000 head of cattle station began in March 2012 with preparation work on its general layout. We cultivated 75 acres of our land, situated below the fertilizer factory, and we planted crops and pastures. The hill behind and above the fertilizer factory must be leveled before the cattle houses can be built. By end of 2014 all related infrastructure works were completed such that construction work on the cattle houses and related facilities started during Q1 2015.

4. Hylocereus Undatus (HU) Plantation

JHST, an SJVC that is 75% owned by MEIJI, is consolidated as a subsidiary, and is the owner and operator of our Hylocereus Undatus Plantation (the HU Plantation), at Enping City in Guangdong Province. Hylocereus Undatus is a cactus commonly referred to as Dragon Fruit. In 2013, JHST contributed 9.2% of the Company's revenue and 17% of our gross profits. Developed in 2008, the HU Plantation has generated revenue since 2009. JHST conducts two operations: (i) growth and sales of flowers, and (ii) drying and value added processing and sales of HU flower products. JHST cultivates 187 acres of Hylocereus Undatus in Guangdong Province. 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. Harvest season runs from July through October.

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 2014 all of the plants are mature plants (averaging over four years). The product is sold in the form of dried flowers (used in health-related soups and teas), and as fresh flowers that are consumed as vegetables in China.

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.

We originally forecast that by 2014, dried and pickled flowers would make up 96% of the division's flower income as produce is diverted away from delicate fresh flowers. In 2013, we 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 we processed up to 80% of HU as dried flowers in 2013.

Our organic Immortal Vegetable plants have properties that some believe induce good health. We have 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 Kg of fresh Immortal Vegetables from our Q3 2013 harvest contains 0.58 gram of selenium, which adds value to their sales. Immortal Vegetables grown as trials over the 30 Mu field produced over 200 MT of crops (including roots) during this quarter, averaging about 6.7 MT per Mu from a density of about 1,700 plants per Mu —within our Q2 2013 estimates. In December 2013, we started trials to plant other cash crops in between the HU Plants with the aim of improving revenues covering all seasons.

In 2014 season, the Guangdong district experienced a very wet season from April to August with constant rain falling practically every day that affected and delayed the growing of HU Flowers and immortal vegetables. As a result, most of the regional growers could not supply fresh flowers to us during the 4th quarter, and, as such, most of the annual sales were from our own farm resulting from our earlier year's preparation and work to improve the plantation. JHST harvested just under 20 million pieces of flowers and sold over 465 MT of dried HU flowers at an average price of $13,832 / MT. There was no further harvest during the 4th quarter of 2014.

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JHST dried and sold over 50 MT of Immortal Vegetables during the 4th Quarter harvested from 70 Mu of plantation at prices equal to those of the past quarter. JHST intends to further develop more land to grow more Immortal Vegetable in 2015 to build up total cultivated area to 100 Mu from its existing 70 Mu.

The Corporate (or SIAF) Division

From Q4 2012, the Company decided to generate business income to fund its shared services operations' working capital annual budget, as described in this section.

We developed the Wholesale and Distribution Facilities project including design, construction and project management of its business operation of a specialized modern beef wholesale and distribution center ("Wholesale Center 2") 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. We have completed a freezing room facility that has the capacity to store up to 150 MT of frozen food at -25 degrees Celsius. We renovated other facilities (e.g., wholesale shop, packaging and processing facility, office, dry good storage and function room), with alterations on-going. Wholesale Center 2 is in operation.

We developed the Central Kitchen and related facilities project including design, construction, project management, and managing business operations for Guangzhou City Wangxiangcheng ("WXC"), an unrelated Chinese company, of a Central Kitchen, a Central Bakery, a fast food restaurant and three mobile food stores ("Central Facility 1") situated adjacent to Wholesale Center 2. The construction work of the Central Kitchen is completed and the Central Facility 1 is in operation.

Restaurant development projects encompass design, construction, project management, and managing business operations for WXC. Six restaurants in and around Guangzhou are in varying stages of development, as follows:

Restaurant 1, at River South District, has operated since Q1 2012. In Q1 2014, we began alterations and renovations at Restaurant 1, to improve service efficiency and to add a steak house section. Restaurant (1) and the Steak House started operation from Q3 2014 and both are performing within target showing profits.

Restaurant 2, at the UU Park Complex in Tianhe District, has operated since Q3 2012.

Restaurant 3, at the Sporting Complex in Tianhe District, opened at the end of Q1 2013. The Company stopped operating Restaurant 3 in November 2013, due to our landlord's failure to provide us a Fire Safety Permit. Lack of this permit prevents us from completing our business registration, and obtaining our own Fire Safety Permit. Operating without both permits is subject to heavy penalties in China. We are currently suing the Shopping Complex for contractual breach.

Restaurant 4, at Harbor City Shopping Center, has operated since October 31, 2013.

Construction and renovation work on **Restaurant 5**, at the center of Zhungzhen City (approximately a 35 minute drive from Guangzhou), is virtually complete. Operations of Restaurant 5 started on March 28, 2014.

Restaurant 6, at the Li Wan District and next to Wholesale Center 1, started renovation work in September 2013. We await approval of various permits, particularly the one for change of purpose (from wholesale market to food premise). Restaurant 6 in Zhongshan started operation late in December 2014.

When fully operational, these six restaurants will occupy a total gross area of 5,800 m2 (about 63,800 ft2) with seating capacity for 1,370 persons. In Q4 of 2013, we initiated the planning process to establish three additional smaller shops that will sell and cater specialized gourmet foods. We had hoped to begin operating the gourmet food shops in December 2014, but the permit issues described for Restaurant 6 delayed construction until Q2 2014. Restaurant 6 is the first of such shops starting operation late in December 2014.

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The following photos show the restaurants that we have developed:



Restaurant 1



Restaurant 2



Restaurant 3



Restaurant 4

In 2013, we also constructed a trading complex (the "Trading Center") for the Import and Export trades of the Company 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.

We expect to be appointed the turnkey solution provider given our current success on existing projects with our Chinese investor who owns the Guangzhou City WangXiangCheng Enterprise Management Consulting Co. Ltd., or WXC. WXC intends to develop over 50 gourmet restaurants and fast food outlets collectively within three years (2015 to 2017). We also expect to continue as the turnkey solution provider for NWT to develop a number of modern health food department chains in Guangzhou City during 2015. SIAF will act as engineering consultant, management service provider, and marketer. As such, we expect SIAF's business and engineering development division to be kept busy for the next three years. At the same time we aim to further develop our import and export trades, and the seafood value added trades in harmony with WXC's and NWT's developments to maintain our growth rates in the sales of fish, seafood and beef products. In this way, we gain momentum in materializing our business vision of vertically integrated operations.

The Consulting Services Agreement between WXC and the Company is outlined below.

Principal terms and conditions of the agreement:

- WXC is a restaurant owner and operator in China. SIAF is an engineering and management consultant with the know-how to develop business operations of catering and food services and the expertise to provide related services.
- The project development involves:
- the construction and business development of a Central Kitchen, a Central Bakery, a fast food restaurant, a Central Storage, a Central Reception Centre and associated facilities at a location in LiWan District, Guangzhou City; and
- 15 signature restaurants, 20 medium sized catering food shops, 30 small Mobile Food Stores, with associated services and training, at suitable locations in Guangzhou city.
- The project development will be carried out under various phases and sub-stages starting from October 1, 2012 and scheduled to be completed on or before September 30, 2015, at a total cost estimated at US$ 11.66 million.

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- WXC, as the developer, will be responsible to finance and pay for the project development. WXC will pay SIAF or SIAF's designated agents for work done and provided by SIAF in accordance with the agreement.
- SIAF will be responsible to carry out and provide the services to the Developer, in accordance with scope of work of the agreement.

Upon completion of the project development and subject to the performance of the developed businesses, the parties agree to form an SJVC to acquire and to operate the project businesses based on its book value and upon the official formation of the SJVC SIAF will have the right to acquire up to 75% equity in the SJVC thus to reimburse WXC for the amount paid by WXC on the project development up to the time of the SJVC is formed officially.

The Import and Export Trading of SIAF:
We have imported and sold over twelve 40-foot sea containers of seafood from various countries (i.e., Russia, Malaysia, Thailand, Vietnam, Chile, etc.), Imports from Madagascar are impressive; we have imported over 500 MT of live seafood (including Mud crabs, flower pattern eels, and other variety of fish).

Summary of the major work carried out during fiscal year 2013:
We believe that all development work carried out during fiscal year 2013 demonstrated good progress including:

- Our own Trading Center is now operating (although finish work is on-going)
- Leonie Chain's Central Kitchen is 100% completed
- The Central Bakery has operated since May 2013
- Four restaurants are completed, with renovation and alternation work in progress on Restaurant (1) and Restaurant (5) started business on March 28th 2014.
- SJAP has completed all essential construction work on its slaughterhouse and deboning facilities and had a trial run of slaughtered and deboned 100 heads of cattle in November 2013 and the production of Marbled beef in March 2014.
- JHST has completed the revitalization program of its HU Plantation (i.e., new irrigation systems with automatic sprinklers, replacing with organic soil, planting with immortal vegetables in between each row of the HU plants, extension of staff quarters with accommodation now for more than 40 workers at one time), planting 13 acres of Immortal Vegetables, and building associated nursery
- Prawn Farm 1 commenced operation
- The Beijing Cattle Farm and wholesale shop began operating
- Prawn Farm 2 completed three prawn grow-out open dams with RAS systems and successfully bred fingerling of LawZi Prawns from our second and third generation brood stocks
- We established facilities in Madagascar and in turn importing from Madagascar
- HSA successfully produced the Lake Fish organic fertilizer.

Summary of the major work carried out during fiscal year 2014:

- Completed construction of PF(1)'s extension such that PF(1) is now having 14 APM tanks instead of 4 APM tanks in 2013, and the extended facilities will start stocking of fingerling in April 2015.

- Completed following construction work at the Zhongshan New Prawn farm project (NSNPFP); a 4 Km boundary road on the East side of the 3750 Mu (or 620 acres) fronting and separating the ocean and river from the property, 4 Km of internal road setting in the middle the property, a temporary office to house up to 30 workers, over 350 mu (or 49.5 acres) of infrastructure work, land fill and under-ground and surface drainage work, building and compound to house up to 120 building workers at one time, 60% work completed on the indoor APM farm with the equivalent of 36 APM tanks targeting to start fingerling stocking as early as in May 2015 with prawn sales from this initial APM farm to start by July 2015.

- There are following technologies and new fish species developed in readiness for the ZSNPFP's production: (i) A special algae developed as starter feed for prawns up to 7 weeks old, and this algae will have the property in enhancing oxygen level in the water of the grow-out tanks and provide enough sources of nutrients needed by the said aged prawns, (ii) 3 new species of tropical fish that will suit the taste of the Asian and (iii) a newly engineering design for the construction and development of open dams that are worked in "Re-circulation Aquaculture Systems" (RAS) adaptable and applicable to the growing of fish and prawns within existing local conditions as a cheaper alternative to our in-door APM farm and a demonstration unit to show the local aquaculture industry that our RAS (and APM) technology is the solution for the industry to over-come existing problems that the traditional aquaculture farmers are facing (i.e. rapid raises of land cost and labor cost and the cost of utilities, how to avoid pollutants and the application of undesired chemicals and anti-biotic, high mortalities and production of seafood that are unsafe for human consumption).

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- By March 2013, we completed the construction and development works on the Shanghai Distribution Center read for operation in April 2015 that will have the capacity to sell up to 1000 MT of meat and 1000 MT of seafood per month.

- Completed the development of HSA's second production line for manufacturing of fertilizer, and started construction work on its cattle farm that will house up to 2000 head of cattle at one time.

- Started up of a marketing net-work targeting to promote and the sales packaged meat into super markets and distribution of HST's dried immortal vegetable in all provinces of China.

- Completion of development and started operation of Cattle Farm (2) (CF2) at Enping District of Guangdong Province.

- Completed and started operation with restaurant 6 (the 2nd Bull Restaurant at Xining) and started development work on Restaurant 7 in Guangzhou City.

Please see Chapter named "Progress Report and Subsequent Events" for further information and further update in the business description.

The Company views the foregoing accomplishments as giant milestones toward building strong fundamentals for the Company's future growth. Consequently, we see our 5-year plan (2010 to 2014 plan) having been implemented as originally envisioned. Particularly at the wholesale level in the fishery and beef divisions, economies of scale are being realized. The benefits of vertical integration are being achieved gradually, most in evidence between the wholesale and distribution levels. These enhance the Company's competitive position. We are beginning to see a multiplier effect generating core sustainable value and adding a layer of corporate maturity and operational reliability, reinforced by all financial metrics continuing to move positively.

INDUSTRY OVERVIEW

Economic Outlook for China

Over the course of the past four decades, China has displayed vigorous growth. In 2011, the Chinese economy, as measured by its gross domestic product (GDP), was almost 20 times larger in volume terms than it was in 1980. The agricultural sector, as measured by FAO's net agricultural output index grew by 4.5 times over the same period. The rapid growth in both national income and agricultural output has contributed to substantially higher national food availability and much improved access to food. The details surrounding such success has many dimensions, including a changing policy environment, increased national investments, and improved factor productivity, all amid a rapidly changing rural, demographic and economic landscape, regional differences but also critically rising land and water constraints.[1]

The OECD projects strong GDP growth to gradually slow over the next ten years from the current 8% range toward 6%.5 This still means that per capita income in China will more than double over the next decade, with an impact on domestic demand for food, particularly for those foods with higher income sensitivity. While China's Engel coefficient has declined as income has risen, and will decline much further in the next decade, it indicates a considerable impact for food demand, especially if income growth is passed down to the lower income population.

On the demand side, population growth will continue, albeit at a slower rate of 0.3% p.a. compared to 0.5% p.a. in the past decade. The rapid increase in urban population will continue to impact on food demand patterns. While the UN projects a total population increase of some 38 million people (to 1.392 billion by 2022), urban population may increase by 138 million over this period. In 2011, the average net income of urban dwellers was almost three times that of rural dwellers. Not only does food consumption appear higher in urban contexts, which are associated with higher incomes, consumption of meat and dairy and fish products are also much higher. These demographic trends will support changes in diet structure, implying growth in the demand for feed grain and protein meal. They also place higher demand for modern and efficient food marketing chains that establish quality and safety regimes that must be met by supply chains reaching down to the primary sector. Nevertheless, as measured by current data on apparent consumption, consumption of both meat and fish in China on a per capita basis is similar to many OECD countries and an appropriate issue is how much the composition of protein intake will change over the coming decade.[2]

China's real GDP growth is expected to moderate to around 7.7% in 2014-18 (compared to 10.5% during 2000 and 2007), as the country rebalances its growth model towards growth driven by domestic consumption. Implementation of structural reforms will also be a critical factor in driving the Chinese economy towards sustainable development and growing beyond the middle-income trap.[3]

[1] OECD-FAO Agricultural Outlook 2013 [Chapter 2 Feeding China: Prospects and Challenges in the Next Decade, page 52]

[2] OECD-FAO Agricultural Outlook 2013 [Chapter 2 Feeding China: Prospects and Challenges in the Next Decade, page 52]

[3] OECD Economic Outlook for Southeast Asia, China and India 2014 Pocket Edition [page 3]

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GDP growth for 2013 continued at more moderate growth levels as the economy is shifting its growth model. Key indicators for 2013 show overall stable macroeconomic conditions and an anticipated slight slowdown in growth for most of the indicators. In sum, economic growth in 2013 stabilized at similar levels to 2012. As a sign of China's economic transformation, 2013 marked the first year that the tertiary sector accounted for the largest share of GDP. Following the government's announcement of bold reform plans, 2014 will indicate how the government aims to implement its new economic policies. Strengthening the role of markets will take time to implement with significant results unlikely to be noticeable in the short-term. Reforming the Chinese economy and shifting the emphasis toward quality and efficiency will be accompanied by a structural slowdown with policy experimentation taking place in areas including investment, international trade, land rights, and pricing mechanisms.

Most GDP growth estimates for 2013 proved too bullish and were revised downward over the year. Growth expectations for 2014 are significantly lower than in the previous year as most analysts anticipate GDP growth to stabilize at between 7.4% and 7.8%. President Xi Jinping has used the first months to manifest his powerbase after the leadership transition was completed in 2013 with a strong priority on economic reforms. As China begins to implement the 60-point reform program issued by the Central Committee's Third Plenum in November 2013 a key challenge to achieving steady economic growth will be to set priorities and coordinate the reform efforts. Most certainly implementation of new long-term policy goals will hit some roadblocks, but growth is highly unlikely to fall below 7% over the next few years.[4]

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. It is 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 fiber 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.

About 40% of China's population of 1.3 billion is employed in the agricultural sector, and agriculture contributes about 11% to China's GDP.[5]

According to OECD, China's contribution of scientific and technological progress in 2012 to growth in agriculture has reached 54.5%, doubling from 27% in the beginning of rural reform. Accordingly, OECD projects China should maintain its leading role in global fisheries as its aquaculture as production continues to increase, albeit at half the rate of the previous decade. China is expected to account for 63% of global aquaculture production in 2022 and remain one of the world's leading fish exporters.

China's Support for Agriculture

Traditionally, China's government support for agriculture was low compared to that of developed countries, such as the United States and the member states of the European Union, but in line with that of other rapidly growing economies, according to the United States International Trade Administration, or the USITC. As measured by the OECD's PSE,[6] the amount of support provided to Chinese farmers was low (and sometimes negative) during the 1990's, but gradually rose to 9% in 2007. 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 the USITC.

However, more recently, 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.

China's medium term policy priorities are enunciated in its *12th Five-Year Plan for National Economic and Social Development of the People's Republic of China (2011-2015)* and supplemented by its *National Modern Agriculture Development Plan*.

The Plan (2011-2015) strives to solve the "Sannong" issues: agriculture, rural community, and farmers. These priorities focus on the following areas:

- Safeguard national grain security, transform agricultural development, and improve agricultural production capacity.
- Increase farmers' income and living standards, narrowing the gap of living standards between urban and rural areas.
- Ensure food quality and safety.

[4] China *Economic Outlook 2014*, German Chamber of Commerce in China [pages 1-2]

[5] USITC: China's Agricultural Trade: Competitive Conditions and Effects on U.S. Exports, March 2011 [pages 1-1 and1-8]

[6] 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 farm gate prices), plus budgetary support.

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- Protect agricultural resources and promote environmental sustainability.
- The Plan strives for general self-sufficiency in food production:
- Per capita annual net income of rural residents will grow more than 7% and the impoverished population will be significantly reduced.
- Improve resource utilization and land productivity, strengthen risk prevention and emergency management capacity development.
- The main measures taken by the government will focus on the following:
- Strengthen agricultural development and institutional reform.
- Enhance policy support and protection for agriculture.
- Promote the opening-up of agricultural markets.
- Improve and develop the legal system supporting the agriculture and food

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 one-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 one-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.

The UN projects China's urban population to increase by 138 million by 2022.

Chinese consumers generally fall into one of three categories: rural consumers; urban low-income consumers; or urban high-income consumers. Although 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, sees 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.

According to OECD, livestock, both the meat and dairy sectors, will continue to expand, with increasing feed requirements which will result in higher imports of coarse grains, likely beyond the current tariff quota levels. China is expected to become the world's leading consumer of pig meat (pork) on a per capita basis, surpassing the European Union by 2022.

Food Expenditures
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 the 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 the 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 being on the rise. In 2008, the average per capita annual expenditure on dining out was $127 among urban residents, up 26% from a year earlier. Per capita expenditures on food consumed away from home vary among regions, with Shanghai spending the most ($300) and Tibet the least ($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 lead to changing food preferences, including demand for better quality and safer foods. Food preferences determine where urban Chinese purchase their food, 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 the USITC.

As in other developing countries, the traditional diet in China comprises mostly grains and other starches. Consumption of non-staple, higher-value foods such as pork meat, dairy, fruits, vegetables, and processed food has grown significantly in the past three decades; 30% of food currently consumed in China has been processed in some way, according to the USITC.

China's per capita expenditures for animal proteins in 2008 averaged $184, up from $137 in 2007. 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 that transports the meat greater distances to reach more customers. Pork consumption also is high due to government support programs, including purchasing pork for reserves and occasionally subsidizing pork purchases for low-income consumers.

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Food quality and food safety are important factors affecting Chinese food preferences. High income urban groups that focus their spending on high-quality products also seek assurance that their food is safe. Safety concerns can determine where certain foods are bought: fresh produce is usually purchased at a wet market as fresher produce is perceived to be safer, while meats are increasingly bought at a supermarket because of the availability of cold storage.[7]

Aquaculture

A new World Bank report estimates that in 2030, 62% of the seafood we eat will be farmed, to meet growing demand from regions such as Asia, where roughly 70% of fish will be consumed. China will produce 37% of the world's fish, while consuming 38% of world's food fish.

As the global population approaches nine billion by 2050, there will be a need for more food and jobs. A growing aquaculture industry can meet these needs, as it operates responsibly. Risks and environmental impacts of some aquaculture practices have made headlines of late. Disease outbreaks in shrimp aquaculture in China, Thailand and Vietnam, and in salmon farming in Chile illustrate some of the industry's challenges. Aquaculture presents countries with an opportunity to improve sustainable and environmentally responsible fish farming.

"We continue to see excessive and irresponsible harvesting in capture fisheries, and in aquaculture, disease outbreaks, among other things, have heavily impacted production," says Juergen Voegele, Director of Agriculture and Environmental Services at the World Bank. "There is a major opportunity for developing countries that are prepared to invest in better fisheries management and environmentally sustainable aquaculture."

"Aquaculture will be an essential part of the solution to global food security. We expect the aquaculture industry to improve its practices in line with expectations from the market for sustainable and responsibly produced seafood," says Jim Anderson,[8] Bank Advisor on Fisheries, Aquaculture and Oceans and co-author of the report.

The Market for Seafood in China

The information in this section, including graphs, is taken from the USDA's GAIN Report Number CH12073 of December 28, 2012 unless otherwise stated.[9]

Total Aquatic Products Production

China has the world's largest aquatic production. By 2010, its market share had risen to 35% from 7% in 1961.[10] Total 2012 aquatic production in China is estimated to increase four percent over last year to reach 58 million tons, compared to the 56 million tons in 2011 and 53.7 million tons in 2010, according to the USDA. Fish production accounts for 59% of the total aquatic production, followed by shellfish and crustaceans at 22.6% and 10%, 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.

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. These rankings are expected to remain unchanged in 2012, according to the USDA.

China remains the world largest aquaculture producer with total cultured aquatic production accounting for about 70% of the world total, based on industry sources. Total aquaculture water area reached 7.83 million hectares (MHa) in 2011 from 7.65 MHa in 2010, with the majority (164,000 Ha) expansion in freshwater facilities. While the majority of cultured facilities are fresh water due to available natural resources, growth in seawater facilities has outpaced that of freshwater facilities over the past four years, rising 33% between 2008 and 2011, compared to 15% for freshwater. Aquaculture area growth has slowed overall, investment in facility expansion is slowing, with 2011's 2.5% expansion cooling significantly from 2009's 14% expansion. Government officials relate that environmental concerns and the rapid industrialization/urbanization of China's coastal region are hampering further aquaculture expansion.

According to the USDA, aquaculture fish production dominates the sector with total production of 22.8 million tons, accounting for 69% of total fish production in 2011. Carp remains the most popular cultured freshwater fish with total production of 15.6 million tons in 2011 (up from 15.1 million tons in 2010), accounting for 72% of total freshwater cultured fish.

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

[8] Fish to 2030: Prospects for Fisheries and Aquaculture. World Bank Report No. 83177-GLB, December 1, 2013

[9] 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 uses Chinese terminology to maintain consistency between Chinese statistics and product categories. Total aquatic trade statistics below do not include fishmeal.

[10] The State of World Fisheries and Aquaculture 2012, FAO

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Cultured freshwater and seawater shrimp and prawn are produced primarily in Guangdong, Jiangsu, Hubei, Zhejiang and Guangxi provinces. In 2011, Guangdong led shrimp production with total cultured production of 609,207 tons, compared to 554,000 tons in 2010. Eel production is concentrated in Fujian, Guangdong, and Jiangxi provinces, and much of the production is destined for the Japanese market.

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 Ministry of Agriculture (MOA) survey results (among 80 major aquatic product wholesale markets), the average wholesale price for aquatic products increased by 8.5% in the first eight months of 2012 from the previous year. The price increased by 9.7% for sea water products, and 6.9% for fresh water products.

Trade
Total aquatic trade value in 2012 is estimated at $27 billion, up four percent over $25.8 billion in 2011, according to the USDA. Total trade volume is expected to fall by two percent. According to MOA statistics, in the first three quarters of 2012, total aquatic trade volume stood at 5.86 million tons, down 2.4%, while trade value was $19.4 billion, up 6% over the previous year. Total aquatic import volume was 3.1 million tons, down 0.9% over the previous year; total aquatic trade surplus reached $7.5 billion, up $912 million over the same period from the previous year. Industry sources expect the 2012 total trade value will hit $27 billion. China's aquatic export trade destinations (with export values over $100 million) rose from 17 countries/regions in 2009 to 25 in 2011 and will likely increase in 2012. Japan continues to be the largest export destination, followed by the United States and South Korea.

Exports and Imports
Export value is expected to rise to $18.5 billion, up four percent over 2011. This growth is mainly due to increased prices as volume is expected to fall from the previous year. Most Chinese industry insiders believe that a stable recovery of global economies support higher aquatic exports in the near future.

Import value is estimated at $5.7 billion in 2012, almost unchanged from the previous year; however, total import volume is likely to be 2.6 million tons, down four percent over the previous year. Russia is expected to remain China's largest supplier of aquatic products in 2012, followed distantly by the United States and Japan. Qingdao and Dalian continue to be the two largest arrival ports for aquatic products, accounting for 80% of the total import volume in first ten months of 2012. Well-established facilities, including processing factories in Qingdao and Dalian, solidify their status as the largest seafood import hubs in China.

China's Fishery Production Policy
China's fishery production policy remains generally unchanged. In the *12th Five Year Fishery Development Plan*, the MOA plans to continue to promote a more sustainable development model with resource utilization, environmental protection, production of safe products, and increases in farmer income as major priorities. In November 2012, MOA published a notice promoting a sustainable and healthy development of marine fishing in other territorial seas. The notice stressed the need to upgrade fishing facilities to maintain a stable catch volume which reached 1.15 million tons in 2011.

Implementation of aquaculture licensing system continues
The MOA will continue to implement a nationwide aquaculture licensing system during the *12th Five Year Fishery Development Plan* period. Licensing thousands of small-scale aquaculture facilities, however, has proven to be a challenge for the government. As of the end of 2011, 79% of aquaculture facilities had obtained production licenses.

The policy on aquatic processing trade remains unchanged
China's reportedly positive view of the aquatic processing trade may be due to its role in generating new employment and producing rendered feed ingredients that are in demand by the growing feed industry. If imports are exported as processed products, they will not be subject to a tariff or value-added tax (VAT). Imports sold in China are subject to tariff and VAT.

According to MOA, the share of processing trade has declined, accounting for 28.6% of aquatic export value in 2012 (compared to 33% in 2010). Nevertheless, both Chinese industry and official sources claim that China is becoming the world's processing center for mackerel, salmon, cod, and herring. Industry sources note that the number of enterprises involved in the "Processing Trade" is on the rise, especially in Shandong and Liaoning.

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Aquatic exports for domestic consumption
High import costs, which include a duty plus value-added tax approaching 25%, make imports for domestic consumption expensive. Some industry experts are calling for reduced import duties and VAT for seafood species that are not produced in China to encourage more imports for domestic consumption.

Import certificate for live edible aquatic products
Through bilateral consultation, a NOAA amended version of the Health Certificate for live edible aquatic products was approved by the Administration for Quality Supervision, Inspection and Quarantine of China, or AQSIQ. Obtaining the certificate for live edible aquatic product may remain an issue for exporters.

New hygiene certificate for US imported fishmeal
In late July 2011, the Department of Commerce, NOAA, the Seafood Inspection Program and AQSIQ reached agreement on a new health certificate for fish meal and fish oil exports to China, which took effect on July 1, 2012. In addition, AQSIQ approved registration of 26 US fish meal and fish oil exporters.

New health certificate for fish and fishery products
On April 10, 2012, AQSIQ requested an amendment to the US Health Certificate for Fish and Fishery Products destined to China, effective Jan 1, 2013. In late December, the Department of Commerce, NOAA, the Seafood Inspection Program and AQSIQ agreed on a new certificate that will be implemented January 1, 2013. The current certificate will be accepted for entry into China for fish and fishery products exported prior to January 1, 2013. After January 1, 2013, any fish and fishery products exported from the US to China must be accompanied by the new health certificate.

Marketing
Due to market development efforts, domestic demand has increased for imported frozen aquatic products. Salmon, snow crab legs, and cod are all products commonly available in supermarkets. Product identification, such as brand names, logo and country of origin are important tools to attract consumer interest.

Scallops, salmon, Alaskan snow crab legs, king crabs, black cod, and oysters are popular items in many upscale hotels that commonly feature these products in buffets. With the proper display, high-value imported items can be promoted to customers.

Importers claim high value U.S. seafood products are easy to sell in both first and second tier cities, even in coastal cities such as Qingdao. Major obstacles include inconsistent availability due to insufficient supply and counterfeit products.

The Market for Meat in China
China is the world's largest producer and consumer of meat, which includes pork, poultry and beef, by far. 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 297.1 million tons in 2011 and forecast to grow by less than 2% to 302 million tons in 2012.[11] China's meat production reached 79.57 million tons in 2011, including 50.53 million tons of pork, yet the overall production was slightly less than the consumption; meanwhile, the net imports of meat climbed 33.59% year on year to 1.57 million tons. According to the *12th Five-Year Plan* of the meat industry, it is expected that by the end of 2015, China's total meat output will have reached 85 million tons, consisting of about 63% pork.

With strong economic growth, China's urbanization has been occurring 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% 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% 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.[12] 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.[13]

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 goes beyond a majority of people's affordable level. 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, further regulation of China's beef industry is likely to ensure sufficient supply of cattle and promote the development of the beef industry, which would result in safer and healthier beef products.[14]

[11] *Food Outlook Global Market Analysis*, published by the Trade and Market Division of FAO under Global Information and Early Warning System (GIEWS), November 2012

[12] China's growing appetite for meats: Implications for World meat trade. A Multi-Client Study, April 2012

[13] China and Hong Kong: Food Opportunities for Maine, Maine International Trade Center, March 2012

[14] Frost & Sullivan: China's beef market has great growth potential.

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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, income growth and 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.[15]

The supporting policies from Chinese government is expected to ensure adequate supply of cattle sources from the upstream area and improve the quality and taste of beef products. Therefore, consumers are likely to get safer and healthier beef products and beef consumption is expected to move to a higher development level in the near future.[16]

The Market for Fertilizer in China
Demand for fertilizer in China is forecast to increase 3.3% per annum through 2015 to 262 million metric tons. We expect sales of fertilizers 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 hectares 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% per year to 548 billion Yuan, 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 rise.

Demand for fertilizer nutrients in China is projected to grow 4.4% 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% per year. Sales of single nutrient fertilizers will continue to be supported by their relatively low prices. Multi-nutrient fertilizer demand will post a strong annual growth rate of 7.3% through 2015, fortified by government efforts to promote their utilization.

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.[17]

GOVERNMENT REGULATION

Regulation of M&A and Overseas Listings
On August 8, 2006, six PRC regulatory agencies, including the Ministry of Commerce (the "MOC"), 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* ("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.

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.

[15] Meat - OECD-FAO Agricultural Outlook 2012-2021

[16] Frost & Sullivan: China's beef market has great growth potential

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

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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* ("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 ("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 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.

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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.

We have 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.

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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 (a "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 IT Law. The State of Nevada, where the Company is incorporated, does not have such tax treaty with China. The State Administration of Taxation (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);

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- 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 62.55% of consolidated revenues during the fiscal year ended December 31, 2014. 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 group 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.

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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, 2014, we had net working capital of $231,460,437, including cash and cash equivalents of $3,031,447. 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.

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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.

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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.

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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.

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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 independency 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.

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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.

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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 State Administration of Taxation (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).

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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 PRC State Administration of Foreign Exchange, or 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.

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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.
On August 8, 2006, six PRC government agencies (the Ministry of Commerce ("MOFCOM"), the State Administration for Industry and Commerce ("SAIC"), the China Securities Regulatory Commission ("CSRC"), SAFE, the State-Owned Assets Supervision and Administration Commission, ("SASAC"), and the State Administration for Taxation ("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 Ministry of Commerce 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.

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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.

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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.

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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 group, 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 QB 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; at present, the only convertible securities issued and outstanding are the 7,000,000 shares of Series B Preferred Stock, which are convertible into common stock on a 9.9 for 1 basis.

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.

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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 QB 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.

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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

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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).

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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 Group 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.

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PART II

ITEM 5 MARKET FOR COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

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." The following table lists the high and low bid price for our Common Stock as quoted by the Pink OTC Markets, then the OTC QB during each quarter within the last two completed fiscal years. These quotations reflect inter-dealer prices, without retail mark-up, markdown, or commission and may not represent actual transactions. The figures below reflect the Reverse Split.

Year 2013	**High**	**Low**
First Quarter	$ 6.63	$ 3.76
Second Quarter	$ 5.44	$ 3.56
Third Quarter	$ 5.84	$ 3.47
Fourth Quarter	$ 5.54	$ 4.06

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	$ 11.00	$ 7.70

The closing price of our common stock on the OTC QB on March 30, 2015 was $10.67 per share.

Holders
As of March 27, 2015, an aggregate of 18,069,412 shares of our common stock were issued and outstanding and were owned by approximately 2,991 stockholders of record.

Dividends
On October 2, 2011, we declared cash dividends of US $0.01 per share of our common stock with a record date of October 31, 2010, and payment date of November 15, 2011. Subsequently, the dividend was fully paid to shareholders of record on November 15, 2011. On December 6, 2012, we declared cash dividends of US $0.01 per share of our common stock with a record date of December 26, 2012, and payment date of January 15, 2013. Subsequently, the dividend was fully paid to shareholders of record on January 15, 2013.

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.

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You should read the following discussion and analysis of financial condition and results of operation together with the financial statements and the related notes appearing beginning on page F-1 of this Annual Report. The various sections of this discussion contain a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this Annual Report. See "Risk Factors" appearing in this Annual Report. Our actual results may differ materially.

Important factors on which such statements are based are assumptions concerning uncertainties, including but not limited to, uncertainties associated with the following:

- Inadequate capital and barriers to raising the additional capital or to obtaining the financing needed to implement our business plans;
- Our failure to earn revenues or profits;
- Inadequate capital to continue business;
- Volatility or decline of our stock price;
- Potential fluctuation in quarterly results;
- Rapid and significant changes in markets;
- Litigation with or legal claims and allegations by outside parties; and
- Insufficient revenues to cover operating costs.

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:

1) Fishery Division;
2) Plantation Division;
3) Cattle Farm Division;
4) Organic Fertilizer Division; and
5) Corporate & Others Division

A summary of each business division is described below:

- **Fishery Division** refers to the operations of Capital Award Inc. (sometimes referred to as "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 revenue as being the sole marketing, sales and distribution agent of the fishery farms (covering both of the fish, prawns and eel farms) developed by Capital Award in China 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

  Capital Award generates revenue as the sole marketing, sales and distribution agent for the fish and prawn farms developed by Capital Award in China as follows:

  (1) Sales to Sino Foreign Joint Venture Companies ("SJVC") and sales derived from the SJVC (currently, only the JFD subsidiary is a SJVC) are being consolidated into Tri-way Industries Ltd. (Hong Kong) ("TRW") as one entity.

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(2) Sales to and sales derived from unincorporated companies (covering EBAPCD and ZSAPP) are accounted for independently as follows:

CA and EBAPCD: (a) CA purchases prawn fingerling and feed stocks from third party suppliers and resells them to EBAPCD at variable small profit margins and (b) CA purchases matured prawns from EBAPCD and sells them to third parties (wholesale markets)

CA and ZSAPP: (a) CA earns commission from the sale of prawn fingerlings that are sold by ZSAPP to third parties, and in this respect ZSAPP produces its own prawn fingerlings as compared to CA purchasing them for EBAPCD, as described above, and (b) CA purchases matured prawns from ZSAPP and sells to third parties (wholesale markets)

- **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.

- **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 live-stock wholesalers who are selling them mainly in Guangzhou and Beijing live-stock 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 (i.e., Cattle Farm 2) or related projects**.**

- **Organic Fertilizer Division** refers to (i) 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 slaughterhouse operated by Qinghai Zhong He Meat Products Co., Limited ("QZH") are sold live to third party live-stock wholesalers, and (b) Cattle that are sold to QZH and being 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, and (ii) The operation of Hunan Shenghua A Power Agriculture Co. Ltd. ("HSA") in manufacturing and sales of organic fertilizer. QZH is a fully owned subsidiary of SJAP; as such financial statements of these three companies (SJAP, QZH and HSA) are being consolidated into APWAM as one entity.

- **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.

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CONSOLIDATED RESULTS OF OPERATIONS

Part A. Audited Consolidated Income Statements of Results of Operations for year ended December 31, 2014, compared to the year ended December 31, 2013.

A (1) Consolidated Income Statements (Audited)

In $	Audited 2014	Audited 2013	Difference	Note
Revenue	**404,334,373**	**261,425,813**	**142,908,560**	1
Consulting, services, commission and management fee	81,680,292	52,811,772	28,868,520	1.1
Sale of goods	322,654,081	208,614,041	114,040,040	1.2
Cost of goods sold and services	**274,995,552**	**159,894,663**	**115,100,889**	2
Consulting, services, commission and management fee	44,241,900	20,548,608	23,693,292	2.1
Sale of goods	230,753,652	139,346,055	91,407,597	2.2
Gross Profit	**129,338,821**	**101,531,150**	**27,807,671**	3
Consulting, services, commission and management fee	37,438,392	32,263,164	5,175,228	3.1
Sale of goods	91,900,429	69,267,986	22,632,443	3.2
Other income (expenses)	490,649	1,769,873	-1,279,224	
General and administrative expenses	-15,616,278	-8,859,777	-6,756,501	4
Net income	114,213,192	94,441,246	19,771,946	
EBITDA	**119,641,879**	**98,337,535**	**21,304,344**	
Depreciation and amortization (D&A)	-4,667,388	-3,502,697	-1,164,691	5
EBIT	**114,974,491**	**94,834,838**	20,139,653	
Net Interest	-761,299	-393,592	-367,707	
Tax	-	-	-	
Net Income	114,213,192	94,441,246	19,771,946	
Non - controlling interest	-22,148,582	-20,234,717	-1,913,865	7
Net income to SIAF Inc. and subsidiaries	**92,064,610**	**74,206,529**	**17,858,081**	
Weighted average number of shares outstanding				
- Basic	15,948,506	12,093,974	3,854,532	
- Diluted	16,655,576	12,872,443	3,783,133	
Earnings Per Share (EPS)				8
- Basic	**5.81**	**6.14**	-0.37	
- Diluted	**5.56**	**5.76**	-0.23	

This Part A 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:

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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 Consolidated Revenues were generated from (A) Sale of Goods and (B) Consulting and Services provided in project and business developments covering engineering, construction, supervision, training, management and technology.

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

	In US$	Sales of goods		Cost of Goods sold		Sales of Goods' Gross profit	
		2014	2013	2014	2013	2014	2013
SJAP	Sales of live cattle	63,133,245	32,448,531	46,871,370	21,234,097	16,261,875	11,214,434
	Sales of feedstock						
	Bulk Livestock feed	6,248,211	5,930,401	3,131,565	4,208,387	3,116,646	1,722,014
	Concentrate livestock feed	13,351,295	13,269,506	8,265,121	8,140,417	5,086,175	5,129,089
	Sales of fertilizer	6,094,793	10,579,242	3,603,090	4,828,517	2,491,703	5,750,725
	SJAP Total	88,827,545	62,227,680	61,871,146	38,411,418	26,956,399	23,816,262
	* QZH's (Slaughter & Deboning operation)	548,856		**291,501**			
	** QZH's (Deboning operation)						
	on cattle & Lamb locally supplied	7,760,595	-	5,442,396	-	2,318,199	-
	on imported beef and mutton	4,899,336	-	3,619,235	-	1,280,101	-
	QZH Total	13,208,787	-	9,353,132	-	3,855,655	-
HSA	Sales of Organic fertilizer	3,782,970	6,213,256	2,521,994	4,573,209	1,260,976	1,640,047
	Sales of Organic Mixed Fertilizer	16,222,209	5,277,139	8,739,488	2,467,261	7,482,721	2,809,878
	HSA Total	20,005,179	11,490,395	11,261,482	7,040,470	8,743,697	4,449,925
	SJAP's & HSA/Organic fertilizer total	122,041,511	73,718,075	82,485,760	45,451,888	39,555,751	28,266,187
JHST	Sales of Fresh HU Flowers	600,407	2,193,971	196,497.17	660,550	403,909	1,533,421
	Sales of Dried HU Flowers	6,431,960	18,668,070	1,786,159	8,788,077	4,645,801	9,879,993
	Sales of Dried Immortal vegetables	4,053,909	1,464,327	1,352,201	469,844	2,701,708	994,483
	Sales of Other Value added products	-	488,108	-	183,041	-	305,067
	JHST/Plantation Total	11,086,275	22,814,476	3,334,857	10,101,512	7,751,418	12,712,964
CA	Sales of						
	Fish (Sleepy cods)	20,308,197	39,691,498	15,851,271	32,574,763	4,456,926	7,116,735
	Eels	58,854,155	27,552,690	39,665,207	14,823,189	19,188,948	12,729,501
	Prawns	26,613,535	5,118,792	21,408,578	4,072,524	5,204,957	1,046,268
	CA/ Fishery total	105,775,887	72,362,980	76,925,056	51,470,476	28,850,831	20,892,504
MEIJI							
	Sale of Live cattle (Aromatic)	32,891,161	17,671,418	31,151,084	13,161,262	1,740,077	4,510,156
	MEIJI / Cattle farm Total	32,891,161	17,671,418	31,151,084	13,161,262	1,740,077	4,510,156
SIAF							
	Sales of goods through trading/import/export activities						
	on seafood	47,499,225	22,047,092	35,157,911	19,160,917	12,341,314	2,886,175
	on imported beef and mutton	3,360,022	-	1,698,984	-	1,661,038	-
	SIAF/ Others & Corporate total	50,859,247	22,047,092	36,856,895	19,160,917	14,002,352	2,886,175
Group Total		322,654,081	208,614,041	230,753,652	139,346,055	91,900,429	69,267,986

Table (A.3) below shows the percentage of gross profit the twelve months ended December 31, 2014 and the twelve months ended, December 31, 2013.

Revenues (sale of goods))

The Company's consolidated revenues generated from sale of goods increased by $114,040,040 or 55% from $208,614,041 for the year ended December 31, 2013 to $322,654,081 for the year ended December 31, 2014. The increase was primarily due to increase of revenues from fishery, organic fertilizer, cattle farms and corporate sectors collectively.

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Fishery: Revenue from fishery increased by $33,412,907 or 46% from $72,362,980 for the year ended December 31, 2013 to $105,775,887 for the year ended December 31, 2014. The increase in fishery was primarily due to our increase in productivity and in turn increasing the sale of eels and prawns.

Plantation: Revenue from our plantation decreased by $11,728,201 or 51% from $22,814,476 for the year ended December 31, 2013 to $11,086,275 for the year ended December 31, 2014. The decrease was primarily due to this year's wet season affecting the yields of the regional growers whom we collected flowers from in the past that we did not buy enough fresh flowers from for drying this season thus in term lowering our overall sales of dried flowers. More details and information are presented in a subsequent section.

Organic fertilizer: Revenue from organic fertilizer increased by $48,323,436 or 66% from $73,718,075 for the year ended December 31, 2013 to $122,041,511 for the year ended December 31, 2014.The increase was primarily due to the increase of SJAP's sales of live cattle, HSA's increase of sales of fertilize and QZH's increase of sale from slaughter and deboning operations. More details and information are presented in a subsequent section.

Cattle farm: Revenue from cattle farm increased by $15,219,743 or 86% from $17,671,418 for the year ended December 31, 2013 to $32,891,161 for the year ended December 31, 2014. The increase was primarily due to the combination of increase of cattle being grown on the farm and increase of number of cattle being fattened by sub-contracted growers and additional cattle brought and sold for trading. More details and information are presented in a subsequent section.

Corporate: Revenue from the corporate increased by $28,812,155 or 131% from $22,047,092 to $50,859,247 for the year ended December 31, 2014. The increase was primarily due to more imported seafood and newly developed imported beef being marketed. More details and information are presented in a subsequent section.

Cost of Goods Sold

Cost of goods sold increased by $91,407,597 or 66% from $139,346,055 for the year ended December 31, 2013 to $230,753,652 for the year ended December 31, 2014. The increase was primarily due to increase of cost of goods sold from fishery, organic fertilizer, cattle farms and corporate sectors collectively.

Fishery: Cost of goods sold from fishery increased by $25,454,580 or 49% from $51,470,476 for the year ended December 31, 2013 to $76,925,056 for the year ended December 31, 2014.The increase in cost of goods from fishery was primarily due to the increase in corresponding productivity and in turn cost of production of eels and prawns and the additional seafood brought and sold for trading activities.

Plantation: Cost of goods sold from plantation decreased by $6,766,665 or 67% from $10,101,512 for the year ended December 31, 2013 to $3,334,857 for the year ended December 31, 2014. The decrease was primarily due to the fact that there were no dried flowers processed from fresh flowers brought from and supplied by other regional growers due to short supply caused by the wet-season. More details and information are presented in a subsequent section.

Organic fertilizer: Cost of goods sold from organic fertilizer increased by $37,033,872 or 81% from $45,451,888 for the year ended December 31, 2013 to $82,485,760 for the year ended December 31, 2014. 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 productivity of fertilizer and QZH's increase of cost of sales from slaughter and deboning operations.

Cattle farm: Cost of goods sold from cattle farm increased by $17,989,822 or 137% from $13,161,262 for the year ended December 31, 2013 to $31,151,084 for the year ended December 31, 2014. The increase was primarily due to the increase of sales of fattened cattle from sub-contracted growers (i.e. trading of cattle). More details and information are presented in a subsequent section.

Corporate: Cost of goods sold from corporate increased by $17,695,978 or 92% from $19,160,917 for the year ended December 31, 2013 to $36,856,895 for the year ended December 31, 2014. The increase was primarily due the corresponding increase in sales.

Note (3): Gross Profit (sale of goods)

Gross profit generated from goods sold increased by $22,632,443 or 33% from $69,267,986 for the year ended December 31, 2013 to $91,900,429 for the year ended December 31, 2014. The increase was primarily due to an increase or decrease of gross profit from various sector improvements or negative performance, respectively, including the following:

Fishery: Gross profit from fishery increased by $7,958,327 or 38% from $20,892,504 for the year ended December 31, 2013 to $28,850,831 for the year ended December 31, 2014. Gross profit derived from sale of eels and prawns were $19,188,948 and $5,204,957, respectively in the year 2014 compared to $12,729,501 and $1,046,268, respectively in the year 2013.

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Plantation: Gross profit from our plantation decreased by $4,961,546 from $12,712,964 for the year 2013 to $7,751,418 for the year 2014. The decrease was primarily due to this year's wet season affecting the yields of the regional growers from whom we have collected flowers from in the past that were unable to produce similar quantities this year, thus lowering our overall sales of dried flowers.

Organic fertilizer: Gross profit from organic fertilizer increased by $11,289,564 or 40% from $28,266,187 for the year ended December 31, 2013 to $39,555,751 for the year ended December 31, 2014. The increase was primarily due to the increase of SJAP's sales of live cattle, HSA's increase of sales of fertilizer, and QZH's increase of gross profit from slaughter and deboning operations.

Cattle farm: Gross profit from cattle decreased by $2,770,079 from $4,510,156 or the year 2013 to $1,740,077 for the year ended December 31, 2014. The decrease was primarily due to the increase of trading of cattle from contracted growers at Changchun Village, which costs were at a lower margin compared to the cattle grown on our own farms.

Corporate: Gross profit from the corporate increased by $11,116,177 or 385% from $2,886,175 for the year ended December 31, 2013 to $14,002,352 for the year ended December 31, 2014. The increase was primarily due to the more categories of seafood being marketed in 2014, and the overall cost savings on air charges, packaging materials, and lower mortality of live seafood upon arrival at destination. More details and information are presented in a subsequent section.

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Table A.4.: (below) shows the itemized sales of goods and related cost of sales in quantity and unit price for the year ended December 31, 2014 and the year, 2013.

	Description of items		2014	2013	Difference	
	Cattle Operation					
	Production and Sales of live cattle	**Head**	18,585	9,375	9,210	A.4.1
	Average Unit sales price	$/head	3,397	3,461	-64	
	Unit cost price	$/head	2,522	2,265	257	
	Production and sales of feedstock					
	Bulk Livestock feed	**MT**	37,390	38,194	-804	A.4.2
	Average Unit sales price	$/MT	167	155	12	
	Unit cost price	$/MT	84	110	-26	
	Concentrated livestock feed	**MT**	32,191	31,717	474	A.4.3
	Average Unit sales price	$/MT	415	418	-3	
	Unit cost price	$/MT	257	257	-0	
	Production and sales of fertilizer	**MT**	33,673	60,509	-26,836	A.4.4
	Average unit sales price	$/MT	181	175	6	
	Unit cost price	$/MT	107	80	27	
*** QZH**	**(Slaughter & De-boning operation)**					
	Slaughter operation					
	Slaughter of cattle	**Head**	1,400			A.4.5
	Service fee	$/Head	8			
	Sales of associated products	Pieces	1,554			
	Average Unit sales price	$/Piece	346			
	Unit cost price	$/Piece	188			
	De-boning & Packaging activities					A. 4.6.
	From Cattle supplied locally					
	De-boned Meats	**MT**	575			
	Average Unit sales price	$/MT	13,497			
	Unit cost price	$/MT	9,465			
	From imported beef	**MT**	289			
	Average Unit sales price	$/MT	9,460			
	Unit cost price	$/MT	6,892			
	From imported lamb	**MT**	261			
	Average of sales price	$/MT	8,297			
	Average of cost price	$/MT	6,235			
HSA	**Fertilizer and Cattle operation**					A. 4.7.
	Organic Fertilizer	**MT**	14,128	19,230	-5,102	
	Average Unit sales price	$/MT	260	323	-63	
	Unit cost price	$/MT	176	238	-62	
	Organic Mixed Fertilizer	**MT**	35,868	12,775	23,093	A. 4.8.
	Average Unit sales price	$/MT	452	413	39	
	Unit cost price	$/MT	244	193	51	
	Retailing packed fertilizer (for super market sales)	MT	120	-		A. 4.8.a
	Average Unit sales price	$/MT	928	-		
	Unit cost price	$/MT	346	-		

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	Description of items		2014	2013	Difference	
JHST	**Plantation of HU Flowers and Immortal vegetables**					
	Fresh HU Flowers	**Pieces**	4,002,710	14,383,484	-10,380,774	A.4.9
	Average Unit sales price	$/Pieces	0.15	0.15	-	
	Unit cost price	$/Pieces	0.05	0.05	-	
	Dried HU Flowers	**MT**	465	1,504	-1,039	A.4.10
	Average Unit sales price	$/MT	13,832	12,412	1,420	
	Unit cost price	$/MT	3,841	5,843	-2,002	
	Dried Immortal vegetables	**MT**	50	10	40	A.4.11
	Average Unit sales price	$/MT	81,078	152,534	-71,456	
	Unit cost price	$/MT	27,044	48,942	-21,898	
	Other Value added products	**Pieces**	-	60,000	-60,000	A.4.12
	Average Unit sales price	$/Pieces	-	8	-8	
	Unit cost prices	$/Pieces	-	3	-3	
CA	**Production and sale (inclusive of contracted farms) of live sea food**				-	
	Fish (Sleepy cods)	**MT**	1,326	2,616	-1,290	A.4.13
	Average Unit sales price	$/MT	15,310	15,170	140	
	Unit cost prices	$/MT	11,950	12,450	-500	
	Eels	**MT**	2,461	1,661	800	A.4.14
	Average Unit sales price	$/MT	23,915	16,590	7,325	
	Unit cost price	$/MT	16,118	8,925	7,193	
	Prawns	**MT**	1,802	417	1,385	A.4.15
	Average Unit sales price	$/MT	14,769	12,280	2,489	
	Unit cost price	$/MT	11,880	9,770	2,110	
MEIJI	**Production and trading on sale of Live cattle (Aromatic)**	**Head**	7,842	5,597	2,245	A.4.16
	Average Unit sales price	$/head	4,194	3,157	1,037	
	Unit cost prices	$/head	3,972	2,351	1,621	
SIAF	**Seafood trading from imports**				-	
	Mixed seafood	**MT**	3,152	1,521	1,631	A.4.17
	Average of sales price	**$/MT**	15,070	14,498	572	
	Average of cost prices	$/MT	11,154	12,600	-1,446	
	Beef & Lambs trading from imports	**MT**	590	-	590	
	Average of sales price	**$/MT**	5,695	-	5,695	
	Average of cost price	$/MT	2,880	-	2,880	

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Notes to Table A.4.

A.4.1: There were 18,585 head of live cattle at an average weight of 680 Kg / head sold in the year 2014 compared to 9,375 head at an average weight of 650 Kg / head sold in the year 2013 representing an increase of 9,210 head as SJAP increased its number of cooperative farms from 2013's 10 to its present number of 22. Unit sales prices of live cattle as an average has decreased from RMB33/Kg (or $4.80 / Kg) of live weight in 2013 to RMB31 / Kg of live weight in 2014.

The Table below shows more comprehensive details and information on sales of live cattle between cooperative growers and SJAP's own farm in 2013 and 2014:

		2014				2013		
		SJAP as a Group	Cooperative farmers	SJAP's own farm	Note	SJAP as a Group	Cooperative farmers	SJAP's own farm
	Units							
Cattle sold	Head	18,585	13,860	4,725	a	9,375	5,500	3,875
Average unit sales price	US$/head	3,397	3,176	4,169	b	3,461	3,220	3,804
	RMB/head	20,892	19,532	20,892		21,285	19,800	23,393
RMB sales in live wt.	RMB/ Kg	31	31	31	c	33	33	33
Sales revenue	US$	63,133,245	44,019,360	19,696,730		32,446,875	17,707,317	14,739,558
Unit cost price	US$/head	2,522	2,561	2,408	d	2,265	2,634	1,741
	RMB/head	15,510	15,750	14,807		13,930	16,200	10,707
RMB cost in live wt	RMB/Kg	23	25	18	e	21	26	16
Cost of cattle in	US$	46,871,370	35,495,044	11,376,326		21,234,375	14,487,805	6,746,570
Average live wt.	Kg/head	680	630	827		650	630	678
Total live wt.	Kg	12,637,800	8,731,800	3,906,000		6,093,750	3,465,000	2,628,750

Note (a): Total head of cattle sold by SJAP is 18,585 in 2014 of which 13,860 head were contracted with and purchased from cooperative farms after the cattle have been fattened for a period up to 3 months and 4,725 head were grown or fattened by SJAP's own farm.

Note (b & d): The average sales price per head of cattle is at US$3,397 / head of cattle at averaged weight of 680 Kg / head whereas the average weight of cattle from the Cooperative farms is at 630 Kg / head sold at an average of US$3,176 / head while the heavier cattle grown by our own farm averages at $4,169 / head, reflecting corresponding value, accordingly.

Note (c): Unit cost of cattle at RMB 23/Kg, 25/Kg & 18/Kg for SJAP as a group, purchase cost paid to cooperative farms and cost (inclusive rearing and / or fattening) at SJAP's own farm respectively from which rearing and fattening profit of the cooperative farms can be derived.

Note (e): RMB25 / Kg of live weight are the average cost that SJAP paid to its Cooperative farms for their fattening contracts with the said farms yielding an average of RMB15,750 / head of (630 Kg) fattened cattle. As such, we are expecting the cooperative farms' average cost of growing and fattening the cattle at RMB11,100 to 11,400 / head and Gross Profit at RMB4,350 to 4,605 / head (or between 28% to 30% in Gross Profit), from which SJAP's average Gross Profit derived from the sales of cattle contracted with and fattened by the Cooperative farms is at 19%.

A.4.2: The decrease in sales of the bulk livestock feed by 804 MT between 2013's 38,194 MT and 2014's 37,390 MT was primarily due to the decrease of external sales of Bulk livestock feed to non-cooperative regional farmers because of the good harvest season experienced throughout the region providing other alternatives to them.

A.4.3: The increase in sales of the concentrated livestock feed by 474 MT between 2013's 31,717 MT and 2014's 32,191 MT was primarily due to the decrease of external sales to non-cooperative farmers for the similar reason explained above.

A.4.4: The decrease of sales in SJAP's fertilizer was by 26,836 MT between 2014's 33,673MT and 2013's 60,509 MT mainly due to SJAP no longer needing to supply HSA with fertilizer because HSA has been operating its second fertilizer process plant in 2014.

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A.4.5: Qinghai Zhong He Meat Products Co., Limited ("QZH") is the fully owned subsidiary of SJAP formed early in the year to operate the Slaughterhouse and Deboning operational division of SJAP. During the year, it slaughtered 1,400 head of cattle supplied by SJAP's farm and external non-cooperative farmers, collectively, part of which were deboned, packed and sold (575 MT) at an average price of RMB 82 / Kg (or $13.50 / Kg) with an average cost at RMB58 / Kg (or $9.5 / Kg). Relatively, this shows that our locally produced beef are selling at higher prices than imported beef (see below A.4.6), and that the local Chinese domestic markets are willing to pay higher prices for locally produced beef when compared to deboned imported beef.

A.4.6: Also during the quarter, there were 289MT of quarter-cut beef imported from Australia that were deboned, packed and sold at an average of RMB58 / Kg (or $9.5 / Kg) with cost at an average of RMB42.22 / Kg (or $6.9 / Kg). At the same time, there were 261 MT of imported Mutton being packed, deboned and sold during the Quarter at an average of RMB50.79 / Kg (or $8.3 / Kg) at a cost of RMB37.93 / Kg (or $6.2 / Kg). Price-points of imported beef and lamb are the catering trade and meat wholesalers compared to the domestic retail market's preference for SJAP's locally produced beef.

A.4.7/8: HSA increased its total sales of fertilizer by 18,111 MT to 50,116 in the year 2014 compared to the 32,005 MT in the year 2013.That is a growth of 56.6% having completed and operating its second production and fermentation plants and facilities during the year. Sales prices of the Mixed Organic Fertilizer increased marginally by 9.4%, whereas related cost of production increased by over 26.4% mainly due to the raw material used to manufacture this fertilizer having been mainly changed from sheep manure to chicken manure, which costs are much higher but is more effective when the fertilizer is applied in the lakes increasing the growth of microorganisms at each depth level of the water, thus providing better feeding opportunities to the fish and increasing growth rates.

A.4.9, 10, 11, 12: This season, the Guangdong district experienced a very wet season from April to August with constant rain falling practically every day that affected and delayed the growing of HU Flowers and immortal vegetables. As a result, most of the regional growers could not supply fresh flowers to us during the 4th quarter, and, as such, most of the annual sales were from our own farm resulting from our earlier year's preparation and work to improve the plantation. JHST harvested just under 20 million pieces of flowers and sold over 465 MT of dried HU flowers at an average price of $13,832 / MT. There was no further harvest during the 4th quarter of 2014.

JHST dried and sold over 50 MT of Immortal Vegetables during the 4th Quarter harvested from 70 Mu of plantation at prices same as in last quarter. JHST intends to further develop more land to grow more Immortal Vegetable in 2015 to build up total cultivated area to 100 Mu from its existing 70 Mu.

A.4.13, 14, 15: During the year we sold many larger eels at an average of over 2.8 Kg / eel to last year's average of 1.3 Kg / eel enhancing better sales price averaging at RMB147 / Kg to RMB116 / Kg for smaller eels. (Sales of eels were generated collectively from our own FF(1), unincorporated PF(2) & FF(2) and few other sub-contracted growers).

Total prawn sales were generated from our FF(1), and unincorporated PF(1), PF(2) and other sub-contracted growers, collectively.

Effective Gross Profit margin in our own farms and unincorporated farms for eel production is at an average of 60% and for prawns production the margin is being kept at above 75% but varies from other sub-contracted growers. (See more details in later sections)

As CA's Fishery sales consists of many sales components, the Table below supplies more comprehensive information on related sales components to give our shareholders a better understanding:

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The Table below shows CA's sales components:

1. CA Fishery sector's sales derived from sales to		CA's sales 2014 Quantity pieces	Unit price RMB/pieces	amount RMB	US$
1 Fish Farm (1)					
Fingerling & Baby fish					
Sleepy cods		690,000	31	21,150,000	3,439,024
Eels		900,000	46	41,820,000	6,800,000
Prawns		72,000,000	0	3,614,390	587,706
Feed staffs	(kg)	2,952,887	10	28,897,952	4,698,854
2 Fish Farm (2)					
(No sales to FF(2) by CA but by the R&D Station that didn't go into CA's sale)					
3 Prawn Farm (1)					
Prawns					
Eels					
Fingerling (Prawns & fish)		47,000,000	0	2,165,000	352,033
Feed staffs	(kg)	776,952	7	5,253,987	854,307
4 Prawn farm (2)					
Commission earned from Fingerling sales					357,983
Sub (1) On sales to above entities				102,901,328	17,089,906

2. CA Fishery sector's sales derived from sales that the fish, eels & prawns were purchased from	Quantity Kg	Unit price RMB/Kg	amount RMB	US$
1 Fish Farm (1)				
Fish (Sleepy cods)	403,471	76	30,558,654	4,968,887
Eels	1,404,632	116	162,937,257	20,197,948
Prawns	1,057,455	78	82,531,400	13,419,740
CA's profit (From Marked up on top of above cost)				14,925,668
2 Fish Farm (2)				
Fish (Sleepy cods)	538,141	76	40,898,727	6,650,199
Eels	622,004	116	72,152,464	11,732,108
CA's profit (From Marked up on top of above cost)				3,800,959
3 Prawn Farm (1)				
Prawns	594,755	68	40,198,627	6,536,362
CA's profit (From Marked up on top of above cost)				1,934,164
4 Prawn farm (2)				
Prawns	117,537	76	8,932,826	1,452,492
Eels	97,142	116	11,268,472	2,369,311
CA's profit (From Marked up on top of above cost)				698,144
Sub (2) CA's sales to above entities with marked up profits			449,478,427	88,685,981
Total Sales of CA (Sub. 1 + Sub. 2)				**105,775,887**

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A.4.16: MEIJI's sales revenue consists of the combination of trading of cattle from sub-contracted growers and the consolidated revenue from CF1. Since the gross profit margin on trading is low, the overall gross profit margin % of MEIJI is reduced, and in this respect, CF1and CF2 are achieving an average above 15% on its cattle rearing operation, which is lower than earlier quarters' 20% due to the growth rate and the number of Southern Yellow cattle grown in the 4th quarter were lower than the Simmental cattle grown in earlier Quarters.

A.4.17: The Corporate sector's import sales increased from more varieties of seafood being imported from Madagascar in coordination with more markets being developed during the quarter. At the same time, sales are being developed for imported beef and lamb from Australia creating additional revenues. Both items are maintaining Gross Profit margins at an average of 28% excluding other cost items like import tax (12%) and value added tax (13%) etc.; and, after accounting for these items, Gross Profit margins are around 11.5%, keeping in mind that imports from Madagascar are free from import tax.

Notes to Table A (1) Note (1.1, 2.1 and 3.1)

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

Sales Revenues (Consulting and Services)	**2014**	**2013**	**Difference**	**Description of work**
CA	76,750,308	36,696,125	40,054,183	Work in progress on PF(1), FF(2), PF(2) and Zhongshen New Prawn Project
MEIJI	-	7,120,596	-7,120,596	Work completed in 2013
SIAF	4,929,984	8,995,051	-4,065,067	Work in progress on WHX and Shanghai Distribution Center
Group Total Revenues	**81,680,292**	**52,811,772**	**28,868,520**	
Cost of sales				
CA	39,387,359	13,197,048	26,190,311	
MEIJI	-	4,733,262	(4,733,262)	
SIAF	4,854,541	2,618,298	2,236,243	
Group Total Cost of sales	**44,241,900**	**20,548,608**	**23,693,292**	
Gross Profit				
CA	37,362,949	23,499,077	13,863,872	
MEIJI	-	2,387,334	(2,387,334)	
SIAF	75,443	6,376,753	(6,301,310)	
Group Total Gross Profit	**37,438,392**	**32,263,164**	**5,175,228**	

Revenues: (consulting, service, commission and management fee)

Revenues increased by $28,868,520 or 55% from $52,811,772 for the year ended December 31, 2013 to $81,680,292 for the year ended December 31, 2014.The increase was primarily due to an increase in revenue from the construction and development work done on the New Zhongshan Prawn project of $57,566,067, which contributed 70.5% of the total of revenue of $81,680,292.

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CA (Fishery): Revenue from fishery increased by $40,054,183 or 109% from $36,696,125 for the year ended December 31, 2013 to $76,750,308 for the year ended December 31, 2014.

MEIJI (Cattle): Revenue from cattle decreased by $7,120,596 or (100)% from $7,120,596 for the year ended December 31, 2013 to $0 for the year ended December 31, 2014 as the cattle project was completed in 2013 and no new project was undertaken in 2014.

SIAF (Corporate): Revenue from corporate decreased by $4,065,067 or 45% from $8,995,051 for the year ended December 31, 2013 to $4,929,984 for the year ended December 31, 2014. The reason for the decrease is because the slow work in progress for the construction of restaurant related work during 2014.

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

Cost of services for consulting, service, commission and management fee increased by $23,693,292 or 115% from $20,548,608 for the year ended December 31, 2013 to $44,241,900 for the year ended December 31, 2014.

CA (Fishery): Cost of services from fishery increased by $40,054,183 or 109% from $36,696,125 for the year ended December 31, 2013 to $76,750,308 for the year ended December 31, 2014.

MEIJI (Cattle): Cost of service from cattle decreased by $4,733,262 or (100)% from $4,773,262 for the year ended December 31, 2013 to $0 for the year ended December 31, 2014 as the cattle project was completed in 2013 and no new project was undertaken in 2014.

SIAF (Corporate): Cost of services from corporate increased by $2,236,243 or 85% from $2,618,298 for the year ended December 31, 2013 to $4,854,541 for the year ended December 31, 2014. The reason for the decrease is because the slow progress for the construction of restaurant related work during the year of 2014.

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

Gross profit of consulting, service, commission and management fees increased by $5,175,228 or 16%, from $32,263,164 for the year ended December 31, 2013 to $37,438,392 for the year ended December 31, 2014.

CA (Fishery): Gross profit from fishery increased by $40,054,183 or 109% from $36,696,125 for the year ended December 31, 2013 to $76,750,308 for the year ended December 31, 2014.

MEIJI (Cattle): Gross profit from fishery increased by $2,387,334 or (100)% from $2,387,334 for the year ended December 31, 2013 to $0 for the year ended December 31, 2014 as the cattle project was completed in 2013 and no new project was undertaken in 2014.

SIAF (Corporate): Gross profit from corporate decreased by $6,301,310 or 99% from $6,376,753 for the year ended December 31, 2013 to $75,443 for the year ended December 31, 2014.The reason for the decrease is because the slow work in progress for the construction of restaurant related work during 2014.

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Tables(A.6) below highlights general information of ongoing Consulting and Services provided by Capital Award, MEIJI and SIAF respectively as of December 31, 2014:

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 31.12.2014	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 completed, construction of the Hydroponic farm will start in Q2 2015.
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) $8.73 million Bridge & Road $2.48 Phase (3) $4.38 M Phase (4) $10.63 Million	Phase (1) & Bridge and Road completed Jan. 2013 Phase (3) completed and Phase (4) not started.	Phase 4 work delayed to late 2015
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) $9.26 m and Phase (2) 8.42 Million Phase (3) 11.5 Million	Phase (1) fully operational and Phase (2) in operation and Phase (3) not started	Phase 3 work in progress
Cattle Farm (1)	LiangXi Town, Enping City	165,013 m2	1,500 Head	2 phases	April 2011	December 2011	$3.0 million +$1.17 Million	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	operating
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 is targeting Q2 2015
NaWei wholesale Center	Guangzhou City		5,000 m2	One Phase	July 2012	March. 2014	$ 9 million	Completed	Operating
	Shanghai City		3,000 m2	Two Phases	Sept. 2014	December. 2014	$5 million	Work in progress	Work in progress and expecting operation to start within April 2015 .
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	Phase (1) Stage (1)'s farm construction work in progress, expecting first stocking by May 2015

Note (4) to Table A 1 Other Income:

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 2014:

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, 2014, the Company issued an aggregate of 3,265,201 shares of common stock (i) in consideration for extinguishment of debt in the aggregate amount of $13,006,374 for the issuance of 2,734,626 shares, reporting gain as income of $270,586 from the extinguishment of debts, (ii) for settlement of consulting and service fee in aggregate amount of $3,319,444 for the issuance of 530,575 shares for the services rendered in successfully procuring the private placement note issued on August 29,

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2014 and (iii) the cancellation of decimal shares from result of the reverse split carried out in December 2014.

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 Regulation S or Section 4(a)(2) thereof, and/or Rule 506 of Regulation D promulgated thereunder, 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.

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Date	Shares issued/Bought back	Market Price when issuance	Par value	Additional paid in capital	Consideration received	Income from issuance of shares	Note
As at 01.01.2014	13,899,196		**13,899.20**	**105,037,379.00**			
1/3/2014	149,645	5.45	149.64	814,664.91	800,000.00	-14,814.55	Debt settlement
1/13/2014	130,939	4.95	130.94	648,017.06	700,000.00	51,852.00	Debt settlement
1/16/2014	171,717	5.15	171.72	883,828.28	850,000.00	-34,000.00	Debt settlement
2/10/2014	106,838	5.15	106.84	549,893.00	550,000.00	0.16	Debt settlement
3/8/2014	143,593	5.45	143.59	781,719.36	725,000.00	-56,862.95	Debt settlement
3/27/2014	309,215	4.55	309.21	1,407,853.83	1,500,000.00	91,836.96	Debt settlement
3/29/2014	191,085	4.65	191.08	888,925.31	894,125.00	5,008.61	Debt settlement
4/8/2014	130,212	4.46	130.21	579,962.99	605,875.00	25,781.80	Debt settlement
4/25/2014	130,568	4.26	130.57	555,696.03	555,826.60	-	Workers entitlement
5/14/2014	340,615	3.96	340.62	1,348,496.58	1,450,000.00	101,162.80	Debt settlement
5/14/2014	360,750	3.96	360.75	1,428,210.85	1,500,000.00	71,428.40	Debt settlement
6/16/2014	117,249	3.96	117.25	464,188.35	464,305.60	-0.00	Professional Services
7/15/2014	220,282	3.96	220.28	872,096.92	894,125.00	21,807.80	Debt settlement
8/12/2014	120,041	3.96	120.04	475,243.96	487,249.00	11,885.00	Debt settlement
8/22/2014	258,684	4.06	258.68	1,049,741.48	1,050,000.00	-0.16	Debt settlement
9/16/2014	202,020	7.43	202.02	1,499,797.98	1,500,000.00	-0.00	Professional Services
10/8/2014	65,657	10.40	65.66	682,434.34	650,000.00	-32,500.00	Debt settlement
10/27/2014	35,354	9.11	35.35	321,964.65	350,000.00	28,000.00	Debt settlement
12/15/2014	80,739	9.90	80.74	799,231.26	799,312.00	-	Consulting service settlements
12/31/2014	-1,681	9.49	-1.68	-15,950.32	-15,952.00	-	Cancellation of decimal shares under reverse split
As at 12.31.2014	17,162,716.46		17,162.72	16,036,016.81	16,309,866.20	270,585.87	

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, 2014 amounted to $490,649 and derived from the combination of (1) Gain on extinguishment of debt $270,586, Government Grant $537,787 and other income $270,586 less interest expenses of $(761,299), whereas the other income for the year ended December 31, 2013 amount to 1,769,873, and derived from the combination of (1) Gain on extinguishment of debt $1,318,947, Government Grants $613,678 and other income $230,840 less interest expenses of $(393,592).

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 $270,586 and $1,318,947 has been credited (charged) to operations for the years ended December 31, 2014 and 2013, respectively.

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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 $7,124,208 or 77% from $9,253,369 for the year ended December 31, 2013 to $16,377,577 for the year ended December 31, 2014. The increase was primarily due to increase in all sectors of expenses, including but not limited to office and corporate expenses of $4,113,032 from $2,100,341 for the year ended December 31, 2014 for the year ended December 31, 2013 to $6,213,373 for the year ended December 31, 2014, the increase of wages and salaries by $956,853 from 2013's $1,912,616 to 2014's $2,869,469 and the increase in others and miscellaneous of $816,838 from $2,211,459 for the year ended December 31,2013 to $3,028,297 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	**2014**	**2013**	**Difference**
	$	$	$
Office and corporate expenses	6,213,373	2,100,341	4,113,032
Wages and salaries	2,869,469	1,912,616	956,853
Traveling and related lodging	151,514	90,654	60,860
Motor vehicles expenses and local transportation	195,863	148,254	47,609
Entertainments and meals	165,827	139,452	26,375
Others and miscellaneous	3,028,297	2,211,459	816,838
Depreciation and amortization	2,991,935	2,257,001	734,934
Sub-total	**15,616,278**	**8,859,777**	**6,756,501**
Interest expense	761,299	393,592	367,707
Total	**16,377,577**	**9,253,369**	**7,124,208**

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

Depreciation and amortization increased by $1,164,691 or 33% to $4,667,388 for the year ended December 31, 2014 from $3,502,697 for the year ended December 31, 2013.The increase was primarily due to the increase of depreciation by $960,580 to $2,457,131 for the year ended December 31, 2014 from depreciation of $1,496,551 for the year ended December 31, 2013, and the increase of amortization by $204,111 to $2,210,257 for the year ended December 31, 2014 from amortization of $2,006,146 for the year ended December 31, 2013.

In this respect, total depreciation and amortization amounted to $4,667,388 for the year ended December 31, 2014, 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; whereas total depreciation and amortization was at $3,502,697 for the year ended December 31, 2013 and out of which amount $2,257,001 was reported under General and Administration expenses and $1,245,696 was reported under cost of goods sold.

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

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

Names of intermediate holding company subsidiaries Abbreviated names	Capital Award Inc. (Belize) **CA**							Total
% of equity holding on below subsidiaries (in China)	NA	75%	75%	76%	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)			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. 2014 in $		4,713,880	1,576,192	5,418,366	26,765,642	3,816,554	9,821,794	
Equity % of non-controlling interest		25%	25%	24%	55%	55%	25%	
Non-controlling interest's shares of Net incomes in $		1,178,470	394,048	1,300,408	14,721,103	2,099,105	2,455,449	22,148,582

The Net Income attributed to non-controlling interests is $22,148,582 shared by (JHST, JHMC, HSA, SJAP, QZH and JFD, collectively) for the year ended December 31, 2014 as shown in Table (F) above.

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

Earnings per share decreased by $0.33 (basic) and $0.20(diluted) per share from EPS of $6.14 (basic) and $5.76 (diluted) year 2013 to EPS of $5.81 (basic) and $5.56 (diluted) for year 2014. The reason for the reduction is primarily due to the incremental issuance of common stock of 3.9 million shares from its weighted average number of shares outstanding of 12 million as of December 31, 2013 to 15.9 million as of December 31, 2014.

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Part B. Audited Consolidated Balance Sheet as of the year 2014 compared to year 2013 (fiscal year)

Consolidated Balance sheets	December 31, 2014 $	December 31, 2013 $	Changes +- $	Note
ASSETS				
Current assets				
Cash and cash equivalents	3,031,447	1,327,274	1,704,173	B
Inventories	45,967,993	8,148,203	37,819,790	9
Costs and estimated earnings in excess of billings on uncompleted contracts	-	663,296	-663,296	
Deposits and prepaid expenses	75,951,591	51,291,708	24,659,883	10
Accounts receivable	104,503,071	82,057,942	22,445,129	11
Other receivables	52,305,260	3,782,771	48,522,489	
Total current assets	**281,759,362**	**147,271,194**	**134,488,168**	
Property and equipment			-	
Property and equipment, net of accumulated depreciation	64,352,975	46,487,058	17,865,917	12
Construction in progress	69,120,277	59,134,732	9,985,545	13
Land use rights, net of accumulated amortization	63,322,202	60,705,829	2,616,373	14
Total property and equipment	**196,795,454**	**166,327,619**	**30,467,835**	
Other assets			-	
Goodwill	724,940	724,940	-	
Inverstment in unconsolidated corporate joint venture	817,127	-	817,127	
Proprietary technologies, net of accumulated amortization	11,480,298	12,081,470	-601,172	15
Temporary deposit paid to entities for investments in future Sino Joint Venture companies	41,109,708	41,109,708	-	
Total other assets	**54,132,073**	**53,916,118**	**215,955**	
Total assets	**532,686,889**	**367,514,931**	**165,171,958**	
Current liabilities				16
Accounts payable and accrued expenses	22,138,835	11,055,194	11,083,641	
Billings in excess of costs and estimated earnings on uncompleted contracts	8,060,580	3,146,956	4,913,624	
Due to a director	1,172,059	1,793,768	-621,709	
Series F shares mandatory redemption payable	3,146,063	-	3,146,063	17
Other payables	11,695,982	10,768,786	927,196	
Short term debts	4,410,727	4,100,377	310,350	
Bonds payable	1,725,000	-	1,725,000	
Total current liabilities	**52,349,246**	**30,865,081**	**21,484,165**	
Non-current liabilities				
Series F shares mandatory redemption payable	-	3,146,063	-3,146,063	17
Bonds payable	-	1,725,000	-	
Long term debts	2,306,057	180,417	2,125,640	
Convertible note payable	15,803,928	-	15,803,928	16D
Total non-current liabilities	**18,109,985**	**5,051,480**	13,058,505	
Stockholders' equity				
Preferred stock				
Series A preferred stock	-	-	-	
Series B convertible preferred stock	7,000	7,000	-	
Common stock	17,163	13,899	3,264	
Additional paid-in capital	121,158,996	105,037,379	16,121,617	
Retained earnings	273,261,108	181,196,498	92,064,610	
Accumulated other comprehensive income	6,452,815	6,260,131	192,684	
Treasury stock	-1,250,000	-1,250,000	-	
Total SIAF Inc. and subsidiaries' equity	**399,647,082**	**291,264,907**	108,382,175	
Non-controlling interest	62,580,576	40,333,463	22,247,113	
Total stockholders' equity	**462,227,658**	**331,598,370**	130,629,288	
Total liabilities and stockholders' equity	**532,686,889**	**367,514,931**	165,171,958	

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

Note (B) Cash and Cash Equivalents

The change in cash and cash equivalent of $1,704,173 derived from cash and cash equivalents of $3,031,447 and $1,327,274 as of December 31, 2014 and December 31, 2013, 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 caused by seasonal impacts at the end of the year.

Note (9) Break down on Inventories:

	31-Dec-14	31-Dec-13	Difference
Sleepy cods, prawns, eels and marble goby	3,051,606	1,761,111	1,290,495
Unharvested HU plantation	-	719,329	-719,329
Bread grass	2,336,308	580,954	1,755,354
Beef cattle	8,362,763	1,951,962	6,410,801
Organic fertilizer	7,292,389	895,670	6,396,718
Forage for cattle and consumable	6,547,333	684,979	5,862,354
Raw materials for bread grass and organic fertilizer	14,223,407	855,493	13,367,914
Beef and mutton	2,908,886	-	2,908,886
Immature seeds	1,245,302	698,704	546,598
	45,967,993	**8,148,203**	**37,819,790**

Note (10) Breakdown of Deposits and Prepaid Expenses:

Note (10.1):

	31-Dec-14 $	31-Dec-13 $	Difference $
Deposits for			
- purchases of equipment	4,668,784	4,886,048	-217,264
- acquisition of land use rights	3,373,110	7,826,508	-4,453,398
- inventories purchases	14,221,199	9,771,383	4,449,816
- aquaculture contracts	20,467,603	-	20,467,603
- building materials	877,598	1,281,935	-404,337
- consulting service providers and others	5,188,473	4,404,210	784,263
- construction in progress	20,467,357	23,021,316	-2,553,959
Prepayments - debts discounts and others	3,827,401	-	3,827,401
Shares issued for employee compensation and overseas professional and bond interest	2,860,066	100,308	2,759,758
	75,951,591	51,291,708	24,659,883.0

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

As of December 31, 2014, we have $3,373,110 f or 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 Land Use Right 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 "Land Use Right" is in progress, and, as such, this payment is recorded as Deposit and Prepaid Expenses pending final authority estimated to be granted during 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.

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$190,930 (or RMB1,200,000) was paid by SJAP as deposit for the acquisition of "Land Use Right" 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 for CA's purchase of the Land Used Right 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);

(1) 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 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 it use its 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 remained pending as of September 30, 2014, which was scheduled to be paid on or before December 31, 2014.

(2) 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, 2014 $	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 2014 the Company did not pay further deposit and prepayment for investments in future assets and in future Sino Foreign Joint Venture companies; as such, there is no change in this respect.

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Note (11): Breakdown of Accounts receivable:

	December 31, 2014				
	Accounts receivable $	0-30 days $	31-90 days $	91-120 days $	over 120 days and less than 1 year $
Consulting and Service totaling					
- CA	14,123,252	-	14,123,252	-	-
- SIAF	2,506,024	-	-	2,506,024	-
Sales of Live Fish, eels and prawns (from Farms) (CA)	13,649,088	1,524,465	4,680,751	7,443,872	-
Sales of imported seafood (SIAF)	6,240,164	6,240,164	-	-	-
Sales of Cattle and Beef Meats (from Enping Farm) (MEIJI)	12,866,293	3,768,225	-	-	9,098,068
Sales of HU Flowers (Fresh & Dried) (JHST)	11,129,317	-	2,004,004	2,441,167	6,684,146
Sales Fertilizer, Bulk Stock feed and Cattle by (SJAP)	29,843,286	6,545,924	13,143,217	6,443,398	3,710,747
Sales Fertilizer from (HSA)	10,065,029	1,475,547	2,756,322	2,072,687	3,760,473
Sales of Beef (QZH)	4,080,618	2,108,736	1,617,008	231,235	123,639
Total	**104,503,071**	**21,663,061**	**38,324,554**	**21,138,383**	**23,377,073**

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 receivable is not in doubt.

Fish Sales: 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 oversized fish takes time to sell). We sold $23 million in live fish, eels and prawns (live seafood) to the wholesalers for the year ended December 31, 2014 and as of December 31, 2014, accounts receivable of $ 0 was over 120 days. These debtors represent credit quality receivables as they are well established wholesalers, profitable and viable businesses with a good track record, and therefore provision of diminution in value is not required as collection is not in doubt.

Sales of fertilizer and bulk livestock feed: 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.

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), which accounted for 62.55% of our consolidated revenues for the year ended December 31, 2014 as shown in the table below:

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	Twelve months ended December 31, 2014	
	% of total revenue	Customer's Total Revenue
Customer A	25.73%	$ 104,019,846
Customer B	15.94%	64,443,322
Customer C	14.24%	57,566,067
Customer D	6.65%	26,899,512
	62.55%	$ 252,928,747

Customer A is Guangzhou City A Power NaWei Trading Co. Ltd ("APNW"). In respect of the project for WSC 1, 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 has 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 contributes 25.73% of our total consolidated revenue, which is equivalent to $104,019,846 out of our total revenue of $404,334,373 derived from activities shown in the 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)	6.32%	25,562,135
		Sales of fish prawns & eels from Contract Growers		6.83%	27,598,482
SIAF	Corporate	Trading sales of seafood, beef & mutton		12.58%	50,859,229
				25.73%	104,019,846

Customer B 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 2014, Mr. Li had transacted 15.94% of our total consolidated revenue (equivalent to $64,443,322) out of our total revenue of $404,334,373 derived from the sale of SJAP's organic fertilizer, bulk livestock feed and concentrated livestock feed under the segment of Organic Fertilizer and Bread Grass.

Customer C is one of our main agents, namely Mr. Xian Zhiming (Zhongshan new prawn farm), to whom we agreed to extend trading terms between 120 days to 180 days in the interim until such time as we assist them to procure a project loan of up to $60 million targeting on or before December 31, 2015.

Customer D 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 us with young cattle. The fiscal year 2014, transactions through Mr. Zhen Runchi generated 6.65 % of our total consolidated revenue (equivalent to $26,899,512 out of our total revenue of $404,334,373.

Major customer's account receivables:

The 4 major long-term customers (referring to Customer A, B, C and D above & mentioned in the Financial Statements of this Annual Report), whose account receivables collectively amount to $57,108,379 that is equivalent to 14% of our consolidated revenues ($404,334,373) for the year 2014 as shown in the table below:

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	31-Dec-14	
	% of total Accounts receivables	Total Accounts receivables
Customer A	21.21%	$ 22,168,603
Customer B	13.51%	14,123,252
Customer C	10.24%	10,695,906
Customer D	9.68%	10,120,618
	54.65%	$ 57,108,379

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

	2014
Plant and machinery	$ 4,038,274
Structure and leasehold improvements	53,120,203
Mature seeds and herbage cultivation	10,794,289
Furniture and equipment	629,055
Motor vehicles	765,858
	69,347,679
Less: Accumulated depreciation	(4,994,704)
Net carrying amount	$ **64,352,975**

Note (13) Construction in progress:

	2014
Construction in progress	
- Oven room and road for production of dried flowers	539,304
- Office, warehouse and organic fertilizer plant in HSA	20,205,123
- Organic fertilizer and bread grass production plant and office building	12,325,685
- Rangeland for beef cattle and office building	35,074,556
- Fish pond	975,609
	69,120,277

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

Item	Owner	Location	Acres	Date Acquired	Tenure	Expiry dates	Cost $	Monthly amortization $	2014.12.31 Balance $	Nature of ownership	Nature of project
Hunan lot1	HSA	Ouchi Village, Fenghuo Town, Linli County	31.92	4/5/2011	43	4/4/2054	242,703	470	221,537	Lease	Fertilizer production
Hunan lot2	HSA	Ouchi Village, Fenghuo Town, Linli County	247.05	7/1/2011	60	6/30/2071	36,666,141	50,925	34,527,283	Management Right	Pasture growing
Hunan lot3	HSA	Ouchi Village, Fenghuo Town, Linli County	8.24	5/24/2011	40	5/23/2051	378,489	789	343,794	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	932,917	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	901,852	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	1,971,346	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	1,792,378	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	843,032	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	725,609	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	4,837,262	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	1,325,410	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	5,082,136	21,176	4,129,236	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	485,495	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	400,088	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	4,453,665	12,371	4,416,551	Management Right	Agriculture
	JHST	Land improvement cost incurred		12/1/2013			3,914,275	6,155	3,834,266		
Exchange difference							2,197,490		1,634,146		
			639				**69,428,143**	**119,418**	**63,322,202**		

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Note (15) Other Receivables

	2014	Note
Advanced to employees	476,630	
Advanced to suppliers	9,910,682	15A
Advanced to customers	13,917,948	
Loan to unincorporated companies (referring to corporate structure chart)	28,000,000	
	52,305,260	

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

At SJAP it is a common practice to make cash advances to our cooperative growers (presently standing at 100 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 $3,000 per member 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 revenues are also increasing.

Note (16) Current Liabilities:

	2014	Note
Current liabilities		
Accounts payable and accruals	22,138,835	16A
Billings in excess of cost and estimated earnings on uncompleted contracts	8,060,580	
Series F shares mandatory redemption payable	3,146,063	16B
Due to a director	1,172,059	16C
Other payables	11,695,982	
Short term bank loan	4,410,727	
Bonds payable	1,725,000	
	52,349,246	

Note (16C): Analysis of Other Payables:

As of December 31 2014, we have other payables totaling $11,695,982, composed of the following:

For the fiscal year ended December 31 2013, we issued promissory notes amounting to $10,491,375 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 are used to settle debt amounts, the respective share conversion rates will be determined by both parties at the time of settlement. During fiscal year 2014 we redeemed $13,006,375 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 $1,110,000 of promissory notes still due and outstanding as of December 31, 2014.

A grant of $2,419,513 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, 2014, as work is in progress on the said project but it is not yet completed, the grant is recorded as other payables.

Also in fiscal year 2014, 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 notes or agreements but verbal understandings. These advances amount to $8,176,469 unpaid and outstanding as at December 31, 2014.

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

	2011	2012	2013	2014	Total 4 years
	In round figures of $ millions				
Sale of goods	31	88	209	323	651
Consulting income	21	51	52	81	205
Cost of goods sold	17	51	139	231	438
Cost of service	10	18	21	44	93
EBITDA	22	66	98	119	304
Depreciation & amortization	1	2	3	5	9
Non - controlling interest	5	6	20	22	53
Net income attributable to SIAF & subsidiaries	16	57	74	92	239
Total Assets	153	242	368	532	
Total liabilities	16	26	36	70	
Total stockholders equity	137	216	332	462	
Total Capex	14	34	71	35	154
1. property and equipment	-	18	22	21	61
2. construction in progress	2	13	41	10	66
3. land use right	12	3	4	4	23
4. proprietary technologies	-	-	4	-	4
	-	-	-	-	-
Total increase of wc	18	47	43	112	220
1. increase in inventories	3	17	-6	38	52
2. increase in receivable or decrease in payable etc .	15	30	49	74	168
Total capex and increase of wc	32	81	114	147	374
Free Cash Flow (FCF)	-10	-15	-16	-28	-70
Net Debt	-1	-2	-5	24	
	In round figures of million shares				
Total authorized common stocks	10	13	17	23	
Weighted average of total issue & outstanding common stocks					
Basic	6	8	12	16	
Diluted	7	9	13	17	
	In US$/share				
Earning per share (or EPS)					
Basic	2.57	6.93	6.14	5.81	
Diluted	2.28	6.14	5.76	5.56	
NTA / share					
Basic	23	26	28	29	
Diluted	20	23	26	28	

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E.2 APWAM (holding company of SJAP).

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	15	21	62	102	200
Cost of goods sold	7	15	38	71	131
EBITDA	8	7	27	33	75
Depreciation & amortization	-	-	-	1	1
Non - controlling interest	4	4	15	18	41
Net income attributable to SIAF & subsidiaries	4	3	12	13	32
Total Assets	17	43	88	134	
Total liabilities	2	11	15	28	
Total stockholders equity	15	32	73	106	
Total Capex	2	14	38	20	74
1. property and equipment	-	9	12	6	27
2. construction in progress	2	4	24	14	44
3. land use right	-	1	-	-	1
4. proprietary technologies	-	-	2	-	2
Total increase of wc	7	-6	-12	12	1
1. increase in inventories	3	11	-6	24	32
2. increase in receivable or decrease in payable etc .	4	-17	-6	-12	-31
Total capex and increase of wc	9	8	26	32	75
Free Cash Flow (FCF)	-1	-1	1	1	0
Net Debt	-1	-2	-5	-7	

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E.3.SIAF's Corporate Operational division

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	-	2	22	51	75
Consulting income	-	3	9	5	17
Cost of goods sold	-	1	19	37	57
Cost of service	-	1	3	5	9
EBITDA	-	2	6	6	14
Depreciation & amortization	-	-	-	0	
Non - controlling interest	-	-	-	-	
Net income attributable to SIAF & subsidiaries	-	2	6	6	14
Total Assets	3	10	19	50	
Total liabilities	1	7	8	21	
Total stockholders equity	2	3	11	29	
Total Capex	-	-	2	1	3
1. property and equipment	-	-	-	-	-
2. construction in progress	-	-	-	1	1
3. land use right	-	-	-	-	-
4. proprietary technologies	-	-	2	-	2
Total increase of wc	45	18	25	34	122
1. increase in inventories		-	0	-	-
2. increase in receivable or decrease in payable etc .	45	18	25	34	122
Total capex and increase of wc	45	18	27	35	125
Free Cash Flow (FCF)	-45	-16	-21	-29	-111
Net Debt	-	-	-	-13	

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E.4. CA (Fishery Development Division)

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	10	28	47	54	139
Consulting income	17	37	36	76	166
					-
Cost of goods sold	8	14	33	36	91
Cost of service	8	14	13	39	74
EBITDA	8	35	37	55	136
Depreciation & amortization	-	-	-	-	
Non - controlling interest	-	-	-	-	
Net income attributable to SIAF & subsidiaries	8	35	37	55	135
Total Assets	40	60	81	131	
Total liabilities	4	4	7	2	
Total stockholders equity	36	56	74	129	
Total Capex	-	-	3	4	7
1. property and equipment	-	-	-	-	-
2. construction in progress	-	-	3	-	3
3. land use right	-	-	-	4	4
4. proprietary technologies	-	-	-	-	-
Total increase of wc	12	37	25	51	125
1. increase in inventories					
2. increase in receivable or decrease in payable etc .	12	37	25	51	125
Total capex and increase of wc	12	37	28	55	132
Free Cash Flow (FCF)	-4	-2	9	-	4
Net Debt	-	-	-	-	

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

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	-	16	25	52	93
Cost of goods sold	-	10	19	41	70
EBITDA	-	5	6	10	21
Depreciation & amortization	-	0	0	1	2
Non - controlling interest		1	1	2	4
Net income attributable to SIAF & subsidiaries	-	4	5	8	17
Total Assets	8	12	19	41	
Total liabilities	-	-	-	10	
Total stockholders equity	8	12	19	31	
Total Capex	-	6	2	1	9
1. property and equipment	-	6	-	2	8
2. construction in progress	-	-	2	-1	1
3. land use right	-	-	-	-	-
4. proprietary technologies					
Total increase of wc	-	6	5	9	20
1. increase in inventories	-	5	-	1	6
2. increase in receivable or decrease in payable etc .	-	1	5	8	14
Total capex and increase of wc	-	12	7	10	29
Free Cash Flow (FCF)	-	-7	-1	-	-8
Net Debt	-	-	-	-	

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

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ millions				
Sale of goods	-	6	18	33	57
Consulting income	4	11	7	-	22
Cost of goods sold	-	4	13	31	48
Cost of service	2	3	5	-	10
EBITDA	1	9	5	2	18
Depreciation & amortization	-	0	0	0	1
Non - controlling interest	-	-	-	-	-
Net income attributable to SIAF & subsidiaries	1	9	5	1	16
Total Assets	7	20	33	38	
Total liabilities	-	-	2	5	
Total stockholders equity	7	20	31	33	
Total Capex	5	2	-	-	7
1. property and equipment	-	-	-	-	-
2. construction in progress	-	-	-	-	-
3. land use right	5	2	-	-	7
4. proprietary technologies					
Total increase of wc	-3	1	5	3	6
1. increase in inventories	-	1	-	1	2
2. increase in receivable or decrease in payable etc .		-	5	2	4
Total capex and increase of wc	2	3	5	3	13
Free Cash Flow (FCF)	-1	6	-	-1	5
Net Debt					

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E.7. MEIJI and JHST plantation division

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	6	12	23	11	52
Cost of goods sold	2	5	10	4	21
EBITDA	4	6	11	6	28
Depreciation & amortization	0	-	1	1	2
Non - controlling interest	1	1	3	1	6
Net income attributable to SIAF & subsidiaries	3	5	7	4	19
Total Assets	28	37	49	53	
Total liabilities	-	-	-	-	
Total stockholders equity	28	37	49	53	
Total Capex	-	3	10	1	14
1. property and equipment	-	3	6	1	10
2. construction in progress	-	-	-	-	-
3. land use right	-	-	4	-	4
4. proprietary technologies	-	-	-	-	-
Total increase of wc	-3	1	6	5	9
1. increase in inventories	-	-	-	-	-
2. increase in receivable or decrease in payable etc .	-3	1	6	5	9
Total capex and increase of wc	-3	4	16	6	23
Free Cash Flow (FCF)	7	2	-5	-	5
Net Debt					

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E.8. HSA (the Hunan fertilizer Operation)

	2011	2012	2013	2014	Total 4 years
	In rounded figures of $ million				
Sale of goods	-	3	12	20	35
Cost of goods sold	-	2	7	11	20
EBITDA	-	0	4	7	12
Depreciation & amortization	0.40	1	1	1	4
Non - controlling interest			1	1	2
Net income attributable to SIAF & subsidiaries	-	-1	2	5	6
Total Assets	50	60	79	85	
Total liabilities	9	4	4	4	
Total stockholders equity	41	56	75	81	
Total Capex	7	9	16	8	40
1. property and equipment	-	-	4	12	16
2. construction in progress	-	9	12	-4	17
3. land use right	7	-	-	-	7
4. proprietary technologies	-	-	-	-	-
Total increase of wc	-40	-10	-11	-2	-63
1. increase in inventories	-	-	-	12	12
2. increase in receivable or decrease in payable etc .	-40	-10	-11	-14	-75
Total capex and increase of wc	-33	-1	5	6	-23
Free Cash Flow (FCF)	33	1	-1	1	35
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.

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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, 2014 and 2013 in compliance with US Treasury Internal Revenue Code and we filed our 2013 Tax returns with the Internal Revenue Service ("IRS") of USA Government on June 2014.

As of December 31, 2014, 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.

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, 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, 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, 2014 and 2013.

No Swedish corporate income tax has been provided in the consolidated financial statements, since SAFS incurred a tax loss for the twelve months ended December 31, 2014.

No deferred tax assets and liabilities are payable as of December 31, 2014 and December 31, 2013 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, 2014, unrestricted cash and cash equivalents amounted to $3,031,447 (see notes to the consolidated financial statements), and our working capital as of December 31, 2014 was $229,410,116.

Contractual Obligations	Less than 1 year	1-3years	3-5 years	More than 5 years	Total
Short Term Debts	4,410,727				4,410,727
Bonds payable	1,725,000	15,803,928			17,528,928
Long Term Debts	-	2,306,057			2,306,057
Other payables- Promissory Notes	1,100,000				1,100,000

Cash provided by operating activities amounted to $22,150,719 for the twelve months ended December 31, 2014. This compared with cash provided by operating activities totaled $84,241,349 for the twelve months ended December 31, 2013. The decrease in cash flows from operations primarily resulted from the decrease of inventories of $(37,819,790) for the twelve months ended December 31, 2014 from $8,966,552 for the twelve months ended December 31, 2014.

Cash used in investing activities totaled $(31,514,245) for the twelve months ended December 31, 2014. This compares with cash used in investing activities totaling $(93,308,417) for the twelve months ended December 31, 2013. The increase in cash flows used in investing activities primarily resulted from payment for construction of $(26,693,530) for the twelve months ended December 31, 2014 from $(51,226,616) for the twelve months ended December 31, 2013.

Cash provided by financing activities totaled $9,942,691 for the twelve months ended December 31, 2014. This compares with cash used in financing activities totaling $907,142 for the twelve months ended December 31, 2013. The increase in cash provided by financing activities due to net proceeds from convertible note of $7,522,450 for the twelve months ended December 31, 2014 from $0 for the twelve months ended December 31, 2013.

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CRITICAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

The audited consolidated financial statements for the twelve months ended December 31, 2014 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 1 for 9.9 reverse stock split. On December 17, 2014, the Company implemented the conversion rate of 1 for 9.9 shares 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 the 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.

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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.

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SHIPPING AND HANDLING

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

ADVERTISING

Advertising costs are included in general and administrative expenses, which totaled $2,379,831 and $2,365 for the years ended December 31, 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 ("P.R.C.") 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, 2014 or December 31, 2013.

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.

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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 P.R.C 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*.

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(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 P.R.C. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the P.R.C., and 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.

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

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, 2013 and December 31, 2012 were translated at RMB6.10 to $1.00 and RMB6.29 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, 2013 and December 31, 2012 were RMB6.19 to $1.00 and RMB6.31 to $1.00, respectively.

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.

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.

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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.

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:

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 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, 2014 or 2013, 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 year ended December 31, 2014 or 2013.

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 will be effective for us beginning July 1, 2013. Other than requiring additional disclosures, there is no material impact on the 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 will be effective for us beginning July 1, 2014. there is no material impact on the consolidated financial statements upon adoption.

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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 does not expect 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 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 our 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 has 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 our 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.

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.

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PROGRESS REPORTS AND SUBSEQUENT EVENTS

- **Table (PS 1) below shows the progress reports and subsequent events on operational affairs of each subsidiary as of December 31, 2014, onward:**

Name of subsidiaries	Operating divisions	Description
SJAP	Cattle farming & fattening	From Note to Table (A.4) and its related Table, we have obtained following records and assumptions: *Note (a): Total head of cattle sold by SJAP is 18,585 in 2014 of which 13,860 head were contracted with and purchased from Cooperative farms after the cattle have been fattened for a period up to 3 months and 4,725 head were grown or fattened by SJAP's own farm.* *Note (b & d): The average sales price per head of cattle is at US$3,397 / head of cattle at averaged weight of 680 Kg / head whereas the average weight of cattle from the cooperative farms is at 630 Kg / head sold at an average of US$3,176 / head while the heavier cattle grown by our own farm average in at $4,169 / head, which reflecting corresponding value, accordingly.* *RMB25 / Kg of live weight are the average cost that SJAP paid to its cooperative farms for their fattening contracts with the said farms yielding an average of RMB15,750 / head of (630 Kg) fattened cattle. As such, we are expecting the Cooperative farms' average cost of growing and fattening the cattle at RMB11,100 to 11,400 / head and Gross Profit at RMB4,350 to 4,605 / head (or between 28% to 30% in Gross Profit), from which SJAP's average Gross Profit derived from the sales of cattle contracted with and fattened by the Cooperative farms is at 19%.*
	Fertilizer	*The decrease of sales in SJAP's fertilizer was by 26,836 MT between 2014's 33,673MT and 2013's 60,509 MT mainly due to SJAP no longer needing to supply HSA with fertilizer because HSA has been operating its second fertilizer process plant in 2014. In the meantime, the Company is analyzing plans on how to improve its fertilizer sales targeting viable actionable plans during Q2 2015.*
	Bulk live-stock-feed	*Taking into consideration the decrease in sales of the Bulk livestock feed by 804 MT between 2013's 38,194 MT and 2014's 37,390 MT primarily due to the decrease of external sales of Bulk livestock feed to non-cooperative regional farmers because of the good harvest season experienced throughout the region providing other source alternatives to them, this kind of situation changes year to year and the plan to increase the numbers of our Cooperative farms in 2015 will also help to improve the sales of bulk stock-feed.*
	Concentrated stock-feed	SJAP is targeting a natural growth from 10 to 15% per year starting from 2015, onward.
	Slaughter house	In 2015, taking into consideration imported beef meat will continue to provide a better profit margin compared to our locally processed beef meats, management projects that slaughter activity to be within 2,000 to 3,000 head in 2015, and that sales of live-cattle will be maintained, as in 2014.
	Deboning & processing	This division is projected to generate the following in 2015: (i) Deboning locally slaughtered cattle into 720 to 1150 MT of meat and (ii) Deboning from 4,000 MT up to 6,000 MT of quarter cut beef into 3,120 MT to 4,680 MT of meat. Collectively, in terms of money, this activity has the ability to generate sales from RMB150 million (or US$40.6M) to RMB375 Million (US$61M) in 2015. In SJAP management's opinion, collectively, Qinghai Province and its other four neighboring Provinces (i.e. Xinjiang, Xi Zang, Si Chuan and Gansu Provinces) provide more than ample demand for SJAP's Halal and non-Halal beef meats.

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	Others	(i) Supply to Tesco Super Market Chain: During the 4th Quarter of 2014, Vanguard Corporation (China), as a result of its acquisition of Tesco China, which had been approved by the China Authorities in 2014, has transitioned Tesco management with existing managers from Vanguard operations. Unfortunately, as a result of this transition, the new management team feels that the larger floor space Tesco's management had agreed to provide SJAP as a condition of their joint venture, is a measure that they cannot honor. In light of this change, especially the constraints reduced floor space would have on SJAP's projected bottom-line, manpower invested, etc. SJAP has requested Vanguard to allow them to withdraw their commitment, to which Vanguard has agreed. In the meantime, SIAF is assisting SJAP in finalizing a service contract with another international super market chain with outlets in China. SIAF will inform shareholders of its progress when it occurs. (ii) SJAP's immediate hurdle within its deboning operation: SJAP has been having difficulty sourcing skilled deboning labor, which has been affecting its productivity. A plan is underway to acquire a previous or current State Owned Enterprise (SOE) that operates as a deboning and value-added beef facility that employs sufficient skilled operators. SJAP is under current negotiations to acquire one of these facilities. The Company will inform shareholders of any progress as it occurs. Future planning of SJAP's cattle sector: Evidenced throughout the second half of 2014 was that imported beef could be acquired more cheaply than our own produced beef of similar quality; the main reason is that countries such as Australia, New Zealand, America, etc., have well developed and established cattle farms that have plenty of pasture that their cattle are fed with and, as such, their production costs are comparatively much lower than SJAP's cattle that have to be fattened with concentrated stock-feed and maintained with bulk stock-feed because of Qinghai Xining's cold winter months preventing year-round pasturing. This situation actually affects most of China's cattle growing districts, which is why until now the cattle industry in China had enjoyed Government protection for many years. However, during November 2014, the China and Australian Governments concluded a treaty that will phase out import tax for Australian beef by year 2023, eventually having a negative impact on China's cattle industry, and even more so if similar treaties are reached with other export countries. Taking this into consideration, Management has decided to: (i) upgrade its beef cattle from existing Angus, Simmental, etc. to Wagyu cattle that will be fed with concentrated feed for at least 450 days, and (ii) feed the existing 2 year-old Angus or Simmental cattle with concentrated feed up to 550 days thus improving their overall meat quality. We believe that for the developed countries to grain feed these cattle up to 550 days, their cost will be much higher than in China due to their higher labor, utility, and grain costs, allowing SJAP a competitive edge in the long run. As the population of the middle class increases in China, the demands on the higher premium quality beef will increase, and currently the higher quality grain fed beef meat with quality marble is wholesaling at an average of RMB 200 / kg while our current produced beef prices in at RMB82 / kg, with imported beef at RMB 60 / kg. **Certification for ISO9000 and Organic Beef** Work is in progress on the application to obtain ISO9000 certification for the "Abattoir and Deboning Facility" and to obtain Organic Status for SJAP's own grown cattle; however these are long processes such that the Company at this stage can't be sure of the time for their respective approval, but will keep our shareholders informed, accordingly.
Name of subsidiaries	**Operating divisions**	
HSA	Fertilizer operation	The increase in sales of organic mixed fertilizer is encouraging for HS.A showing that Hunan lake fishermen are getting more receptive to our fertilizer specially formulated for lakes, producing better economical results.
	Cattle farming	Construction of the cattle houses started in the 4th quarter of 2014 expecting completion within 2015, and upon completion, will have the capacity to house 2,000 head of cattle.
	Crop plantation	Because of a few snowy weeks during the 4th quarter in the Linli district (the district where our fertilizer complex is located), some of the yellow grass had been damaged, and as such, will need to be replanted starting in April 2015.
	Others	* Please refer to the pictures below for some of HSA's development in progress.

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HUNAN HSA's foundation work on its 2000 heads' cattle farm



- **Table (PS 2) below shows the progress reports and subsequent events on operational affairs of each subsidiary**

Subsidiary	Operation division	Description
JHST (HU Plantation)	Immortal Vegetables	As explained in the past, Immortal Vegetables cannot grow in the Enping District during the winter months thus, there were no Immortal Vegetables planted or harvested during the 4th Quarter, but rather other cash crops (seasonal vegetables, sunflowers, etc.) were planted / harvested helping to offset some of JHST's labor cost.
	HU Flowers	There was no late harvest in 2014 due to the wet conditions experienced by the region earlier that year. Time, instead, has been spent keeping the HU plants healthy and free from targeting the upcoming season for better results. In this respect, management is optimistic because the weather forecasts an extremely dry season for 2015, such that finally our hard work in the last few years of installing water holding systems and sprinkler systems will become useful in providing us with a unique harvest season capitalizing on the short supply and high commodity price projections for 2015.
	Drying & Processing	The application to Government authorities to convert 50 Mu of agriculture land into industrial land is pending to allow construction of additional drying and production facilities. At this time, there is no further indication as to when the application will be approved.
	Others	After the construction of its new facilities during Q3 2014, the HU Plantation now has the capacity to house up to 60 workers at a time, and the production areas needed to produce its own enzyme that has multiple applications including the production of another type of organic fertilizer free from animal waste antibodies that typically would be absorbed by our HU plants or immortal vegetables.

Table (PS 3) below shows the progress reports and subsequent events on operational affairs of each subsidiary:

Subsidiary	Operation division	Description
CA (Fishery)	(Existing Projects)	Includes Fish Farm (1), Prawn Farm (1), Prawn Farm (2), R&D Station and the Zhongshan New Prawn Farm Project. The tables below illustrate the differences in economic values between growing prawns in our APM indoor tanks, our designed RAS open dams and the traditional open dams as well as information recorded in our APM tanks for raising Sleepy Cod and Flower Pattern eels:

Information on the grow-out of Sleepy Cods, Flower Pattern eels and prawns using our in door APM tanks

General information (1)	Cost of grow-out in APM tanks				G.P.	Feed Conversion	Prices of feed	Weight gain average		
	Fingerling stocks	Feed Stocks	Mortality	Total cost		Rate	RMB/Kg	g= grams m=month		
Sleepy cods	55%	21%	5%	81%	19%	1.25(F) / 1(Lwt)	16	350g & up 50/60 g / m	500g & up 55/65g / m	600g & up 65g & up / m
Flow Pattern Eels	32%	18%	6%	56%	49%	1.8(F) / 1 (LWT)	10	900g & up 55/65g/month	1500g & up 65/70g / m	2000g & up 70g & up / m
Big Giant Prawns	9%	16%	15%	40%	60%	0.9 (F) to 1 (LWt)	7.50	3 Wks to 6 Wks 8g to 10 g / piece	6 Wks to 9 Wks 12.5 g / piece 0.12 g / day	9Wks to 12 Wks 16/17 g / piece 0.19 g / day
						(F) = Feed (Lwt) = Live weight				

Information on the grow-out of prawns by RAS open dams

General information (2)	Cost RAS open dams	G.P.	Feed Conversion	Prices of feed	Weight gain average

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	Fingerling stocks	Feed Stocks	Mortality	Total cost		Rate	RMB/Kg			
Mexican White	6%	18%	45%	69%	28%	1.5(F) / 1(Lwt)	7.50	2 Wk to 5 Wks 7/8 g / piece	5 Wks to 8 Wks 10/11 g / piece	8Wks to 10 Wks 13/14 g / piece
Big Giant Prawns	9%	21%	45%	75%	25%	1.8 to 1.9 (F) / 1 (LWT)	7.50	3 Wks to 6 Wks 10 g / piece	6 Wks to 9 Wks 12/13g / piece 0.10 g gained / day	9Wks to 12 Wks 15/16 g / piece 0.16 g gained / day

Information of the grow-out of prawns by the traditional open dams (without RAS dams)

General information (3)	Cost RAS open dams				G.P.	Feed Conversion	Prices of feed	Weight gain average		
	Fingerling stocks	Feed Stocks	Mortality	Total cost		Rate	RMB/Kg			
Mexican White	6%	25%	55%	86%	14%	1.8 to 1.9 (F) / 1(Lwt)	7.50	2 Wk to 5 Wks 7/8 g / piece	5 Wks to 8 Wks 10/11 g / piece	8Wks to 10 Wks 13/14 g / piece
Big Giant Prawns	9%	25%	55%	89%	11%	2. to 2.1(F) / 1 (LWT)	7.50	3 Wks to 6 Wks 10 g / piece	6 Wks to 9 Wks 12/13g / piece 0.10 g / day gain	9Wks to 12 Wks 15/16 g / piece 0.16 g / day gain

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We also believe that Prawn Farm (2) (although, its financials are not consolidated into the Group) will have a strong growth rate in 2015 due to progress made on its brood stock development program having successfully brought from under contract with (1) The China Government owned Research & Development Station, its first batch of Big Giant Prawn (BGP), whose brood stocks are claimed to be the best developed in China, and (2) a subsidiary of CP Group Thailand (one of the biggest seafood operators in Thailand and the world), its first batch of Specific Pathogen Free (SPF) BGP brood stock during Q4 2014. Starting from March 26th 2015 sales of fingerling from these BGP brood stocks will begin, and due to their superior quality we are expecting 5,000,000 pieces sold per day for the next 240 days generating revenues for PF(2) of up to RMB 72 million (or US$11.8 million) based on BGP fingerling sales, alone. Simultaneously, PF(2) is pursuing quality brood stock for Mexican White and Green Prawns and expecting positive results in 2015. Currently CA earns on average a 10 to 12% commission from PF(2)'s fingerling sales, however, upon completion of the planned merger and acquisition of PF(2) into a Sino Foreign Joint Venture Company, targeting 2016, PF(2) will contribute anywhere up to 30% of revenues and profits to CA's consolidated financials (excluding the Zhongshan New Prawn Project's contribution).

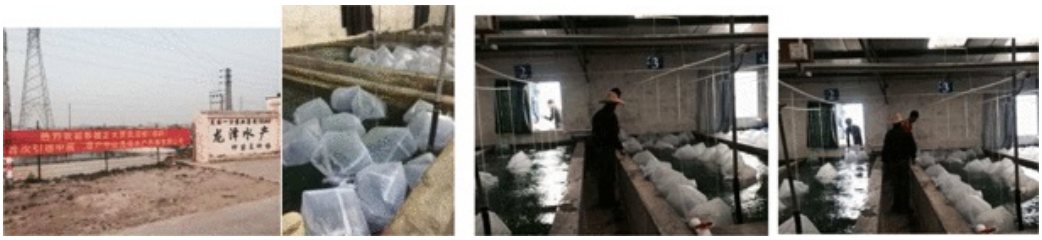
PF(2) Information on Production rate of mother stock and survival rates of fingerling stock 2014.

	Brood stock production				Survival rates (Fingerling)					2014 prices	CA's charges	Average GP
	Eggs / mother per 14 days	Frequence	Useful period	Total / Period	Eggs	day old	7 days old	14 days old	21 days old	RMB/10,000	RMB/10,000	%
Mexican White	200,000	each 14 days	3/4 months	1,600,000	90%	90%	85% All sold by Day 7			250	25	40
Green Prawns	1 million to 1.8 million	each 14 days	5/6 months	Av 15 million	90%	90%		85% All sold by day 14		500	50	40
Big Giant Prawns	35,000 / 40,000	each 14 days	up to 24 months	18,200,000	90%	90%			85% All sold by day 21	650	50	40

* Please refer to the pictures below showing the current status of PF(1), and PF(2)

Zhong Shan Prawn Farm (2) PF2

The fingerling are being packed in plastic bags to be sold to customers



Fish and prawns are being loaded onto the truck to go wholesale markets.

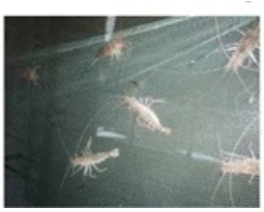


Some of the Customers waiting to pick up their fingerling.



Sizes of the marketed prawns and The latest SPF brood stocks

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Table (PS 4) below shows the progress reports and subsequent events on operational affairs of each subsidiary:

Subsidiary	Operation division	Description
CA (Fishery)	Zhongshan New Prawn Project (ZSNP)	During the last Quarter of 2014, ZSNP has started construction work (Stage 1; Phase 1) on development of APM tanks that are designed to produce up to 10,000 MT of prawns / year. It was expected that by end of March 2015, the first modular farm with designed capacity to produce up to 3,000 MT of prawns / year would be completed, however due to the extended Lunar New Year holiday and more than normal rainfall in March 2015 construction work was delayed. We estimate that the first modular farm will be completed by the end of May 2015, with stocking of fingerling planned in June 2015, and the first sale of prawns commencing in August 2015, considering all goes well. Our Management team is expecting better production efficiency and capacity from this 11th generation design compared with the 10th generation design of FF(1), and is confident that this latest design provides one of best environments for sustainability and production of prawns. * Please refer to the pictures below showing the latest developments of the new Zhongshan Prawn project (ZSNP)

Latest pictures of ZHONGSHAN NEW PRAWN FARM Project's development; some of these tanks will be ready for stocking as early as in May 2015.



Table (PS 5) below shows the progress reports and subsequent events on operational affairs of each subsidiary:

Subsidiary	Operation division	Description
SIAF (Corporate & Trading)	Consulting & Services	There were no new restaurants developed or built in the Guangzhou area, but the second Bull restaurant in Xining City started operation in November 2014 and by end of February 2015, it had shown significant profits, returning an average of RMB100,000 per month in net profit, which is by far one of the best performing restaurants developed by the Company.

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The small meat and seafood (semi-wholesale and mainly retail shop) started operation in the third quarter of 2014, however, since its current activities are under performing, management is working to find positive solutions.
The construction and development work on the Shanghai distribution center is almost completed and will be ready for operation by April 2015. This center is equipped with a defrosting and aging refrigerator (D&A Frig) using the latest "Static Electric Refrigeration"Technology pioneered and invented in Taiwan. This D&A Frig will allow the daily sale of fresh meat to the Shanghai consumer, which is in high demand, and has resulted in the Shanghai Distribution Center establishing a supply contract with the Shanghai meat wholesale market to supply up to 50 MT of fresh chilled meat per day for initially 2 years starting from April 2015; this alone will allow the Shanghai Distribution Center to out-perform its targeted sales of 1,000 MT / month planned, initially.

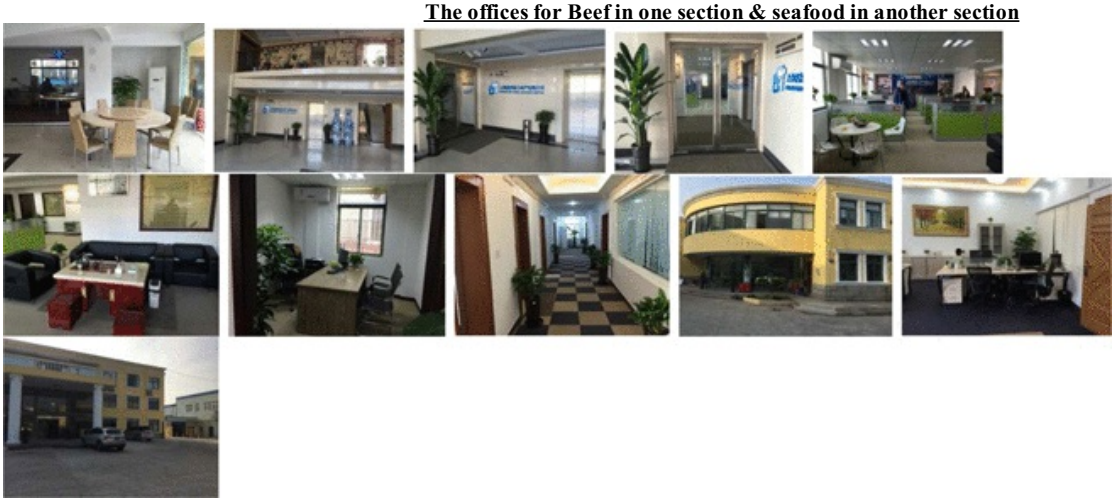
Imported goods

We see 2015 as a good year for import trades due to the development work done in Madagascar over the past two years, enabling us to secure more regular supplies including both live and frozen seafood.
Also, as explained in the SJAP section above, with economic conditions favoring more imported beef, the Shanghai Distribution Center will also increase its beef imports, so that the combination of both operations will see a much faster growth rate derived from Australian imported beef in 2015.

* Please see the latest photographs of the Shanghai Distribution Center below.

SHANGHAI Distribution Center's latest pictures as at March 26, 2015:

The offices for Beef in one section & seafood in another section



The live seafood section in the distribution center



The trolleys for hanging the quarter cut beef in the cold room equipped with the latest "Static Electricity" Technology from Taiwan that will defrost and age the fozen quarter cut beef into fresh chilled beef within 10 hours.



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SJAP's first lot of newborn Wagyu calves and the new range of super market packs






CONVERTIBLE NOTE PAYABLE

On August 29, 2014, the Company completed the closing of a private placement 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 initial advance of $6,982,667. The Company investor received 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, onward. 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 note-holder may elect to require the Company to issue a promissory note in lieu of cash in satisfaction of any interest due and payable at such time. Any interest promissory note shall be subject to the same terms held for the principal note, itself. 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 $9.9, subject to adjustment for stock splits, reverse stock splits, stock dividends and other similar transactions, 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.

OTHER FINANCING ARRANGEMENTS:

During the 1st Quarter of 2015, the Company secured the services of a number of well know financial institutions as financial advisors to assist the Company, and have obtained loan agreements from other well established financial institutions as follows:

- On March 12, 2015 we engaged Burnham Securities, Inc. (a leading U.S. underwriter 1930) to provide the Company with advisory services in respect of the Company's future financing plans and activities. This is another milestone in the Company's corporate strategy to successfully complete the five-year investment plan we initiated in 2010. Burnham's affiliation with major China-based investment funds is expected to bring SIAF deep relationships and experience in the capital markets that will help us to continue to enhance shareholder value.

- On March 13, 2015 we engaged Arctic Securities AB (a leading financial institution in Norway with extensive experience and investments in fishery operations) to provide the Company with advisory services in respect of the Company's future financing plans and activities in the Nordic region. This is another milestone in the Company's corporate strategy to successfully complete its future investment and expansion plans from 2015 onward. Arctic Securities is one of the leaders in fishery capital market investments, which we expect to further enhance shareholder value.

- Also during the first week of March 2015, the Company secured two loans from two reputable financial institutions in the United States based on the following principal terms and conditions:

  1. Loan Principal: US$10 million on Loan 1; US$15 million on Loan 2.
  2. Disbursement Terms: Between one week and one month per tranche, depending on the Company's needs.
  3. Loan Term : 3 years
  4. Interest Rate: 3.5% per annum for Loan 1; 5% per annum on Loan 2, payable quarterly.
  5. Repayment of principal: Lump sum at maturity
  6. Security: Collateralized with Company shares secured at 80% loan-to-value at the previous 3-day market average at the time of withdrawal.

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7. Return of security: Within 7 days after repayment of principal and outstanding interest (if any)
8. Other clauses: Including other general loan clauses (i.e. Default clauses, penalty interest, etc.)

The Lenders of these two loans has agreed to the loan amount of $10M and $15M respectively, however we are starting with a loan of $5M from each lender collectively to $10M that are secured by shares of the Company owed by a number of un-related third parties who agreed to pledge their respective shares for the Company to secure the said loans and at maturity of the loans, said shares will be returned to the pledgors respectively.

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 and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We conducted an evaluation (the "Evaluation"), under the supervision and with the participation of our Chief Executive Officer ("CEO") and our Chief Financial Officer ("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, 2014 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.

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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, 2014. 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, 2014, the Company's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm
This annual report does not include an attestation report of our independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only management's report in this annual report. We were not required to have, nor have we, engaged our independent registered public accounting firm to perform an audit of internal control over financial reporting pursuant to the rules of the SEC that permit us to provide only management's report in this annual report.

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	65	CEO and Director
Tan Poay Teik	56	Chief Marketing Officer and Director
Chen Bor Hann	50	Secretary and Director
Yap Koi Ming (George)	62	Independent Director
Nils Erik Sandberg	74	Independent Director
Daniel Ritchey	46	Independent Director
Lim Chang Soh (Anthony)	51	Independent Director
Olivia Lai	55	Chief Financial Officer

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 Group 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.

Tan Paoy Teik. Mr. Tan has been a Director and our Chief Marketing Officer since August 2007. Since July, 2005, he has been Group 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.

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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 group 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.

Daniel Ritchey. Mr. Ritchey has been an Independent Director of the Company since February 1, 2014. 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 focus on issues and industries related to natural resources and the environment.

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 group 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.

Olivia Lai. Ms. Lai has over 20 years accounting and finance experience and held senior positions in many multi-national and public accounting and consulting firms; including Cisco Systems, Ernst & Young and PricewaterhouseCoopers. She is a U.S. and Hong Kong Certified Accountant with memberships in the American Institute of Certified Public Accountants, Charted Global Management Accountants, Hong Kong Institute of Certified Public Accountants, and the Taxation Institute of Hong Kong. Ms. Lai holds a BSC in Accounting with the highest distinction from the University of Illinois, which she received in 1992 and an EMBA from the Kellogg School of Management, Northwestern University and University of Illinois — University of Science and Technology, Hong Kong, which she received in 2005. An American and Hong Kong Chinese, she is fluent in English, Cantonese, and Mandarin.

Family Relationships

There are no family relationships among our officers or directors.

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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 three directors: Messrs. Yap (chairman), Sandberg and Ritchey. 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.

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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, 2014.

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	2014	336,000	0	0	0	0	0	336,000
Chief Executive Officer	2013	336,000	0	0	0	0	0	336,000
Tan Paoy Teik	2014	174,000	0	0	0	0	0	174,000
Chief Marketing Officer	2013	174,000	0	0	0	0	0	174,000
Chen Bor Hann	2014	60,000	0	0	0	0	0	60,000
Secretary	2013	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, 2014.

Employment Agreements

Lee Yip Kun Solomon. On December 29, 2014, we renewed the three-year employment agreement effective and continuing as of January 1, 2015 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, 2015 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, 2015 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 shall 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

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- 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 18,069,412 issued and outstanding shares of common stock as of the date of this Annual Report by: (i) each of our directors; (ii) each of our named executive officers; and (iii) each person or group 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. Unless otherwise indicated below, beneficial ownership is calculated based on the 18,069,412 shares of common stock issued and outstanding as of the date of this Annual Report.

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	1,262,626	6.9%	75	75%	61.4%
Tan Poay Teik	—	0	20	20%	16%
Chen Bor Hann	—	0	5	5%	4%
George Yap	5,051	*	—	0	*
Nils Erik Sandberg (3)	416,485	2.3%	—	0	*
Daniel Ritchey	146,464	*	—	0	*
Anthony Soh	—	0	—	0	0
All Officers and Directors as a Group (7 persons)	1,830,626	10.1%	100	100%	82%
5% or Greater Beneficial Owners					
Nordnet Pensionsfoersaekring AB	2,050,304	11.3%	—	0	2.3%
Forsakringsaktiebolaget Avanza Pension	2,795,554	15.5%	—	0	3.1%

* 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 91,949 shares of common stock owned of record by Mr. Sandberg's spouse and 85,858 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.

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Equity Compensation Plan Information

The following table sets forth certain information as of December 31, 2014, 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, 2011 we were indebted to Mr. Lee in the amount of $289,764. During fiscal year 2012, we borrowed an aggregate of $3,056,039 from Mr. Lee, leaving us indebted to Mr. Lee in the amount of $3,345,803 on December 31, 2012. During fiscal year 2013 we repaid Mr. Lee an aggregate of $1,552,035, leaving us indebted to Mr. Lee an amount of $1,793,768 on December 31 2013 and as at 31st December 2014 we are indebted to Mr. Lee $1,172,059. 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 Anthony Kam & Associates Limited with respect to FYE 2014 and 2013 ("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:

AK&A	2014	$	161,000
AK&A	2013	$	151,000

(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:

AK&A	2014	$	0
AK&A	2013	$	0

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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.

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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 Foods, 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.

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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 Group, 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 Group 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.

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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	Jiangman 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.

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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 group of business 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

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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 31, 2015	By:	/s/ LEE YIP KUN SOLOMON Lee Yip Kun Solomon Chief Executive Officer (Principal Executive Officer)
March 31, 2015	By:	/s/ OLIVIA LAI Olivia Lai 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 31, 2015	By:	/s/ LEE YIP KUN SOLOMON Lee Yip Kun Solomon Chief Executive Officer, Director (Principal Executive Officer)
March 31, 2015	By:	/s/ TAN POAY TEIK Tan PoayTeik Chief Officer, Marketing
March 31, 2015	By:	/s/ CHEN BORHANN Chen BorHann Corporate Secretary
March 31, 2015	By:	/s/ YAP KOI MING Yap Koi Ming Director
March 31, 2015	By:	/s/ NILS ERIK SANDBERG Nils Erik Sandberg Director
March 31, 2015	By:	/s/ DANIEL RITCHEY Daniel Ritchey Director
March 31, 2015	By:	/s/ SOH LIM CHANG Soh Lim Chang, Director

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SINO AGRO FOOD, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

Source: Sino Agro Food, Inc., 10-K, March 31, 2015 Powered by Morningstar® Document Research℠

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SINO AGRO FOOD, INC. AND SUBSIDIARIES

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2105 Wing On Ctr 111 Connaught Rd HK
+852 2246 6888 info@akamcpa.com
www.akamcpa.com

AKAM Anthony KAM & associates ltd certified public accountants
China Hong Kong Indonesia Malaysia Singapore
Taiwan United Kingdom United States

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. and subsidiaries as of December 31, 2014 and December 31, 2013, and the consolidated statements of income and other comprehensive income, the consolidated statements of stockholders' equity, and the consolidated statements of cash flows for the years ended December 31, 2014 and December 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board ("PCAOB").Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor have we been engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sino Agro Food, Inc. and subsidiaries as of December 31, 2014, and December 31, 2013, and the consolidated results of its operations and its cash flows for each of the years ended December 31, 2014 and December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

s/Anthony Kam & Associates Limited, CPA.
Anthony Kam & Associates Limited, CPA.

Hong Kong
March 31, 2015

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SINO AGRO FOOD, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2014 AND 2013

	Note	2014	2013 (Restated)
ASSETS			
Current assets			
Cash and cash equivalents	6	$ 3,031,447	$ 1,327,274
Inventories	7	45,967,993	8,148,203
Cost and estimated earnings in excess of billings on uncompleted contracts	19	-	663,296
Deposits and prepaid expenses	8	75,951,591	51,291,708
Accounts receivable, net of allowance for doubtful accounts	9	104,503,071	82,057,942
Other receivables	10	52,305,260	3,782,771
Total current assets		281,759,362	147,271,194
Property and equipment			
Property and equipment, net of accumulated depreciation	11	64,352,975	46,487,058
Construction in progress	12	69,120,277	59,134,732
Land use rights, net of accumulated amortization	13	63,322,202	60,705,829
Total property and equipment		196,795,454	166,327,619
Other assets			
Goodwill	14	724,940	724,940
Proprietary technologies, net of accumulated amortization	15	11,480,298	12,081,470
Long term investment	16	817,127	-
Temporary deposits paid to entities for investments in Sino joint ventures companies	17	41,109,708	41,109,708
Total other assets		54,132,073	53,916,118
Total assets		$ 532,686,889	$ 367,514,931
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses		$ 22,138,835	$ 11,055,194
Billings in excess of costs and estimated earnings on uncompleted contracts	19	8,060,580	3,146,956
Due to a director		1,172,059	1,793,768
Series F Non-convertible preferred stock redemption payable	20	3,146,063	-
Other payables	21	11,695,982	10,768,786
Short term debts	22	4,410,727	4,100,377
Bonds payable	23	1,725,000	-
		52,349,246	30,865,081
Non-current liabilities			
Series F Non-convertible preferred stock redemption payable	20	-	3,146,063
Long term debts	22	2,306,057	180,417
Bond payables	23	-	1.725.000
Convertible bond payables	24	15,803,928	-
		18,109,985	5,051,480
Commitments and contingencies		-	-
Stockholders' equity			
Preferred stock: $0.001 par value (10,000,000 shares authorized, 7,000,100 issued and outstanding as of December 31, 2014 and December 31, 2013, respectively)			
Series A preferred stock: $0.001 par value (100 shares designated, 100 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively)	25	-	-
Series B convertible preferred stock: $0.001 par value (10,000,000 shares designated, 7,000,000 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively)	25	7,000	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, 2014 and December 31, 2013, respectively)			
Common stock: $0.001 par value (22,727,273 shares authorized, 17,162,716 and 13,899,196 shares issued and outstanding as of December 31, 2014 and December 31, 2013, respectively)	25	17,162	13,899
Additional paid - in capital		121,158,996	105,037,379
Retained earnings		273,261,108	181,196,498
Accumulated other comprehensive income		6,452,816	6,260,131
Treasury stock		(1,250,000)	(1,250,000)
Total Sino Agro Food, Inc. and subsidiaries stockholders' equity		399,647,082	291,264,907

Source: Sino Agro Food, Inc., 10-K, March 31, 2015
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Non - controlling interest	62,580,576	40,333,463
Total stockholders' equity	462,227,658	331,598,370
Total liabilities and stockholders' equity	$ 532,686,889	$ 367,514,931

The accompanying notes are an integral part of these consolidated financial statements.

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SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF INCOME AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Note	2014	2013
Revenue			
- Sale of goods		$ 322,654,081	$ 208,614,041
- Consulting and service income from development contracts		80,112,541	51,179,311
- Commission and management fee		1,567,751	1,632,461
		404,334,373	261,425,813
Cost of goods sold		(230,753,652)	(139,346,055)
Cost of services		(44,241,900)	(20,548,608)
Gross profit		129,338,821	101,531,150
General and administrative expenses		(15,616,278)	(8,859,777)
Net income from operations		113,722,543	92,671,373
Other income (expenses)			
Government grant		537,787	613,678
Other income		443,575	230,840
Gain of extinguishment of debts	4	270,586	1,318,947
Interest expense		(761,299)	(393,592)
Net income (expenses)		490,649	1,769,873
Net income before income taxes		114,213,192	94,441,246
Provision for income taxes	5	-	-
Net income		114,213,192	94,441,246
Less: Net (income) loss attributable to the non - controlling interest		(22,148,582)	(20,234,717)
Net income from continuing operations attributable to the Sino Agro Food, Inc. and subsidiaries		92,064,610	74,206,529
Other comprehensive income			
Foreign currency translation gain		291,216	3,208,876
Comprehensive income		92,355,826	77,415,405
Less: other comprehensive (income) loss attributable to the non - controlling interest		(98,531)	(817,019)
Comprehensive income attributable to the Sino Agro Food, Inc. and subsidiaries		$ 92,257,295	$ 76,598,386
Earnings (loss) per share attributable to Sino Agro Food, Inc. and subsidiaries common stockholders:			
Basic	31	$ 5.81	$ 6.14
Diluted	31	$ 5.56	$ 5.76
Weighted average number of shares outstanding:			
Basic	31	15,847,496	12,093,973
Diluted	31	16,554,566	12,872,442

The accompanying notes are an integral part of these consolidated financial statements.

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SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	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 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	-	-	-	-	-	-
Amortise discount -convertible loan	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-
Convertible bonds	-	-	-	-	-	-	-	-
Net income for the year	-		-	-	-	-	-	-
Foreign currency translation difference	-	-	-	-	-	-	-	-
Cancellation piecemeal shares	(1,681)	(1)	-	-	-	-	-	-
Balance as of December 31, 2014	17,162,716	17,162	100	-	7,000,000	7,000	-	-

The accompanying notes are an integral part of these consolidated financial statements.

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SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Treasury Stock		Additional		Accumulated other		
	Number of shares	Nominal amount $	paid - in capital $	Retained earnings $	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
Amortise discount -convertible loan	-	-	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
Convertible bonds	-	-	85,600	-	-	-	85,600
Net income	-	-	-	92,064,610	-	22,148,582	114,213,192
Foreign currency translation difference	-	-	-	-	192,685	98,531	291,216
Cancellation of piecemeal shares	-	-	(15,950)	-	-	-	(15,951)
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

The accompanying notes are an integral part of these consolidated financial statements.

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SINO AGRO FOOD, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	2014	2013
Cash flows from operating activities		
Net income for the year	$ 114,213,192	$ 94,441,246
Adjustments to reconcile net income from operations to net cash from operations:		
Depreciation	2,457,131	1,496,551
Amortization	2,210,257	2,006,146
Gain on extinguishment of debts	(270,586)	(1,318,947)
Loss on disposal of property, plant and equipment	-	136
Common stock issued for services	659,686	405,236
Other amortized cost	906,682	57,278
Changes in operating assets and liabilities:		
(Increase) decrease in inventories	(37,819,790)	8,966,552
Decrease in cost and estimated earnings in excess of billings on uncompleted contacts	663,296	356,872
Increase in deposits and prepaid expenses	(23,320,658)	(22,827,646)
Increase (decrease) in due to a director	3,488,291	(1,555,036)
Increase in accounts payable and accrued expenses	11,083,641	5,292,551
Increase in other payables	13,933,571	22,144,941
Increase in accounts receivable	(22,445,129)	(29,069,592)
Increase in billings in excess of costs and estimated earnings on uncompleted contracts	4,913,624	1,673,584
(Increase) decrease in other receivables	(48,522,489)	2,171,477
Net cash provided by operating activities	22,150,719	84,241,349
Cash flows from investing activities		
Purchases of property and equipment	(4,003,588)	(7,002,878)
Long term investment	(817,127)	-
Payment for investment in Sino Joint Venture Companies	-	(35,078,923)
Payment for construction in progress	(26,693,530)	(51,226,616)
Net cash used in investing activities	(31,514,245)	(93,308,417)
Cash flows from financing activities		
Proceeds from short term debts	4,100,377	4,100,377
Proceeds from long term debts	2,436,193	-
Repayment of short term debts	(4,100,377)	(3,181,927)
Proceeds from bonds payable	-	940,000
Proceeds from convertible bond payables	7,522,450	-
Payment for cancellation of piecemeal shares	(15,951)	-
Dividends paid	-	(951,308)
Net cash provided by financing activities	9,942,692	907,142
Effects on exchange rate changes on cash	1,125,007	1,062,935
Increase (decrease) in cash and cash equivalents	1,704,173	(7,096,991)
Cash and cash equivalents, beginning of year	1,327,274	8,424,265
Cash and cash equivalents, end of year	$ 3,031,447	$ 1,327,274
Supplementary disclosures of cash flow information:		
Cash paid for interest	$ 761,299	$ 393,592
Cash paid for income taxes	$ -	$ -
Non - cash transactions		
Common stock issued for settlement of debts	$ 12,735,789	$ 16,711,685
Series B convertible preferred stock cancelled	$ -	$ (3,000)
Common stock issued for services and employee compensation	$ 3,319,444	$ 133,744
Transfer to property and equipment from construction in progress	$ 14,393,942	$ 20,726,266
Transfer to land use rights from deposits and prepaid expenses	$ 4,453,665	$ 4,404,179
Transfer to property and equipment from deposits and prepaid expenses	$ 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	$ -

The accompanying notes are an integral part of these consolidated financial statements.

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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 32,000,000 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 a 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;

(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 owned by the P.R.C with major business activities in the agriculture industry; and

- Guangzhou City Garwor Company Limited (English translation) (" **Garwor** "), a private limited 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.

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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 in 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, 2014, MEIJI further invested in JHMC of $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, 2014, MEIJI and SJAP total investment in HSA were $857,808 and 629,344, respectively.total investment in HSA from MEIJI and SJAP were 863,683 and 822,068, 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, 2014, the Company invested $77,664 in SAFS.

SJAP formed Qinghai Zhong He Meat Products Co., Limited ("**QZH**") , with SJAP would owning 100% equity interest. As of December 31, 2014, the SJAP's total investment in QZH was $487,805.

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.

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2.2 REPORTING ENTITIES

Name of subsidiaries	Place of incorporation	Percentage of interest	Principal activities
Capital Award Inc. ("CA")	Belize	100% (2013: 100%) directly	Fishery development and holder of A-Power Technology master license.
Capital Stage Inc. ("CS")	Belize	100% (2013: 100%) indirectly	Dormant
Capital Hero Inc. ("CH")	Belize	100% (2013: 100%) indirectly	Dormant
Sino Agro Food Sweden AB ("SAFS")	Sweden	100% (2013: 100%) directly	Dormant
Tri-way Industries Limited ("TRW")	Hong Kong, P.R.C.	100% (2013: 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 Limited ("MEIJI")	Macau, P.R.C.	100% (2013: 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% (2013: 100%) directly	Investment holding
Jiang Men City Heng Sheng Tai Agriculture Development Co. Ltd ("JHST")	P.R.C.	75% (2013: 75%) indirectly	Hylocereus Undatus Plantation ("HU Plantation").
Jiang Men City A Power Fishery Development Co., Limited ("JFD")	P.R.C.	75% (2013: 75%) indirectly	Fish cultivation
Jiang Men City Hang Mei Cattle Farm Development Co., Limited ("JHMC")	P.R.C.	75% (2013: 75%) indirectly	Beef cattle cultivation
Hunan Shenghua A Power Agriculture Co., Limited ("HSA")	P.R.C.	76% (2013: 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% (2013: 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.	100% (2013: 0%) indirectly	Cattle slaughter

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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.

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.

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 he 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.

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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 recognizes 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.

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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 $23,010 and $39,549 for the years ended December 31, 2014 and 2013, respectively.

2.11 ADVERTISING

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

2.12 RESEARCH AND DEVELOPMENT EXPENSES

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

2.13 FOREIGN CURRENCY TRANSLATION AND OTHER COMPREHENSIVE INCOME

The reporting currency of the Company is the U.S. dollar. The functional currency of the Company is the Chinese Renminbi (RMB).

For those entities whose functional currency is other than the U.S. dollar, 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 $6,452,816 as of December 31, 2014 and $6,260,131 as of December 31, 2013. The balance sheet amounts with the exception of equity as of December 31, 2014 and 2013 were translated using an exchange rate of RMB 6.12 to $1.00 and RMB 6.10 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, 2014 and 2013 were 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. 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, 2014 and 2013 are $0.

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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 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. Similarly, when each major inspection is performed, its cost is recognized in the carrying amount of the property 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 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.

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 April 26, 2010, the Company invested in Huangyan 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% 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.

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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.

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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.

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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, 2014 and 2013 amounted to $2,814,677 and $1,256,440 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 years indicated:

	2014	2013
Customer A	25.73%	18.09%
Customer B	15.94%	9.24%
Customer C	14.24%	-
Customer D	6.65%	8.49%
Customer E	6.58%	-
Customer F	-	9.14%
Customer G	-	15.02%
	69.14%	59.98%

		Percentage of revenue	Amount
Customer A	Fishery development and Corporate and others division	25.73%	$ 104,019,846
Customer B	Organic Fertilizer and Bread Grass division	15.94%	$ 64,443,322
Customer C	Fishery division	14.24%	$ 57,566,067

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:

	2014	2013
Customer A	21.21%	-
Customer B	13.51%	-
Customer C	10.23%	8.69%
Customer D	9.68%	12.86%
Customer E	7.12%	-
Customer F	-	10.23%
Customer G	-	8.36%
Customer H		8.27%
	61.75%	48.41%

As of December 31, 2014, amounts due from customers A, B and C are $22,168,603, $14,123,252 and $10,695,906, 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.

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

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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, 2014 or 2013, 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 year ended December 31, 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 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 will be effective for us beginning July 1, 2013. Other than requiring additional disclosures, there is no material impact on the 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 will be effective for us beginning July 1, 2014. there is no material impact on the 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 does not expect 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 consolidated financial position, results of operations or cash flows.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.35 NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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 our 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 has 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 our 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.

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. No geographic information is required as all revenue and assets are located in the P.R.C.

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

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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 Jiangmen City A Power Fishery Development Co., Limited ("JFD").

(2) Operated by Jiangmen 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 Jiangmen City Hang Mei Cattle Farm Development Co. Limited ("JHMC") and Macau Eiji Limited ("MEIJI").

(5) Operated by Sino Agro Food, Inc. ("SIAF") and Sino Agro Food Sweden AB (publ) ("SAFS").

Further analysis of revenue:-

	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

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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

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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

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3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services:-

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

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3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services (Continued):-

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

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

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3. SEGMENT INFORMATION (CONTINUED)

Further analysis of cost of goods sold and cost of services (Continued):-

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 $270,586 and $1,318,947 has been credited to consolidated statements of income as other income for the years ended December 31, 2014 and 2013, respectively.

	2014	2013
Total amounts of debts to be settled	$ 13,006,375	$ 18,030,632
Less: Aggregate market fair value of 2,734,626 (2013: 3,767,675) shares of common stock in exchange of the above debts for debts extinguishment	(12,735,789)	(16,711,685)
Gain on extinguishment of debts	$ 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 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 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, 2014 and 2013 in compliance with US Treasury Internal Revenue Code and we filed our 2013 Tax returns with the Internal Revenue Service (" **IRS**") of USA Government on June 2014.

As of December 31, 2014, 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.

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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, 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, 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, 2014 and 2013.

Sweden

No Sweden Corporate income tax has been provided in the consolidated financial statements of SAFS since SAFS incurred a tax loss for the year ended December 31, 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, 2014 and 2013 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:

	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, 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.

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6. CASH AND CASH EQUIVALENTS

	2014	2013
Cash and bank balances	$ 3,031,447	$ 1,327,274

7. INVENTORIES

As of December 31, 2014, inventories are as follows:

	2014	2013
Sleepy cods, prawns, eels and marble goby	$ 3,051,606	$ 1,761,111
Beef and mutton	2,908,886	-
Bread grass	2,336,308	580,955
Beef cattle	8,362,763	1,951,962
Organic fertilizer	7,292,389	895,670
Forage for cattle and consumable	6,547,333	684,979
Raw materials for bread grass and organic fertilizer	14,223,407	855,493
Immature seeds	1,245,301	698,704
Unharvested HU plantation	-	719,329
	$ 45,967,993	$ 8,148,203

8. DEPOSITS AND PREPAYMENTS

	2014	2013
Deposits for		
- purchases of equipment	$ 4,668,784	$ 4,886,048
- acquisition of land use rights	3,373,110	7,826,508
- inventories purchases	14,221,199	9,771,383
- aquaculture contracts	20,467,603	-
- building materials	877,598	1,281,935
- consulting service providers and others	5,188,473	4,404,210
- construction in progress	20,467,357	23,021,316
Prepayments - debts discounts and others	3,827,401	-
Shares issued for employee compensation and overseas professional and bond interest	2,860,066	100,308
	$ 75,951,591	$ 51,291,708

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, 2014 and 2013. Bad debts written off for the years ended December 31, 2014 and 2013 are $0.

Aging analysis of accounts receivable is as follows:

	2014	2013
0 - 30 days	$ 21,663,061	$ 20,864,404
31 - 90 days	38,324,554	28,960,582
91 - 120 days	21,138,383	23,941,294
over 120 days and less than 1 year	23,377,073	8,291,662
over 1 year	-	-
	$ 104,503,071	$ 82,057,942

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10. OTHER RECEIVABLES

	2014	2013
Advanced to employees	$ 476,630	$ 109,278
Advanced to suppliers	9,910,682	3,673,493
Advanced to customers	13,917,948	-
Advanced to developers	28,000,000	-
	$ 52,305,260	$ 3,782,771

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

	2014	2013
Plant and machinery	$ 5,507,571	$ 5,263,933
Structure and leasehold improvements	51,650,906	36,308,860
Mature seeds	10,794,289	6,294,372
Furniture and equipment	629,055	391,608
Motor vehicles	765,858	765,858
	69,347,679	49,024,631
Less: Accumulated depreciation	(4,994,704)	(2,537,573)
Net booking value	$ 64,352,975	$ 46,487,058

Depreciation expense was $2,457,131 and $1,496,551 for the years ended December 31, 2014 and 2013, respectively.

12. CONSTRUCTION IN PROGRESS

	2014	2013
Construction in progress		
- Office, warehouse and organic fertilizer plant in HSA	$ 20,205,123	$ 22,761,164
- Oven room and road for production of dried flowers	539,304	-
- Organic fertilizer and bread grass production plant and office building	12,325,685	8,600,187
- Rangeland for beef cattle and office building	35,074,556	26,054,582
- Fish pond	975,609	1,718,799
	$ 69,120,277	$ 59,134,732

13. LAND USE RIGHTS

Private ownership of agricultural land is not permitted in the P.R.C. Instead, the Company has leased six 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, 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.

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13. LAND USE RIGHTS (CONTINUED)

	2014	2013
Cost	$ 69,428,143	$ 65,192,615
Less: Accumulated amortisation	(6,105,941)	(4,486,786)
Net carrying amount	$ 63,322,202	$ 60,705,829

	Expiry date	Description	Amount
Balance @1.1.2013			$ 58,630,950
Additions			
2013	2023	Enping City, Guangdong Province, P.R.C.	489,904
2013	2023	Land improvement cost incurred	3,914,275
Exchange difference			2,157,486
Balance @12.31.2013			65,192,615
Additions			
2014	2044	Zhongshan City, Guangdong Province, P.R.C.	4,453,665
Exchange difference			(218,137)
Balance @12.31.2014			$ 69,428,143

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 was $1,619,155 and $1,589,082 for the years ended December 31, 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.

	2014	2013
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.

	2014	2013
Cost	$ 13,886,098	$ 13,896,168
Less: Accumulated amortization	(2,405,800)	(1,814,698)
Net carrying amount	$ 11,480,298	$ 12,081,470

Amortization of proprietary technologies was $591,102 and $417,064 for the years ended December 31, 2014 and 2013, respectively. No impairments of proprietary technologies have been identified for the years ended December 31, 2014 and 2013.

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16. LONG TERM INVESTMENTS

	2014	2013
Investment in Huangyuan County Rural Credit Union	$ 817,127	$ -
Less: Accumulated impairment losses	-	-
	$ 817,127	$ -

17. TEMPORARY DEPOSITS PAID TO ENTITIES FOR EQUITY INVESTMENTS IN FUTURE SINO JOINT VENTURE COMPANIES

Intended unincorporated investee	Projects engaged		2014	2013
A	Trade center	*	$ 4,086,941	$ 4,086,941
A	Seafood center	*	1,032,914	1,032,914
B	Fish Farm 2 Gao Qiqiang 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 2014, the percentages of equity stakes of SFJVCs A (trade and seafood centers), B (fish farm 2 Gao Qiqiang 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, 2013, 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.

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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, 2014, 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 changes 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, 2014, 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.

SJAP is sole stockholder of QZH and SJAP appointed sole director of QZH. Consequently, the Company 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 management appointed the chief financial officer of QZH. As a result, the financial statements of QZH were included in the consolidated financial statements of the Company.

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19. CONSTRUCTION CONTRACT

(i) Costs and estimated earnings in excess of billings on uncompleted contracts

	2014	2013
Costs	$ -	$ 3,527,975
Estimated earnings	-	8,538,930
Less: Billings	-	(11,403,609)
Costs and estimated earnings in excess of billings on uncompleted contracts	$ -	$ 663,296

(ii) Billings in excess of costs and estimated earnings on uncompleted contracts

	2014	2013
Billings	$ 102,199,674	$ 8,406,900
Less: Costs	(46,648,988)	(2,179,410)
Estimated earnings	(47,490,106)	(3,080,534)
Billings in excess of costs and estimated earnings on uncompleted contracts	$ 8,060,580	$ 3,146,956

(iii) Overall

	2014	2013
Billings	$ 102,199,674	$ 19,810,509
Less: Costs	(46,648,988)	(5,707,385)
Estimated earnings	(47,490,106)	(11,619,464)
Billings in excess of costs and estimated earnings on uncompleted contracts	$ 8,060,580	$ 2,483,660

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 thereunder 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.

	2014	2013
Classified as current liabilities		
Series F shares mandatory redemption payable	$ 3,146,063	$ -
Classified as non-current liabilities		
Series F shares mandatory redemption payable	-	3,146,063
	$ 3,146,063	$ 3,146,063

21. OTHER PAYABLES

	2014	2013
Due to third parties	8,176,469	$ 4,715,543
Promissory notes issued to third parties	1,100,000	3,625,000
Due to local government	2,419,513	2,428,243
	$ 11,695,982	$ 10,768,786

Due to third parties are unsecured, interest free and have no fixed terms of repayment.

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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 debts

Name of lender	Interest rate	Term	2014	2013
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.4%	January 3, 2014 - December 17, 2018	325,092^*#	-
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.18% (6%)	October 21, 2014 - October 20, 2015 (August 30, 2013 - August 29, 2014)	4,085,635^* -	- 4,100,377^*
			$4,410,727	$4,100,377

Long term debts

Name of lender	Interest rate	Term	2014	2013
Gan Guo Village Committee Bo Huang Town Huangyuan County, Xining City, Qinghai Province, the P.R.C.	12.22%	June 2012 - June 2017	$ 179,768	$ 180,417
Agricultural Development Bank of China Huangyuan County Branch, Xining City, Qinghai Province, the P.R.C.	6.4%	January 3, 2014 - December 17, 2018	2,451,381^*#	-
Less: The current portion reclassified as short term debts			(325,092)	-
			$2,306,057	$ 180,417

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 $499,856 (2013: $515,026).
# repayable $325,092, $650,184, $650,184 and $825,921 in 2015, 2016, 2017 and 2018, respectively.

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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.

Term 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

	2014	2013
Classified as current liabilities		
5% Participating zero coupon bonds repayable on September 30, 2015	$ 1,725,000	$ -
Classified as non-current liabilities		
5% Participating zero coupon bonds repayable on September 30, 2015	-	1,725,000
	$ 1,725,000	$ 1,725,000

The Company calculated professional service compensation of $400,000 in respect of bond issue, and recognized $100,000 for the year ended December 31, 2013. As of December 31, 2013, the deferred compensation balance was $300,000 and the deferred compensation balance of $100,000 was to be amortized over 18 months beginning on January 1, 2014.

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.

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24. CONVERTIBLE NOTES 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.

	2014	2013
10.50% convertible note of maturity date February 28, 2020	$ 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 amortization as of December 31, 2014 was $5,188.

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. As of December 31, 2013, there was $0 principal outstanding and accrued interest in the amount of $0 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 $0 for the years ended December 31, 2014 and 2013. As of December 31, 2014, the deferred compensation balance of $1,500,000 was to be amortized over 1 year beginning on January 1, 2015.

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25. SHAREHOLDERS' EQUITY

The Group's share capital as of December 31, 2014 and 2013 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, 2014 and 2013, respectively.

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25. 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.

There were 7,000,000 shares of Series B convertible preferred stock issued and outstanding as of December 31, 2014 and December 31, 2013, 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 a result, total issued and outstanding of Series F Non-Convertible Preferred Stock as of December 31, 2014 and 2013 are 0 shares and grand total issued and outstanding preferred stock as of December 31, 2014 and 2013 are 7,000,100 shares.

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25. 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 March 28, 2013, the Company filed a prospectus related to a public offering of Common Stock of the Company for maximum aggregate gross proceeds of $26,250,000 within a period not to exceed 180 days from the date of this prospectus.

On October 4, 2013, the Company obtained stockholder consent for the approval of an amendment to our Articles of Incorporation to increase our authorized shares of common stock, no par value (the "**Common Stock**"), from 13,131,313 to 17,171,717. The board of directors believes that the increase in our authorized Common Stock will provide us with greater flexibility with respect to our capital structure for purposes including additional equity financing and stock based acquisitions. The certificate of amendment effectuating the vote by the shareholders was filed with the State of Nevada on November 1, 2013.

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 balance sheet date, 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 17,171,717 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.

The Company has 17,162,716 and 13,899,196 shares of common stock issued and outstanding as of December 31, 2014 and 2013, respectively.

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26. 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; and (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.

Lease expense was $159,300 and $150,104 for the years ended December 31, 2014 and 2013, respectively.

The future minimum lease payments as of December 31, 2014, are as follows:

Year ended December 31, 2015	$	162,364
Thereafter		86,561
	$	248,925

27. 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.

On December 15, 2014, the Company issued professionals a total of 80,739 shares of common stock valued at agreed price of $9.90 per share for services rendered to the Company. The agreed price of the common stock issued were determined by both parties and greater than the trading price of the Company's common stock on the date of issuance of $7.73 per share.

The Company calculated stock based compensation of $3,419,752 and recognized $659,686 for the years 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 were to be amortized over 6, 9 and 12 months respectively beginning on January 1, 2015.

28. CONTINGENCIES

As of December 31, 2014 and 2013, 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 or consolidated statements of cash flows.

29. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances as disclosed elsewhere in these consolidated financial statements, during the years ended December 31, 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 $1,172,059 and $1,793,768 as of December 31, 2014 and 2013, respectively. The amounts are unsecured, interest free and have no fixed terms of repayment.

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30. 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:

	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	$ 92,064,610	$ 74,206,529
Basic earnings per share	$ 5.81	$ 6.14
Basic weighted average shares outstanding	15,847,496	12,093,973

	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	$ 92,064,610	$ 74,206,529
Add back interest on convertible notes	-	-
Net income used in computing diluted earnings per share	$ 92,064,610	$ 74,206,529
Diluted earnings per share	$ 5.56	$ 5.76
Basic weighted average shares outstanding	15,847,496	12,093,973
Add: weight average of common stock converted from Series B Convertible preferred shares outstanding	707,070	778,469
Diluted weighted average shares outstanding	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.

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31. SUBSEQUENT EVENT

The Company engaged Burnham Securities, Inc. and Arctic Securities AB to provide the Company with advisory services in respect of the Company's future IPO plans and financing activities.

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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, 2014 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 31, 2015

By: /s/ LEE YIP KUN SOLOMON
Name: Lee Yip Kun Solomon
Title: Chief Executive Officer
(Principal Executive Officer)

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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, OLIVIA LAI, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2014 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 31, 2015

By: /s/ OLIVIA LAI
Name: Olivia Lai
Title: Chief Financial Officer
(Principal Financial Officer)

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Exhibit 32.1

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, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lee Yip Kun Solomon, Principal Executive Officer, and I, Olivia Lai, 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 31, 2015

By: /s/ LEE YIP KUN SOLOMON
Name: Lee Yip Kun Solomon
Title: Chief Executive Officer and
(Principal Executive Officer)

Date: March 31, 2015

By: /s/ OLIVIA LAI
Name: Olivia Lai
Title: Chief Financial Officer and
(Principal Financial Officer)

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