中國農產品交易

CHINA AGRI-PRODUCTS EXCHANGE

Dedicated to developing Agriculture

Sincere in serving Agriculture

(Incorporated in Bermuda with limited liability) Stock Code：0149

2009 ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas, *Chairman*
Mr. Ying Yat Man, *Chief Executive Officer*
Mr. Leong Weng Kin

Independent Non-executive Directors

Mr. Ng Yat Cheung, *JP*
Mr. Lee Chun Ho
Ms. Lam Ka Jen, Katherine

AUDIT COMMITTEE

Ms. Lam Ka Jen, Katherine, *Chairman*
Mr. Ng Yat Cheung, *JP*
Mr. Lee Chun Ho

REMUNERATION COMMITTEE

Mr. Chan Chun Hong, Thomas, *Chairman*
Mr. Ng Yat Cheung, *JP*
Mr. Lee Chun Ho
Ms. Lam Ka Jen, Katherine
Mr. Leong Weng Kin

NOMINATION COMMITTEE

Mr. Chan Chun Hong, Thomas, *Chairman*
Mr. Ng Yat Cheung, *JP*
Mr. Lee Chun Ho
Ms. Lam Ka Jen, Katherine
Mr. Ying Yat Man

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China Construction Bank Corporation
The Hongkong and Shanghai Banking Corporation Limited

LEGAL ADVISERS

DLA Piper Hong Kong
Freshfields Bruckhaus Deringer
Morrison & Foerster

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1702, 17th Floor
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudianna Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

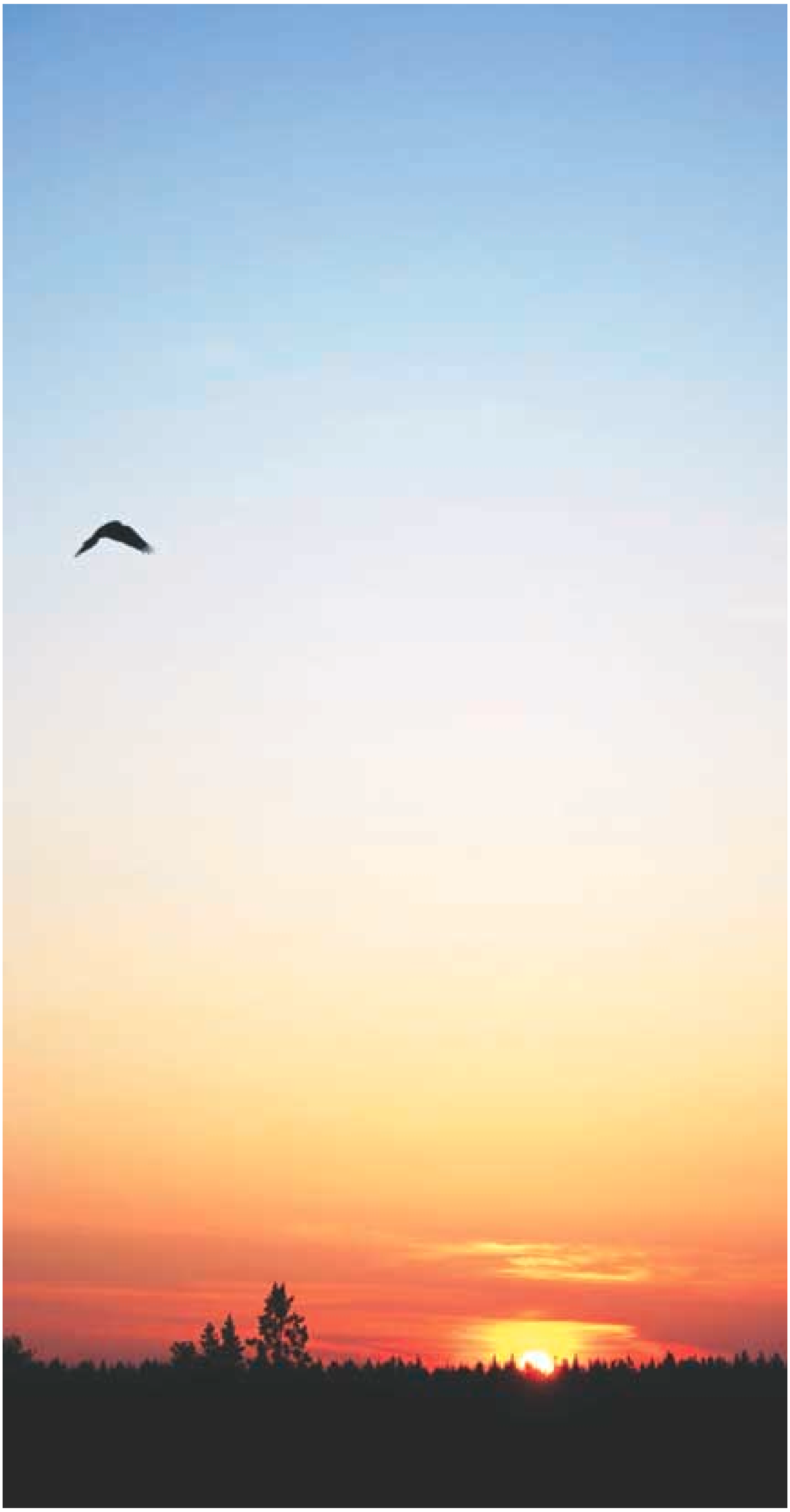
STOCK CODE

0149

HOMEPAGE

http://www.cnagri-products.com

CHAIRMAN'S STATEMENT



On behalf of the board of directors (the "Board" or the "Directors") of China Agri-Products Exchange Limited (the "Company"), I am pleased to present to our shareholders the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009.

The Group recorded a consolidated turnover of approximately HK$104.1 million, representing 38.0% decrease from HK$168.1 million recorded for the previous financial year.

The loss attributable to equity owners of the Company for the year ended 31 December 2009 was approximately HK$296.3 million compared to the loss of approximately HK$613.4 million for the previous year.

AGRICULTURAL PRODUCE EXCHANGES

Leveraging on our experience in the specialised property rental business in respect of agricultural produce exchanges, the Group captured the opportunities arising during the first half of the year under review to acquire two agricultural wholesale markets in Yulin, Guangxi Province and Xuzhou, Jiangsu Province, the People's Republic of China (the "PRC"). Completion of the acquisition of these two agricultural produce exchanges in March of last year enables the Group to create synergy through a centralised brand to operate agricultural produce exchanges in different parts of the PRC.

The agricultural wholesale market complex in Yulin, Guangxi Province with two-storey market stalls and a multi-storey godown commenced operation in the last quarter of the year. Its contribution to the Group's turnover in 2009 was therefore relatively small, but the Group expects this marketplace will be a significant income generating unit for the Group in the future and represents significant potential to our future earnings.

The agricultural wholesale market in Xuzhou, Jiangsu Province is the major marketplace for the supply of fruit and seafood in Xuzhou city. This marketplace provided steady contribution to the Group's turnover in 2009 following its integration in March with the Group's other agricultural produce exchanges.

武漢白沙洲農副產品大市場有限公司 (Wuhan Baisazhou Agricultural By-product Grand Market Company Limited) ("Baisazhou") owns and operates the Group's agricultural produce marketplace in Wuhan, Hubei Province, the PRC and acts as distribution channel for a diversified client base in the southern and central parts of the PRC. This marketplace provides its customers with a systematic logistics flow in order to maximise the customers' throughput.

RESTAURANT OPERATION

The Group's restaurant operation in Shenzhen and Beijing continued to generate steady income for the Group and total turnover of this operation was approximately HK$28.7 million for the year ended 31 December 2009 (2008: approximately HK$25.8 million).

CORPORATE STRATEGIES

The PRC government has been deepening the country's agricultural reform which is aimed, in particular, to increasing peasant's income by enhancing their agricultural production capacity, advancing the building of new rural areas as well as developing modern agriculture. Measures undertaken by the government have proved to be highly beneficial to the agricultural industry, and the Group is optimistic about the long-term development of the agricultural upstream, midstream and downstream businesses in the PRC in the years to come.

In order to support the State's "Vegetable Basket Project", the Group continues to focus on intensifying its investment in agricultural produce wholesale markets in the PRC. In addition, the Group continues to endeavour to build and expand its network of wholesale market platforms by establishing partnerships in the PRC so as to increase market share. Besides, the Group will seek to exploit any strategic business development opportunity in the management of agricultural produce wholesale markets in different cities and provinces in the PRC as well as expanding the overall size of the Group's existing markets, operates thereby increasing their stability and sustainability. We continue to strive for sustained improvement and the delivery of long-term value to shareholders.

APPRECIATION

Finally, I would like to take this opportunity to thank our customers and business partners for their continued support of the Group over the past year. I would also like to thank my fellow board members and staff at all levels for their dedication and hard work.

Chan Chun Hong, Thomas
Chairman

Hong Kong, 16 April 2010


武汉白沙洲农
农业产业化国家
JAC


产品大市场
重点龙头企业

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

Turnover and gross profits

For the year ended 31 December 2009, the Group recorded a turnover of approximately HK$104.1 million, a decrease of approximately HK$64.0 million or approximately 38.0% decrease from approximately HK$168.1 million for the previous financial year.

The decrease is mainly attributable to the drop in turnover of the Group's agricultural produce exchange business in Baisazhou, Wuhan, the PRC as a result of a rental subcontract agreement.

The gross profit of the Group decreased by approximately 46.2% to approximately HK$72.5 million from approximately HK$134.7 million for the previous financial year. The gross profit margin of the Group for the financial year was approximately 69.6% as compared to approximately 80.1% for the previous financial year.

Administrative expenses and finance cost

Administrative expenses were approximately HK$84.4 million (2008: approximately HK$83.5 million). Other operating expenses amounted to approximately HK$326.2 million which mainly represented the impairment of intangible assets due to the rental subcontract agreement and preference of customers. Finance costs were approximately HK$66.0 million (2008: approximately HK$56.6 million) and the increase was mainly due to the inclusion of the borrowings of Shiney Day Investments Limited ("Shiney Day") which was acquired by the Group on 25 March 2009.

Loss attributable to equity shareholders

The loss attributable to equity shareholders of the Company for the year was approximately HK$296.3 million as compared to a loss of approximately HK$613.4 million for previous year. The drop in net loss was mainly due to the lower amount of impairment of intangible assets arising from the Group's acquisition of Baisazhou.

DIVIDENDS AND OTHER DISTRIBUTION

No interim dividend was paid to the shareholders of the Company during the year under review (2008: a distribution out of contributed surplus of HK$0.02 per ordinary share was paid in October 2008). The Directors do not recommend any payment of final dividend for the year ended 31 December 2009 (2008: Nil).

REVIEW OF OPERATIONS

During the year under review, the Group was principally engaged in the business of agricultural produce exchanges and restaurant operation, both in the PRC.

Agricultural produce exchanges

The Group entered into an agreement to acquire the entire issued capital of Shiney Day which beneficially holds a 65% equity interest in Yulin Hong-Jin Agricultural By-products Wholesale Marketplace Limited ("Yulin Hong-Jin") situated in Guangxi Province, the PRC and a 51% equity interest in Xuzhou Yuan Yang Trading Development Company Limited situated in Jiangsu Province, the PRC, as detailed in the Company's circular to shareholders dated 6 March 2009.

The agricultural produce exchange in Xuzhou, Jiangsu Province comprises single-storey market stalls and a multi-storey godown and is the major marketplace for the supply of fruit and seafood in Xuzhou city. This marketplace offers a centralised trading place for a wide range of agricultural produce. The Group began to record results contribution from this acquisition since it was completed in March of the year under review.

Another agricultural produce exchange operated by the Group is located in Yulin, Guangxi Province, the PRC and comprises two-storey market stalls which stepped into its leasing stage in the last quarter of 2009 and a multi-storey godown now at its final stage of construction. The market commenced operation in October last year, when it began to contribute turnover to the Group.

The Group also operates the Baisazhou agricultural produce exchange which is one of the largest agricultural produce exchange operators in terms of site area in the PRC. Baisazhou is situated at the Hongshan District of Wuhan with a site area of approximately 270,000 square metres and a total gross floor area of approximately 160,000 square metres as at 31 December 2009. It acts as a distribution channel for a diversified customer base in the southern and central parts of the PRC. The marketplace provides its customers with a systematic logistics flow in order to maximise the customers' throughput.

Restaurant Operation

The total turnover of the Group's two restaurants located in Shenzhen and Beijing was approximately HK$28.7 million (2008: approximately HK$25.8 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group had total cash and cash equivalents amounting to approximately HK$155.7 million (2008: approximately HK$239.2 million) whilst total assets and net assets were approximately HK$1,860.3 million (2008: approximately HK$1,459.2 million) and approximately HK$478.4 million (2008: approximately HK$463.5 million), respectively. The Group's gearing ratio as at 31 December 2009 was approximately 1.55 (2008: approximately 0.67), being the ratio of total bank and other borrowings and promissory notes of approximately HK$898.9 million (2008: approximately HK$551.5 million), net of cash and cash equivalents of approximately HK$155.7 million (2008: approximately HK$239.2 million) to total equity of approximately HK$478.4 million (2008: approximately HK$463.5 million).

As at 31 December 2009, outstanding capital commitments, contracted but not provided for, amounted to approximately HK$3.7 million (2008: approximately HK$60.8 million) in relation to the purchase of property, plant and equipment, and construction contracts. As at 31 December 2009, the Group had pledged the land use rights and bank deposits with carrying amount of approximately HK$411.3 million (2008: approximately HK$255.1 million) in respect of its investment properties to secure the bank borrowings. The Group did not have any outstanding foreign exchange contracts, interest or currency swaps or other financial derivatives as at 31 December 2009.

PROSPECTS

The No.1 document which was announced by the Central Committee of Communist Party of China at the beginning of 2010 states that there will be a batch of new policies to support agricultural development. This continued support for the agricultural sector from the PRC government shows that nurturing the development of agriculture, increasing peasants' income and stabilising rural living standards have been adopted as some of the major tasks of the PRC government. Different favorable measures have been put in place and include increasing budgetary support for the agricultural sector, strengthening agricultural support policies, providing a systematic mechanism to protect against the misuse of farmland as well as encouraging agricultural technology innovation to accelerate agricultural production cycles. The PRC government has also made pledges towards the development of rural operations, stabilising and improving land contract relationship and allowing diverse forms of farming operations so that they may develop to an appropriate scale to meet the needs of the country's 1.3 billion population.

All these measures give us optimism that there will be a continuing growth in agricultural upstream, midstream and downstream businesses in the PRC in the years to come.

Completion of the acquisition of two more agricultural produce exchanges in Guangxi Province and Jiangsu Province, the PRC, in March 2009 enables the Group to create synergy through a centralised brand to operate agricultural produce exchanges in different parts of the PRC. The Group's current agricultural produce exchanges are strategically positioned in the key gathering points for buyers and sellers. In addition, they are located in the intersection of national highways which link up the northern, central and southern parts of the PRC and close to other major retail market places, making them a necessary passthrough or stopover points for all participants in the trade.

The Group will continue to focus on intensifying its investment in agricultural produce wholesale markets in the PRC to further entrench its commitment in supporting the State's "Vegetable Basket Project". In addition, the Group endeavors to build and expand its network of wholesale market platforms by establishing partnerships in the PRC and exploring business development in the management of agricultural produce wholesale markets in different cities and provinces in the PRC, so as to deliver long term benefits to the shareholders of the Company.

NUMBER OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2009, the Group had 460 (2008: 506) employees, approximately 96% of whom were located in the PRC. The Group's remuneration policy is reviewed periodically and remuneration is determined by reference to market terms, company performance, and individual qualifications and performance.

FUND RAISING ACTIVITIES

Top-up placing and placing of new shares under general mandate

The Company placed a total of 153 million shares, on a best efforts basis, to the independent third parties at a price of HK$0.25 per share under the general mandate granted to the Directors by the shareholders at the annual general meeting of the Company held on 23 May 2008, completion of which took place on 25 February 2009. Aggregate net proceeds of approximately HK$37.0 million were raised for general working capital purpose which have been fully utilised.

Placing of new shares under a specific mandate

On 7 May 2009, the Company entered into a placing agreement to place up to a total of 2 billion shares through a placing agent, on a best efforts basis, to independent third parties at a price of HK$0.08 per share under a specific mandate granted to the Directors by the shareholders at the special general meeting of the Company held on 2 June 2009. Completion took place on 19 June 2009 and net proceeds of approximately HK$155.4 million were raised for meeting the working capital requirements of the agricultural produce exchanges operation and the Group's other general working capital requirement.

The Directors continue to explore any opportunity with potential investors to raise further funds in order to further strengthen its shareholder base and enhance the business development of the Group. On 3 February 2010, the Company entered into a placing agreement with a placing agent, under which the Company conditionally agreed to place up to 2.3 billion shares of the Company to independent third parties, through a placing agent on a best efforts basis, at a price of HK$0.05 per share under a specific mandate which the Directors then sought and obtained from shareholders at a special general meeting held on 29 March 2010. Completion of such placing is conditional upon granting or agreeing to grant the listing of, and permission to deal in, the new shares by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and it is estimated that net proceeds of up to approximately HK$111.3 million will be raised from the placing of up to 2.3 billion shares.

CAPITAL REORGANISATION

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting held on 27 April 2009, the Company underwent a capital reorganisation (the "Capital Reorganisation"), involving, inter alia, (i) the change in currency denomination of all the issued and unissued shares from US$0.02 each to HK$0.156 each (the "Redenominated Shares"); (ii) the reduction in the nominal amount of each issued Redenominated Share from HK$0.156 to HK$0.01 by cancelling HK$0.146 of the paid-up capital on each issued Redenominated Share (the "Capital Reduction"); and (iii) the cancellation of the entire authorised but unissued share capital of the Company, including share capital arising from the Capital Reduction, and the subsequent increases by the creation of such number of new shares of HK$0.01 each to bring the authorised share capital of the Company to HK$300,000,000. The Capital Reorganisation became effective on 28 April 2009.

Adoption of Chinese name as secondary name

Pursuant to a special resolution passed by the shareholders of the Company at a special general meeting of the Company held on 27 April 2009, and with subsequent approvals by the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong on 3 August 2009 and 18 August 2009, respectively, the Chinese name of "中國農產品交易有限公司" has been adopted as the secondary name of the Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTOR

Executive Directors

Mr. CHAN Chun Hong, Thomas, aged 46, joined the Group as an executive Director in February 2009, and was also appointed as the chairman and authorised representative of the Company and the chairman of each of the remuneration and the nomination committee of the Company. He has extensive experience in strategic planning and day-to-day operation management. Mr. Chan graduated from the Hong Kong Polytechnic University with a degree in Accountancy and is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan is an executive director of Wang On Group Limited, Wai Yuen Tong Medicine Holdings Limited and LeRoi Holdings Limited, and an independent non-executive director of Shanghai Prime Machinery Company Limited, all of which are companies listed on the main board of the Stock Exchange.

Mr. YING Yat Man, aged 50, joined the Group as an executive Director in February 2009 and was redesignated as the chief executive officer of the Company in June 2009. He is also a member of the nomination committee of the Company. Mr. Ying has over 26 years of experience in real estate development and general business management in Hong Kong and the PRC and has held senior positions in both the private and public sectors. Mr. Ying is a professional qualified real estate surveyor and holds a Bachelor degree in Laws from the University of London and a Master degree in Chinese Laws from the University of Hong Kong.

Mr. LEONG Weng Kin, aged 44, joined the Group as an executive Director in February 2009 and was also appointed as the authorised representative and a member of the remuneration committee of the Company. He has over 12 years of experience in key financial positions in a number of Hong Kong listed companies and has more than 4 years of working experience in an international firm of Certified Public Accountants. Mr. Leong holds a Master degree in Business Administration from the Chinese University of Hong Kong.

Independent Non-executive Directors

Mr. NG Yat Cheung, *JP*, aged 54, joined the Company as an independent non-executive Director in February 2009, and was also appointed as a member of each of audit, remuneration and nomination committee of the Company. He holds an associate degree in arts in business data processing from Chabot College in the United States. He holds offices as a director with a number of private companies which are principally engaged in technology, property development, insurance, finance and property holding. Mr. Ng is an independent non-executive director of Tao Heung Holdings Limited, a company listed on the main board of the Stock Exchange. He resigned as an independent non-executive director of Intelli-Media Group (Holdings) Limited, a listed company in Hong Kong, on 1 March 2009.

Mr. LEE Chun Ho, aged 66, joined the Company as an independent non-executive Director in February 2009, and was also appointed as a member of each of audit, remuneration and nomination committee of the Company. He joined the Urban Services Department on 1 October 1963 as a Student Health Inspector. He subsequently joined the Housing Department on 1 May 1965 as a Housing Assistant and retired on 19 June 1999 as an Assistant Director (Commercial Building – in charge of all non-domestic properties). Mr. Lee has over 30 years of experience in real estate and housing management and currently is a consultant to certain private corporations.

Ms. LAM Ka Jen, **Katherine**, aged 44, joined the Company as an independent non-executive Director in February 2009, and was also appointed as member of each of audit, remuneration and nomination committee of the Company. In September 2009, Ms. Lam was appointed as the chairman of the audit committee of the Company. She has over 9 years of experience in the finance and investment banking industry. Ms. Lam has worked in an international public accounting firm for over 7 years and is a qualified chartered accountant in Canada and a member of the Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT

Mr. HO Wai Lin, joined the Group as business manager. Mr. Ho holds a Postgraduate Certificate in Project Management from Shanghai Tongji University and Higher Certificate in Marketing and Sales Management from the Hong Kong Polytechnic University. He is a member of Chartered Institute of Marketing and had awarded a diploma in marketing from the Chartered Institute of Marketing (United Kingdom). Mr. Ho is currently the General Manager of Yulin Hong-Jin. He has over 20 years of experience in marketing and project management. Prior to joining the Group, Mr. Ho worked in various Hong Kong listed groups.

Mr. NG Cheuk Wing, joined the Group as the senior business development manager. Mr. Ng holds a Bachelor (Hons.) Degree in Building Surveying from City University of Hong Kong. He is responsible for the business development in agricultural produce wholesale markets and the overall construction progress, budgeting and cost control of the projects. Prior to joining the Group, Mr. Ng has over 15 years of project management experience in building and construction industry, both in Hong Kong and the PRC.

Mr. HUI Tze Mo, Danny, joined the Group as the senior project manager. Mr. Hui holds a Bachelor of Architecture Degree from California Polytechnic State University and an Associate Science Degree in Engineering from Contra Costa College, U.S.A. He is a member of American Concrete Institute, America Institute of Architect and Real Estate Agents of Hong Kong. Prior to joining the Group, Mr. Hui has over 20 years of international project architecture experience in U.S., Hong Kong and the PRC.

Ms. MAK Yuen Ming, Anita, was appointed as the company secretary of the Company in February 2009. Ms. Mak is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and holds a Master degree in Business Administration from University of Lincolnshire and Humberside. Ms. Mak has over 16 years of experience in company secretarial field. Prior to joining the Group, she served in a few Hong Kong listed groups.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving and maintaining the necessary standard of corporate governance. The Board recognises that such commitment is essential in upholding accountability and transparency and to achieve a balance of interests between the shareholders, customers, creditors, employees as well as other stakeholders.

To ensure continued compliance with the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), the Board periodically reviews with its management and proposes necessary amendments to its corporate governance practices.

The Company has complied with the CG Code set out in Appendix 14 to the Listing Rules during the year ended 31 December 2009, except for the following deviations:

Code Provision A.4.1

Under code provision A.4.1 of the CG Code, non-executive Directors should be appointed for a specific term, subject to re-election. During the year ended 31 December 2009, Mr. James Yin and Mr. Jee Wengue, who resigned as independent non-executive Directors on 12 February 2009, as well as Mr. Yan Feng Xian, who retired as an independent non-executive Director at the conclusion of the annual general meeting of the Company held on 8 June 2009, were not appointed for a specific term but all of them were subject to retirement by rotation at annual general meetings pursuant to the bye-laws of the Company. Currently, all non-executive Directors are appointed with specific term and all Directors (including both executive and non-executive) are subject to retirement by rotation at annual general meetings in accordance with bye-law 99 of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's standard of corporate governance in this regard is not less than that provided under code provision A.4.1 of the CG Code.

Code Provision C.2.1

Pursuant to code provision C.2.1 of the CG Code, the Board has reviewed the effectiveness of the Group's internal control system and appointed professional advisers, HLB Hodgson Impey Cheng Consultants Limited ("HLB Consultants"), to assess and identify any significant weaknesses in the relevant financial procedures, systems and controls of the Group and to make recommendations to management for the enhancement of the internal control of the Group. The report on internal control review prepared by HLB Consultants, which was completed after the end of the period under review, has been reviewed and discussed in detail by the Board and no material internal control weakness was identified from the review.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on the terms no less exacting than the required standard set forth in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All existing Directors have confirmed, following specific enquiry by the Company, that they have fully complied with the required standard set out in the Model Code throughout the financial year under review.

THE BOARD

The Board, which meets at least four times a year with additional meetings arranged, as and when necessary, has a schedule of matters reserved for its review and approval. The specific responsibility reserved for the Board includes matters in relation to, among others, determining strategies and objectives of the Group, monitoring the overall management and operation of the Group, reviewing capital, corporate and control structures, ensuring financial reporting and internal control measures, determining major capital projects and contracts, including material acquisitions, disposals and other significant potential investments, communication with the shareholders, determining the Board composition and the appointment of company secretary and auditors, delegation of authority to committees and reviewing the Group's overall corporate governance arrangements.

Save as those matters mentioned above, the Board has delegated general powers to the management to deal with the daily operations of the Group under the supervision of the chief executive officer and various Board committees, including the executive committee, the audit committee, the remuneration committee and the nomination committee.

During the year under review, the Board composition underwent a significant change, details of which are set out in the report of the Directors as set out in this annual report. The existing Board comprises six members, including three executive Directors, namely Mr. Chan Chun Hong, Thomas (the chairman), Mr. Ying Yat Man (the chief executive officer) and Mr. Leong Weng Kin, and three independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine. One of the independent non-executive Directors possesses the professional qualification or accounting or related financial management required under Rules 3.10(1) and (2) of the Listing Rules. In addition, the existing independent non-executive Directors have confirmed their independence to the Company pursuant to Rule 3.13 of the Listing Rules. The composition of the Board enables the Board to deal with a wide range of business operations, financial, accounting and reporting affairs, and provides a balanced and independent judgment for the effective operation of the Board.

During the year under review, the number of Board meetings held and attended by each entitled Director during his/her respective term of office are as follows:

Executive Directors	Date of appointment/resignation/ retirement during the year	Number of attendance
Mr. Chan Chun Hong, Thomas	*(appointed on 10 February 2009)*	4/4
Mr. Ying Yat Man	*(appointed on 10 February 2009)*	4/4
Mr. Leong Weng Kin	*(appointed on 10 February 2009)*	4/4
Mr. Fu Jie Pin ("Mr. Fu")	*(resigned on 12 February 2009)*	2/2
Mr. Zhu Zhou ("Mr. Zhu")	*(retired on 8 June 2009)*	2/3
Mr. Yang Zong Lin	*(retired on 8 June 2009)*	0/3
Mr. Yang Wei Yuan	*(retired on 8 June 2009)*	2/3
Mr. Chen Hong Bo	*(resigned on 14 April 2009)*	2/2

Independent non-executive Directors	Date of appointment/resignation/ retirement during the year	Number of attendance
Mr. Ng Yat Cheung	*(appointed on 10 February 2009)*	4/4
Mr. Lee Chun Ho	*(appointed on 10 February 2009)*	4/4
Ms. Lam Ka Jen, Katherine	*(appointed on 10 February 2009)*	4/4
Mr. Yan Feng Xian	*(retired on 8 June 2009)*	3/3
Mr. James Yin	*(resigned on 12 February 2009)*	2/2
Mr. Jee Wengue	*(resigned on 12 February 2009)*	1/2

The brief biographical details of each existing Director are set out on pages 12 to 14 of this annual report.

ROLES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman of the Board and the chief executive officer were held by Mr. Fu and Mr. Zhu until 12 February 2009 and 8 June 2009, respectively. On 12 February 2009, Mr. Chan Chun Hong, Thomas was appointed as the chairman of the Board to fill the casual vacancy arising from the resignation of Mr. Fu. Mr. Ying Yat Man, the then executive Director, was re-designated as the chief executive officer on 8 June 2009 to fill the vacancy arising from the retirement of Mr. Zhu at the conclusion of the annual general meeting of the Company held on 8 June 2009.

The chairman of the Board is responsible for leading and supervising the overall strategies and direction of the Group, and its effective planning and ensuring the Board is acting for the benefit of the Group.

The chief executive officer is responsible for the administration and operations of the Company's business as well as to formulate and implement the Company's policies, and is answerable to the Board in relation to the Company's overall operation.

TERM OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Mr. James Yin and Mr. Jee Wengue, who resigned as independent non-executive Directors on 12 February 2009, and Mr. Yan Feng Xian, who retired as an independent non-executive Director at the conclusion of the annual general meeting of the Company held on 8 June 2009, were not appointed for a specific term but all of them were subject to retirement by rotation at annual general meetings pursuant to the bye-laws of the Company.

All existing independent non-executive Directors are appointed with specific term and all Directors (including both executive and non-executive) are subject to retirement by rotation at the annual general meetings in accordance with bye-law 99 of the Company.

REMUNERATION COMMITTEE

During the year, Mr. Fu Jie Pin, Mr. Jee Wengue, Mr. James Yin and Mr. Yan Feng Xian ceased to act as members of the remuneration committee of the Company (the "Remuneration Committee") immediately following their respective resignations or retirement as Directors during the year.

The existing Remuneration Committee comprises two executive Directors, namely Mr. Chan Chun Hong, Thomas and Mr. Leong Weng Kin, and the three independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine. Mr. Chan Chun Hong, Thomas was also appointed to act as the chairman of the Remuneration Committee.

During the year, the Remuneration Committee met once and the attendance of each member of Remuneration Committee is set out below:

Remuneration Committee Members	Number of attendance
Mr. Chan Chun Hong, Thomas	1/1
Mr. Leong Weng Kin	1/1
Mr. Ng Yat Cheung	1/1
Mr. Lee Chun Ho	1/1
Ms. Lam Ka Jen, Katherine	1/1

The Remuneration Committee has discharged or will continue to discharge its major roles, including but not limited to, the following:

1. to approve the terms of the service agreements of the Directors and the senior management;

2. to make recommendations with respect to the remuneration and policies of the Directors and senior management of the Company; and

3. to review the remuneration package and recommend salaries, bonuses, including the incentive awards for Directors and senior management of the Company.

NOMINATION COMMITTEE

During the year, Mr. Fu Jie Pin, Mr. Jee Wengue and Mr. Yan Feng Xian ceased to act as members of the nomination committee of the Company (the "Nomination Committee") immediately following their respective resignations or retirement as Directors during the year.

The existing Nomination Committee comprises two executive Directors, namely Mr. Chan Chun Hong, Thomas and Mr. Ying Yat Man, and the three independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine. Mr. Chan Chun Hong, Thomas was also appointed to act as the chairman of the Nomination Committee. No Nomination Committee meeting was held during the financial year ended 31 December 2009.

The Nomination Committee will continue to discharge its major roles and functions, including but not limited to, the following:

1. to review the structure, size and composition of the Board on a regular basis;

2. to make recommendations to the Board regarding any proposed change and to identify individual suitably qualified to become the Board members; and

3. to access the independence of independent non-executive Directors and to make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors and succession planning for Directors.

AUDIT COMMITTEE

The Company established an audit committee (the "Audit Committee") comprising the independent non-executive Directors with specific terms of reference. During the financial year ended 31 December 2009, Mr. James Yin and Mr. Jee Wengue ceased to act as members of the Audit Committee immediately following their resignations as independent non-executive Directors on 12 February 2009 and Mr. Yan Feng Xian ceased to act as member of the Audit Committee immediately following his retirement as independent non-executive Directors at the conclusion of the annual general meeting held on 8 June 2009. On 12 February 2009, Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, the independent non-executive Directors, were appointed as members of the Audit Committee pursuant to Rule 3.21 of the Listing Rules. Ms. Lam Ka Jen, Katherine took the chair of the Audit Committee in September 2009.

The Audit Committee is mainly responsible for reviewing the interim and annual financial statements and making recommendation to the Board, reviewing the terms of engagement and making recommendation to the Board regarding the appointment of external auditors of the Company, monitoring and assessing the independence of external auditors and effectiveness of the internal control system and reviewing the financial reporting, controlling, accounting policies and practices with external auditors.

During the year, the Audit Committee met twice and the attendance of each entitled member of Audit Committee is set out below:

Audit Committee Members	Number of attendance
Mr. Ng Yat Cheung	2/2
Mr. Lee Chun Ho	2/2
Ms. Lam Ka Jen, Katherine	2/2
Mr. Yan Feng Xian *(retired on 8 June 2009)*	1/1

During the year, the Audit Committee reviewed and discussed with the management and auditors the accounting principles and practices adopted by the Company. In addition, up to the date of this report, it also reviewed risk management, internal control measures, the interim results for the six months ended 30 June 2009 and the annual results for the years ended 31 December 2008 and 2009 with the senior management and/or the auditors of the Company.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparation and publication of the timely financial statements and ensure that they are prepared in accordance with statutory requirements and applicable accounting standards. In preparing the accounts for the year ended 31 December 2009, the Directors have adopted suitable accounting policies which are pertinent to the Group's operations and relevant to the financial statements and have presented an understandable assessment of the Group's position and prospects.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, and save as the issues on net consolidated loss attributable to owners of the Company and the net consolidated current liabilities (as detailed in the independent auditors' report), they are not aware of any material uncertainties relating to the events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Directors continues to explore any opportunities to enhance its financial position by way of refinancing, extension of borrowings and fund raising. On 3 February 2010, the Company entered into a placing agreement to place up to 2.3 billion shares of the Company and it is expected that net proceeds of a maximum of approximately HK$111.3 million will be raised.

INTERNAL CONTORLS

The Board is entrusted with the overall responsibility for maintaining the Group's internal control system and reviewing the effectiveness of such systems periodically so as to ensure the reliability of financial reporting and safeguarding assets of the Group.

The composition of the Board underwent significant changes following the change in the single largest shareholder of the Company in early 2009. As most of the efforts of the newly appointed Directors focused on understanding the businesses and operations of the Group, a full scope review of the effectiveness of internal control system was not fully conducted in early 2009.

Having initiated a more detailed review of the effectiveness of the internal control system of the Group, the Board appointed various legal advisers and consultants, including HLB Consultants to evaluate and review the Group's internal control system. In particular, HLB Consultants was appointed to assess and identify any significant weaknesses in the relevant financial procedures, systems and controls of the Group and has prepared a report on internal control review detailing their findings and making recommendations to the Group's management for the enhancement of the internal control of the Group. The report prepared by HLB Consultants on internal control review was completed after the end of the period under review and has been reviewed and discussed in detail by the Board and no material internal control weakness was identified from the review.

The Board commits to reinforcing its internal control system and will continue to review at least annually the effectiveness of its systems, the adequacy of resources, qualifications and experience of staff for safeguarding assets and to maintain proper accounting records and enhance its operational efficiency.

AUDITORS' REMUNERATION

Messrs. CCIF CPA Limited ("CCIF") was appointed as the auditors of the Company with effect from 14 January 2009 to fill the casual vacancy arising from the resignation of Deloitte Touche Tohmatsu ("Deloitte"). Upon the resignation of CCIF on 24 December 2009, HLB Hodgson Impey Cheng was appointed as the auditors of the Company. The reason for the previous auditors' resignations was that both Deloitte and CCIF could not reach a consensus on their remuneration with the Company for the respective financial years ended 31 December 2008 and 2009.

During the year under review, the remuneration paid/payable to the Company's auditors, in respect of audit services and non-audit services for the year ended 31 December 2009 is analysed below:

Type of services provided by the external auditor	**Fees paid/ payable** HK$'000
Audit services – audit fee for the year ended 31 December 2009	700
Non-audit services	307
Total	1,007

COMMUNICATION WITH SHAREHOLDERS

The Company encourages shareholders to participate in the Company's annual general meeting and any other general meetings, in which the Directors are on hand to answer questions raised by shareholders on the Company's business operations.


滁州農副產品
禁止逆行


中心批发市场

REPORT OF THE DIRECTORS

The Directors present their annual report and audited consolidated financial statements of the Company and of the Group for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in note 22 to the consolidated financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS, DIVIDEND AND OTHER DISTRIBUTION

The results of the Group for the year ended 31 December 2009 and the state of affairs of the Company and of the Group are set out in the consolidated financial statements on pages 36 to 117.

The Board does not recommend any payment of a final dividend for the year ended 31 December 2009 (2008: Nil). No interim dividend was paid to the shareholders of the Company during the year under review (2008: a distribution out of contributed surplus of HK$0.02 per ordinary share was paid in October 2008).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 118.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 32 to the consolidated financial statements and in the consolidated statement of changes in equity set out on page 41, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2009, in the opinion of the Directors, the Company has no distributable reserves.

PROMISSORY NOTES AND SHARE CAPITAL

Details of the movements in the promissory notes and share capital of the Company are set out in notes 30 and 32, respectively to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year are set out in note 18 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The Directors during the year and up to the date of this annual report were:

Executive Directors:

Mr. Chan Chun Hong, Thomas *(Chairman)*
(appointed on 10 February 2009)
Mr. Ying Yat Man *(Chief Executive Officer)*
(appointed as executive Director on 10 February 2009 and was re-designated as the Chief Executive Officer on 8 June 2009)
Mr. Leong Weng Kin
(appointed on 10 February 2009)
Mr. Fu Jie Pin
(resigned on 12 February 2009)
Mr. Chen Hong Bo
(resigned on 14 April 2009)
Mr. Zhu Zhou *(ex-Chief Executive Officer)*
(retired on 8 June 2009)
Mr. Yang Zong Lin
(retired on 8 June 2009)
Mr. Yang Wei Yuan
(retired on 8 June 2009)

Independent non-executive Directors
Mr. Ng Yat Cheung
(appointed on 10 February 2009)
Mr. Lee Chun Ho
(appointed on 10 February 2009)
Ms. Lam Ka Jen, Katherine
(appointed on 10 February 2009)
Mr. James Yin
(resigned on 12 February 2009)
Mr. Jee Wengue
(resigned on 12 February 2009)
Mr. Yan Feng Xian
(retired on 8 June 2009)

In accordance with bye-law 99 of the bye-laws of the Company, Messrs. Leong Weng Kin and Lee Chun Ho will retire at the forthcoming annual general meeting by rotation and, being eligible, offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the existing independent non-executive Directors are still independent.

DIRECTORS' SERVICE CONTRACTS

No Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SECURITIES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2009, none of the Directors, chief executive of the Company, nor any of their respective associates, had any interests or short positions in any shares, underlying shares or debenture of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to the Model Code contained in the Listing Rules.

SHARE OPTION SCHEME

On 4 June 2002, the Company adopted a share option scheme (the "Scheme") for the primary purpose of providing incentive to employees, executives or officers, directors (including executive and non-executive) of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers of the Company or any of its subsidiaries (the "Participants") to take up share options for their contribution to the Group. Under the Scheme, the Board may grant share options to the Participants to subscribe for shares of the Company (the "Share(s)") for a consideration of HK$1.00 for each lot of share options granted. The exercise price is to be determined by the Board and shall not be less than the highest of (i) the official closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange on the offer date which must be a business day (and for this purpose, shall be taken to be the date of the Board meeting at which the Board proposes to grant the share options); (ii) the average of the official closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

The number of Shares in respect of which share options may be granted to the Participants in any 12-month period up to and including the date of grant is not permitted to exceed 1% of the Shares in issue at any point in time, without prior approval from the shareholders of the Company. Share options granted to substantial shareholders or independent non-executive Directors in excess of 0.1% of the share capital of the Company and with a value in excess of HK$5,000,000 must be approved in advance by the shareholders of the Company.

The Scheme became effective on 4 June 2002 and will expire on 3 June 2012. There is no specific requirement that a share

option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular share option. The period during which a share option may be exercised will be determined by the Board at its absolute discretion, save that no share option may be exercised more than ten years from the date of grant.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is not permitted to exceed 58,565,859 shares, representing 10% of the issued share capital of the Company as at the date of approving the refreshment of the 10% scheme limit at the special general meeting of the Company held on 12 September 2007. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

Details of the movements of the share options under the Scheme during the year were as follows:

				Number of share options		
Capacity	Date of grant	Exercise period	Exercise Price per share (HK$)	Outstanding as at 1 January 2009	Lapsed/ cancelled during the year	Outstanding as at 31 December 2009
Employees	4.6.2007	5.6.2007 - 4.6.2012	2.48	5,300,000	(5,300,000)	—

Other details of the Scheme are set out in note 33 to the consolidated financial statements.

During the year ended 31 December 2009, no share options under the Scheme was granted and as at 31 December 2009, there was no outstanding share options under the Scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2009, to the best knowledge of the Directors, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that the following shareholders (other than Directors or chief executive of the Company) had notified the Company of relevant interests or short position in the shares and underlying shares of the Company:

Long position in the ordinary shares of HK$0.01 each of the Company:

Name of shareholder	Notes	Capacity	Total no. of shares held	Approximate percentage of the Company's total issued share capital (Note c)
LeRoi Holdings Limited ("LeRoi Holdings")	(a)	Interest of a controlled corporation	263,265,080	9.02%
Wang Xiu Qun	(b)	Beneficial owner	180,000,000	6.17%
Zhou Jiu Ming	(b)	Interest of the spouse	180,000,000	6.17%

Notes:

(a) LeRoi Holdings, through Onger Investments Limited ("Onger"), its wholly-owned subsidiary, which held 263,265,080 shares of the Company, was taken to be interested in the same shares.

(b) Mr. Zhou Jiu Ming, as the spouse of Ms. Wang Xiu Qun, is deemed to be interested in 180,000,000 shares of the Company.

(c) The percentage stated represented the number of shares over the total number of 2,918,658,596 shares in the issued share capital of the Company as at 31 December 2009.

Save as disclosed above, as at 31 December 2009, there was no other persons (other than the Directors or chief executive of the Company) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance subsisted to which the Company, its holding company or any of its fellow subsidiaries and subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, at the end of the year or at any time during the year.

CORPORATE GOVERNANCE

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 16 to 21 of this annual report.

AUDIT COMMITTEE

The Company has the Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls.

During the financial year ended 31 December 2009, Mr. James Yin and Mr. Jee Wengue ceased to act as members of the Audit Committee immediately following their resignations as independent non-executive Directors on 12 February 2009 and Mr. Yan Feng Xian ceased to act as member of the Audit Committee immediately following his retirement as an independent non-executive Director at the conclusion of the annual general meeting held on 8 June 2009.

The current Audit Committee, comprising all existing three independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, all were appointed as members of the Audit Committee on 12 February 2009, has reviewed with the management and the auditors the audited consolidated financial statements of the Company and of the Group for the year ended 31 December 2009. Ms. Lam Ka Jen, Katherine took the chair of the Audit Committee.

EMOLUMENT POLICY

The emolument policies of the employees of the Group and the Directors are set up and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees. Details of the Scheme are set out in note 33 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2009, the percentage of sales attributable to the Group's largest and five largest customers were of approximately 38.1% and 38.8% respectively.

For the year ended 31 December 2009, the percentage of purchase attributable to the Group's five largest suppliers was less than 30%.

At no time during the year did a Director or any of their associates or any shareholders of the Company, which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the Listing Rules throughout the year ended 31 December 2009 and up to the date of this annual report.

POST BALANCE SHEET EVENT

Details of significant event occurring after the balance sheet date are set out in note 40 to the consolidated financial statements.

AUDITORS

CCIF was appointed as auditors of the Company on 14 January 2009 to fill the casual vacancy arising from the resignation of Deloitte, who resigned on 14 January 2009. CCIF subsequently resigned on 24 December 2009 and HLB Hodgson Impey Cheng was appointed as the auditors of the Company with effect from 24 December 2009 to fill the casual vacancy left by CCIF.

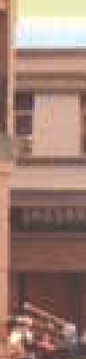
The consolidated financial statements for the year ended 31 December 2009 have been audited by HLB Hodgson Impey Cheng, who will retire and, being eligible, offer themselves for appointment. A resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Chan Chun Hong, Thomas
Chairman

16 April 2010


市场喜迎新城、环南市场经营户
财源通四海，生意畅三春



INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所
Hodgson Impey Cheng

Chartered Accountants
Certified Public Accountants

31/F
Gloucester Tower
The Landmark
11 Pedder Street
Central, Hong Kong

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of China Agri-Products Exchange Limited (the "Company") and its subsidiaries (collectively refered to as the "Group") set out on pages 36 to 117, which comprise the consolidated and company statements of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(incorporated in Bermuda with limited liability)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our opinion, we draw attention to note 2(b) to the consolidated financial statements which indicates that the Group incurred a net consolidated loss attributable to owners of the Company of approximately HK$296,330,000 for the year ended 31 December 2009 and , as of that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK$501,598,000. Notwithstanding the above, the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the Group's ability to extend its short-term borrowings upon maturity, obtain long-term financing facilities to re-finance its short-term borrowings, and derive adequate operating cash flows from its existing operations in order for the Group to meet its financial obligations as they fall due and to finance its future working capital and financial requirements. These conditions, along with other matters as set forth in note 2(b), indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 16 April 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Continuing operations			
Turnover	5	**104,117**	168,050
Cost of operation		**(31,630)**	(33,313)
Gross profit		**72,487**	134,737
Other revenue	6	**13,927**	6,256
Other net income	6	**4**	17,904
General and administrative expenses		**(84,354)**	(83,472)
Other operating expenses		**(326,183)**	(918,752)
Loss from operations		**(324,119)**	(843,327)
Finance costs	7(a)	**(66,016)**	(56,610)
Loss before taxation	7	**(390,135)**	(899,937)
Income tax	8	**76,610**	216,604
Loss for the year from continuing operations		**(313,525)**	(683,333)
Discontinued operations			
Profit for the year from discontinued operations	12	**—**	5,000
Loss for the year		**(313,525)**	(678,333)
Other comprehensive income			
Exchange differences on translating foreign operations		**1,078**	48,147
Total comprehensive loss for the year		**(312,447)**	(630,186)
Loss attributable to:			
Owners of the Company		**(296,330)**	(613,387)
Minority interest		**(17,195)**	(64,946)
		(313,525)	(678,333)

	Notes	2009 HK$'000	2008 HK$'000
Total comprehensive loss attributable to:			
Owners of the Company		**(295,460)**	(574,105)
Minority interest		**(16,987)**	(56,081)
		(312,447)	(630,186)
Distribution of contributed surplus to owners of the Company	14	**—**	15,313
Loss per share			
From continuing and discontinued operations			
- Basic	15(a)	**HK$(0.13)**	HK$(0.80)
- Diluted	15(b)	**HK$(0.13)**	HK$(0.81)
From continuing operations			
- Basic	15(a)	**HK$(0.13)**	HK$(0.81)
- Diluted	15(b)	**HK$(0.13)**	HK$(0.82)
From discontinued operations			
- Basic	15(a)	**—**	HK$0.01
- Diluted	15(b)	**—**	HK$0.01

The notes on pages 44 to 117 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	17	**29,535**	15,398
Investment properties	18	**1,439,562**	713,450
Intangible assets	19	**182,372**	484,036
Held-to-maturity financial assets	20	**6,048**	—
Goodwill	21	**11,625**	—
		1,669,142	1,212,884
Current assets			
Inventories	23	**1,137**	807
Trade and other receivables	24	**17,346**	6,355
Financial assets at fair value through profit or loss	25	**17,001**	—
Cash and cash equivalents	26	**155,701**	239,185
		191,185	246,347
Current liabilities			
Trade and other payables	27	**272,872**	247,220
Bank and other borrowings	28	**341,807**	239,455
Government grants	29	**4,324**	1,369
Income tax payable	31(a)	**73,780**	68,829
		692,783	556,873
Net current liabilities		**(501,598)**	(310,526)
Total assets less current liabilities		**1,167,544**	902,358
Non-current liabilities			
Bank and other borrowings	28	**244,835**	17,039
Promissory notes	30	**312,242**	294,967
Deferred tax liabilities	31(b)	**132,044**	126,864
		689,121	438,870
Net assets		**478,423**	463,488

	Notes	2009 HK$'000	2008 HK$'000
Capital and reserves			
Share capital	32	**29,187**	119,443
Reserves	32	**260,718**	273,522
Total equity attributable to owners of the Company		**289,905**	392,965
Minority interests		**188,518**	70,523
Total equity		**478,423**	463,488

Approved and authorised for issue by the board of directors on 16 April 2010.

Chan Chun Hong, Thomas
Director

Leong Weng Kin
Director

The notes on pages 44 to 117 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Investments in subsidiaries	22	**356,080**	564,000
Held-to-maturity financial assets	20	**4,115**	—
		360,195	564,000
Current assets			
Other receivables	24	**198,688**	162,625
Cash and cash equivalents	26	**27,683**	54,922
		226,371	217,547
Current liabilities			
Other payables	27	**59,358**	24,787
Net current assets		**167,013**	192,760
Total assets less current liabilities		**527,208**	756,760
Non-current liabilities			
Promissory notes	30	**312,242**	294,967
Net assets		**214,966**	461,793
Capital and reserves			
Share capital	32	**29,187**	119,443
Reserves	32	**185,779**	342,350
Total equity		**214,966**	461,793

Approved and authorised for issue by the board of directors on 16 April 2010.

Chan Chun Hong, Thomas
Director

Leong Weng Kin
Director

The notes on pages 44 to 117 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Contri-buted surplus	Share-holders' contribution	Share options reserve	Exchange reserve	Acc-umulated losses	Total	Minority interests	Total equity
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	91,363	553,217	945	2,096,598	664	3,554	16,511	(2,109,026)	653,826	126,604	780,430
Exchange differences on translating into presentation currency	–	–	–	–	–	–	39,282	–	39,282	8,865	48,147
Other comprehensive income for the year	–	–	–	–	–	–	39,282	–	39,282	8,865	48,147
Loss for the year	–	–	–	–	–	–	–	(613,387)	(613,387)	(64,946)	(678,333)
Total comprehensive loss for the year	–	–	–	–	–	–	39,282	(613,387)	(574,105)	(56,081)	(630,186)
Distribution to shareholders	–	–	–	(15,313)	–	–	–	–	(15,313)	–	(15,313)
Shares issued upon conversion of convertible notes	28,080	300,477	–	–	–	–	–	–	328,557	–	328,557
At 31 December 2008	119,443	853,694	945	2,081,285	664	3,554	55,793	(2,722,413)	392,965	70,523	463,488
At 1 January 2009	**119,443**	**853,694**	**945**	**2,081,285**	**664**	**3,554**	**55,793**	**(2,722,413)**	**392,965**	**70,523**	**463,488**
Exchange differences on translating into presentation currency	–	–	–	–	–	–	**870**	–	**870**	**208**	**1,078**
Other comprehensive income for the year	–	–	–	–	–	–	**870**	–	**870**	**208**	**1,078**
Loss for the year	–	–	–	–	–	–	–	**(296,330)**	**(296,330)**	**(17,195)**	**(313,525)**
Total comprehensive loss for the year	–	–	–	–	–	–	**870**	**(296,330)**	**(295,460)**	**(16,987)**	**(312,447)**
Minority interest arising on the acquisition of subsidiary	–	–	–	–	–	–	–	–	–	**134,982**	**134,982**
Issue of shares	**43,868**	**154,382**	–	–	–	–	–	–	**198,250**	–	**198,250**
Transaction cost related to issue of shares	–	**(5,850)**	–	–	–	–	–	–	**(5,850)**	–	**(5,850)**
Share capital reduction	**(134,124)**	–	–	**134,124**	–	–	–	–	–	–	–
Share option lapsed	–	–	–	–	–	**(3,554)**	–	**3,554**	–	–	–
At 31 December 2009	**29,187**	**1,002,226**	**945**	**2,215,409**	**664**	–	**56,663**	**(3,015,189)**	**289,905**	**188,518**	**478,423**

The notes on pages 44 to 117 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2009

	Notes	2009 HK$'000	2008 HK$'000
Operating activities			
Loss before taxation			
From continuing operations		**(390,135)**	(899,937)
From discontinued operations		**—**	5,000
		(390,135)	(894,937)
Adjustments for:			
Depreciation	7(c)	**5,779**	2,554
Amortisation of intangible assets	7(c)	**13,621**	46,367
Impairment loss on intangible assets	7(c)	**288,308**	872,385
Impairment loss on goodwill	7(c)	**10,245**	—
Impairment loss on other receivables		**5,674**	—
Fair value change on conversion options in convertible notes	6	**—**	(9,945)
Fair value change on financial assets at fair value through profit or loss	7(c)	**1,285**	—
Fair value change on investment properties		**14,010**	—
Gain on disposal of subsidiaries		**—**	(5,000)
Finance costs	7(a)	**66,016**	56,610
Interest income	6	**(748)**	(4,813)
Dividend income from listed securities	6	**(28)**	—
Loss on sale of property, plant and equipment	6	**—**	88
Foreign exchange loss/(gain)		**2,320**	(52,468)
Operating profit before changes in working capital		**16,347**	10,841
(Increase)/decrease in inventories		**(330)**	438
(Increase)/decrease in trade and other receivables		**(9,835)**	90,061
Decrease in trade and other payables		**(39,842)**	(96,124)
Cash (used in) / generated from operations		**(33,660)**	5,216
Tax paid			
PRC enterprise income tax paid		**(573)**	(625)
Net cash (used in) / generated from operating activities		**(34,233)**	4,591

	Notes	2009 HK$'000	2008 HK$'000
Investing activities			
Payments for acquisition of a subsidiary, net of cash acquired	36	**(142,508)**	—
Proceeds from disposal of financial assets through profit or loss		**7,297**	—
Purchase of financial assets at fair value through profit or loss		**(25,583)**	—
Purchase of held-to-maturity financial assets		**(6,189)**	—
Receipts from profit guarantee		**—**	69,646
Net cash inflow from disposal of subsidiaries		**—**	5,000
Payments for purchases of property, plant and equipment		**(6,302)**	(16,141)
Payments for investment properties		**(85,585)**	(33,405)
Dividend received		**28**	—
Bank interest received		**748**	4,813
Net cash (used in) / generated from investing activities		**(258,094)**	29,913
Financing activities			
Proceeds from new bank borrowings		**141,447**	31,806
Repayments of bank borrowings		**(58,851)**	(46,574)
Repayment of other borrowings		**(36,137)**	(11,359)
Advance from a director		**—**	227
Repayment to a director		**(170)**	(57)
Net proceeds from issue of shares		**192,400**	—
Interest paid		**(29,941)**	(20,452)
Distribution out of contributed surplus		**—**	(15,313)
Net cash generated from / (used in) financing activities		**208,748**	(61,722)
Net decrease in cash and cash equivalents		**(83,579)**	(27,218)
Cash and cash equivalents at 1 January	26	**239,185**	260,894
Effect of foreign exchange rate changes		**95**	5,509
Cash and cash equivalents at 31 December	26	**155,701**	239,185

The notes on pages 44 to 117 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2009

1. GENERAL INFORMATION

China Agri-Products Exchange Limited (the "Company", together with its subsidiaries the "Group") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section of the annual report.

The Company is an investment holding company. Its subsidiaries are principally engaged in the business of property rental and restaurant operation.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of financial statements

(i) Going concern basis

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group notwithstanding that:

— the Group had consolidated loss attributable to owners of the Company of approximately HK$296,330,000 for the year ended 31 December 2009;

— the Group had consolidated net current liabilities of approximately HK$501,598,000 as at 31 December 2009; and

— the Group had outstanding bank and other borrowings of approximately HK$586,642,000 (note 28), out of which an aggregate of approximately HK$341,807,000 is due for repayment within the next twelve months after 31 December 2009.

The directors adopted the going concern basis in the preparation of the financial statements and implemented the following measures in order to improve the working capital and liquidity and cash flow position of the Group:

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of financial statements *(Continued)*

(i) Going concern basis *(Continued)*

(1) Alternative sources of external funding

The Group is actively exploring the availability of alternative sources of external funding to strengthen the working capital position of the Group.

Subsequent to 31 December 2009, the Group announced to raise an aggregate of approximately HK$111,300,000 from placing of the Company's shares as set out in note 40. The placing was approved in a special general meeting held on 29 March 2010.

(2) Attainment of profitable and positive cash flow operations

The Group is taking measures to tighten cost controls over various costs and expenses and to seek new investment and business opportunities with an aim to attain profitable and positive cash flow operations.

(3) Necessary facilities

The Group will negotiate with its bankers to secure necessary facilities to meet the Group's working capital and financial requirements in the near future.

In the opinion of the directors, in light of the various measures/arrangements implemented after the end of reporting period together with the expected results of the other measures, the Group will have sufficient working capital for its current requirements and it is reasonable to expect the Group to remain a commercially viable concern. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the financial statements.

(ii) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the investment properties and certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

(iii) Functional and presentation currency

Items included in the financial statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). For the purposes of presenting the consolidated financial statements, the Group adopted Hong Kong dollars as its presentation currency for the convenience of the readers. The directors consider Hong Kong dollars, being an internationally well-recognised currency, can provide more meaningful information to the Company's investors.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation of financial statements *(Continued)*

(iv) Use of estimates and judgements

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

(c) Basis of consolidation

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries.

(i) Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for the control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation *(Continued)*

(ii) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Minority interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss for the year between minority interests and the owners of the Company.

Where losses applicable to the minority exceeds the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share or losses previously adsorbed by the Group has been recovered.

Loans for holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position depending on the nature of the liability.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(v)).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Basis of consolidation *(Continued)*

(iii) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(h)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate is recognised immediately in profit or loss.

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(d) Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value. Gain and losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise.

From 1 January 2009, investment properties under construction have been accounted for in the same way as completed investment properties. Specifically, construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise. Prior to 1 January 2009, the leasehold land and building elements of investment properties under construction were accounted separately; the leasehold land element was accounted for as an operating lease and the building element was measured at cost less impairment losses, if any.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period which the property is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Property, plant and equipment

Items of property, plant, and equipment are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(h)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of overheads and borrowing costs (see note 2(u)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 30 days after the date of completion.

— Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 5 years after the date of completion.

— Furniture, equipment and motor vehicles 5 - 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the items is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress comprises direct costs of construction during the period of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the relevant class of property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of constriction in progress until it is completed and substantially ready for its intended use.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and accumulated impairment losses see note 2(h)). Expenditure on internally generated goodwill and brands is recognised as an expenses in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The flowing intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

– Operating right	30 years

Both the period and method of amotisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Leased assets *(Continued)*

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate, net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(h) Impairment of assets

(i) Impairment of receivables

Current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological market, economic or legal environment that have an adverse effect on the debtor.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(i) Impairment of receivables *(Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

— for trade and other receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recongised in respect of trade debtors included within trader and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— prepaid lease payments classified as being held under an operating lease;

— intangible assets;

— investment in subsidiaries (except for those classified as held for sale (or included in a disposal group that is classified as held for sale) (see note 2(w)); and

— goodwill.

In any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount if estimated annually whether or not there is any indication of impairment.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generated unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying amount of an asset will not be reduced below its individual fair amount less costs to sell, or value-in-use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

— Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if these has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim Financial Reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition and reversal criteria as it would at the end of the financial year (see note 2(h)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unlisted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighting average cost formula and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 2 (h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(k) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of comprehensive income.

i. Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss, held-to-maturity financial assets and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss comprise financial assets held for trading purpose and derivative financial instruments that are not designated as effective hedging instruments. At the end of each reporting period date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in the consolidated statement of comprehensive income in the period in which they arise.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities with the Group's management has the positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method less impairment losses (see note 2(h)).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period date subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any identified impairment losses (see note 2(h)). An impairment loss is recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

ii. Financial liabilities and equities

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities including trade payables and other payables, bank and other borrowings and promissory notes, are subsequently measured at amortised cost, using the effective interest rate method. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Convertible notes

(i) Convertible notes that contain an equity component

Convertible notes that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

An initial recognition the liability component of the convertible notes is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to accumulated losses.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

ii. Financial liabilities and equities *(Continued)*

Convertible notes (Continued)

(ii) Other convertible notes

Convertible notes which do not contain an equity component are accounted for as follows:

At initial recognition the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments, (see note 2(k)). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component. Transaction costs that relate to the issue of the convertible note are allocated to the liability and derivative components in proportion to the allocation of proceeds. The portion of the transaction costs relating to the liability component is recognised initially as part of liability. The portion relating to the derivative component is recognised immediately in profit or loss.

The derivative component is subsequently carried at fair value. The change in fair value is charged to consolidated statement of comprehensive income. The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

The change in fair value is changed to consolidated statement of comprehensive income.

If the note is converted, the carrying amounts of the derivative and liability components are transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of both components is recognised in profit or loss.

Financial guarantee contracts

Financial guarantees are contracts that require the issuer (i.e., the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of assets. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued, in addition, provisions are recongised in accordance with note 2(r)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount o that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee, that is, the amount initially recognised, less accumulated amortisation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Financial instruments *(Continued)*

(iii) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred or the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in the consolidated statement of comprehensive income.

For financial liabilities, they are removed from the Group's consolidated statement of financial positions when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in the consolidated statement of comprehensive income.

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(r)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flow.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share options reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share options reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share options reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share options reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to accumulated losses).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(p) Share options granted to consultants

Share options issued in exchange for goods or services are measured at the fair values of the goods or services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share options reserves).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity. In which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reserve either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition or deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the excepted manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the assets and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either;

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered. Intend to realise the current tax assets and settle the current liabilities on a net basis or realise and settle simultaneously.

(r) Provisions and contingent liabilities

(i) Contingent liabilities acquired in business combinations

Contingent liabilities acquired as part of a business combination are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(r)(ii). Contingent liabilities acquired in a business combination that cannot be reliably fair valued are disclosed in accordance with note 2(r)(ii).

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable than an outflow of economic benefits will be required, or the amount cannot be estimated reliable, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic is remote. Possible obligations, whose existence will only be confirmed by the occurrence or no-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal installments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Revenue from property ancillary services

Revenue from property ancillary services are recognised when the services are rendered.

(iii) Commission income from agricultural exchange market

Commission income from agricultural exchange market is recognised in accordance with the terms of the agreements signed.

(iv) Sales of good and beverages

Sales of good and beverages are recognised at the point of sale of customers.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vi) Government subsidies

Government subsidies that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(vii) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost on a foreign currency are translated using the foreign exchange rates ruling at the transactions dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the date the fair value was determined.

For the purpose of presenting the consolidated financial statements, the results of the Group's operations not denominated in Hong Kong dollars are translated into Hong Kong dollars, i.e., the presentation currency of the Group, at the average rates for the year. The items of statement of financial position, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the end of reporting period. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(u) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use of sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary of prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs us suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Non-current assets held for sale and discounted operations

(i) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the noncurrent asset is not depreciated or amortised.

(ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (i) above), if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type of class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(y) Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied all of the new and revised standards, amendments and interpretations (the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 20 (Amendment)	Accounting for Government Grants and Disclosure of Government Assistance
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligation Arising on Liquidation
HKAS 38 (Amendment)	Intangible Assets
HKAS 40 (Amendment)	Investment Properties
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) - Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRS issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRS issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior periods.

New and revised HKFRs affecting presentation and disclosure only.

HKAS 1 (Revised) Presentation of Financial Statements

HKAS 1 (Revised) affects certain disclosures of financial statements. Under the revised standard, the income statement, the balance sheet and cash flow statement are renamed as the "Statement of Comprehensive Income", the "Statement of Financial Position" and the "Statement of Cash Flows" respectively. All income and expenses arising from transaction with non- owners are presented under the "Statement of Comprehensive Income"; while the owners' changes in equity are presented in the "Statement of Changes in Equity", This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

HKFRS 8 Operating Segments

HKFRS 8 is a disclose standard that has resulted in a redesignation of the Group's reportable segments.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements and liquidity risk. The Group has not presented comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the financial performance and/or financial position

Amendment to HKAS 40 Investment Property

As part of Improvements to HKFRSs (2008), HKAS 40 has been amended to include within its scope properties under construction or development for future use as investment properties and to require such properties to be measured at fair value (where the fair value model is used and the fair values of the properties are reliably determinable). In the past, the leasehold land and building elements of investment properties under construction were accounted for separately. The leasehold land element was accounted for as an operating lease and the building element as carried at cost less accumulated impairment losses (if any). The Group has used the fair value model to account for its investment properties.

The Group has applied the amendment to HKAS 40 prospectively from 1 January 2009 in accordance with the relevant transitional provision. As a result of the application of the amendment, the Group's investment properties under construction that include in the property, plant and equipment have been classified as investment properties and measured at fair value as 31 December 2009. As at 31 December 2009, the impact has been to decrease property, plant and equipment by HK$818,000, to increase investment properties by HK$818,000.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

Standards and interpretations in issue but not yet effective

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 28 (Amendment)	Investments in Associates[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets)[7]
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[6]
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Equity holders[1]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[5]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised standands, amendments or interpretetion will have no material impact on the results and the financial position of the Group.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

In the application of the Group's accounting policies, the directors of the Company are required to make judgements, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(a) Key sources of estimation uncertainty

In the process of applying the Group's accounting policies, management has made certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, as discussed below:

(i) Impairment of property, plant and equipment, prepaid lease payments and intangible assets

The recoverable amount of an asset is the greater of its fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, which requires significant judgement relating to level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of the recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and operating costs. Changes in these estimates could have a significant impact on the carrying amount of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(ii) Valuation of investment properties

Investment properties are included in the statement of financial position at their fair value, which is assessed annually by independent qualified valuers, after taking into consideration all readily available information and current market environment.

The methodology and assumptions adopted in the property valuations are mentioned in note 18(a).

(iii) Fair value of assets acquired and liabilities assumed upon acquisition

In connection with the acquisition of subsidiaries, the assets acquired and liabilities assumed are adjusted to their estimated fair values on the date of acquisition. The determination of the fair values of the assets acquired and liabilities assumed involves management's judgement and assumptions. Any change in such judgement and assumptions would affect the fair values of assets acquired and liabilities assumed.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Key sources of estimation uncertainty *(Continued)*

(iv) Impairment for goodwill

Internal and external sources of information are reviewed by the Group at the reporting period to assess whether there is any indication that goodwill may be impaired. If any such indication exists, the recoverable amount of the goodwill is estimated. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amounts, which would affect profit or loss in future years.

(v) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the debtors to make the required payments. The Group bases the estimates on the ageing of the trade and other receivable balance, debtor credit-worthiness, and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

(vi) Fair value of derivatives embedded in convertible notes

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market practitioners are applied. For derivatives embedded in convertible notes issued by the Group, the amount is estimated by using Black-Scholes option pricing model, which involves estimates on the Company's share price, exercise price, time to maturity, risk-free rate, share price volatility and others and assumptions are made based on quoted market rates of the instrument. Details of the assumptions used are disclosed in note 34.

(vii) Income tax and deferred taxation

The Group is subject to income taxes. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and certain tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and tax in the period in which such estimate is changed.

(viii) Impairment of intangible assets

Determining whether intangible assets is impaired requires an estimation of the value in use of the cash-generating units. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(b) Critical judgements in applying the Group's accounting policies

In determining the carrying amounts of some assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

Going Concern

As disclosed in note 2(b)(i), the directors have prepared the financial statements on a going concern basis as they are of the opinion that the Group will be able to generate adequate cash flows from its operations and secure the necessary facilities from the banks in the next twelve months to enable the Group to operate as a going concern. This conclusion is arrived at with reference to the cash flow forecast projection prepared by the management and on the assumption that the facilities that will be available to the Group upon successful negotiation with its banks. Any significant deviations from the assumptions adopted by management in preparing the cash flows forecast of the Group and discontinuation of bank facilities would affect the conclusion that the Group is able to continue as going concern.

5. TURNOVER

Turnover represents revenue from (i) property rental income and property ancillary services, (ii) commission income from agricultural exchange market, and (iii) sale of food and beverages. The amount of each significant category of revenue recognised during the year, net of discount and sales related tax, is analysed as follows:

	2009	2008
	HK$'000	HK$'000
Continuing operations:		
Gross rental income	**51,139**	47,060
Revenue from property ancillary services	**4,416**	52,507
Commission income from agricultural exchange market	**19,811**	42,730
Sales of food and beverages	**28,751**	25,753
	104,117	168,050
Discontinued operations:	**—**	—
	104,117	168,050

6. OTHER REVENUE AND OTHER NET INCOME

	2009	2008
	HK$'000	HK$'000
Other revenue		
Continuing operations:		
Interest income	**748**	4,813
Dividend income	**28**	—
PRC government subsidies (note (a))	**12,805**	520
Forfeiture of customers' deposits	**—**	551
Others	**346**	372
Discontinued operations	**—**	—
	13,927	6,256
Other net income		
Continuing operations:		
Charges in fair value of conversion opinions embedded in convertible notes (note 34)	**—**	9,945
Net exchange gain	**4**	8,047
Net loss on disposal of property, plant and equipment	**—**	(88)
Discontinued operations	**—**	—
	4	17,904

(a) PRC government subsidies

PRC government subsidies represent various form of subsidies granted to the Group by the local governmental authorities in the PRC for compensation of expenses incurred by the Group. These grants are generally made for business support and awarded to enterprises on a discretionary basis. The Group received these government grants in respect of its investments in the agricultural products exchange market in the PRC.

7. LOSS BEFORE TAXATION

Less before taxation is arrived after charging:

(a) Finance costs

	2009 HK$'000	2008 HK$'000
Continuing operations:		
Interest on bank advances and other borrowings wholly repayable within five years	**29,941**	20,452
Interest on convertible notes	**—**	675
Interest on promissory notes	**36,075**	34,192
Penalty interest on default of construction payables (note 27)	**—**	1,291
	66,016	56,610
Discontinued operations:	**—**	—
	66,016	56,610

(b) Staff costs (including directors' emoluments)

	2009 HK$'000	2008 HK$'000
Continuing operations:		
Contributions to defined contribution retirement plans	**137**	323
Salaries, wages and other benefits	**14,260**	19,569
	14,397	19,892
Discontinued operations:	**—**	—
	14,397	19,892

7. LOSS BEFORE TAXATION *(Continued)*

(c) Other items

	2009	2008
	HK$'000	HK$'000
Continuing operations:		
Amortisation of intangible assets*	**13,621**	46,367
Depreciation	**5,779**	2,554
Impairment loss on goodwill*	**10,245**	—
Impairment loss on intangible assets*	**288,308**	872,385
Auditors' remuneration		
– audit services	**700**	800
– other services	**307**	130
Operating lease charges: minimum lease payments		
– property rental	**3,940**	3,535
Fair value loss on financial assets at fair value through profit or loss	**1,285**	—
Cost of inventories	**19,022**	16,613
Discontinued operations	**—**	—

* Included in "other operating expenses" as disclosed in the consolidated financial statements.

8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(a) Continuing operations

(i) Taxation in the consolidated statement of comprehensive income represents:

	2009	2008
	HK$'000	HK$'000
Current tax - PRC enterprise income tax		
Current tax	**2,375**	13,084
Deferred tax		
Origination and reversal of temporary differences (note 31 (b))	**(78,985)**	(229,688)
	(76,610)	(216,604)

No provision for Hong Kong Profits Tax has been made as the Group had no estimated assessable profits arising in Hong Kong for the years ended 31 December 2009 and 2008. PRC Enterprise Income Tax is computed according to the relevant legislation interpretations and practices in respect thereof during the year. PRC Enterprise Income Tax rate is 25% (2008: 25%).

(ii) Reconciliation between tax expenses and accounting loss at applicable tax rates:

	2009		2008	
	HK$'000	%	HK$'000	%
Loss before taxation	**(390,135)**		(899,937)	
Notional tax on loss before taxation, calculated at the rates applicable to losses in the jurisdictions concerned	**(97,534)**	**(25.0)**	(224,984)	(25.0)
Effect of different tax rates in other tax jurisdiction	**7,495**	**1.9**	7,378	0.8
Tax effect non-deductible expenses	**14,370**	**3.7**	13,175	1.5
Tax effect of non-taxation income	**(6,672)**	**(1.7)**	(12,173)	(1.4)
Tax off of unused tax losses of recognised	**5,731**	**1.5**	—	—
Tax credit	**(76,610)**	**(19.6)**	(216,604)	(24.1)

(b) Discontinued operations

(i) For the year end 31 December 2008, no provision for Hong Kong Profit Tax has been made by the entities comprising the discontented operations as these entries have no assessable profit during the period or have unrelieved tax losses brought forward which are not likely to be crystallised in the future.

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

	Directors' fees	Salaries allowances and benefits in kind	Retirement scheme contributions	Total 2009
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Chan Chun Hong, Thomas (Chairman) (note a)	534	—	11	545
Ying Yat Man (note a)	107	1,107	9	1,223
Leong Weng Kin (note a)	107	—	5	112
Fu Jie Pin (note d)	—	170	2	172
Yang Zong Lin (note b)	228		—	228
Yang Wei Yuan (note b)	158	—	—	158
Chen Hong Bo (note c)	137	—	—	137
Zhu Zhou (note b)	527	—	—	527
Independent non-executive directors:				
Ng Yat Cheung (note a)	107	—	—	107
Lee Chun Ho (note a)	107	—	—	107
Lam Ka Jen, Katherine (note a)	107	—	—	107
Jee Wengue (note d)	31	—	—	31
Yan Feng Xian (note b)	22	—	—	22
James Yin (note d)	6	—	—	6
	2,178	1,277	27	3,482

9. DIRECTORS' EMOLUMENTS *(Continued)*

	Directors' fees	Salaries allowances and benefits in kind	Retirement scheme contributions	Total 2008
	HK$'000	HK$'000	HK$'000	HK$'000
Executive directors:				
Fu Jie Pin (note d)	—	1,440	12	1,452
Chen Hong Bo (note c)	480	—	—	480
Yang Wei Yuan (note b)	360	—	—	360
Yang Zong Lin (note b)	—	1,548	—	1,548
Zhu Zhou (note b)	500	—	—	500
Independent non-executive directors:				
Jee Wengue (note d)	50	—	—	50
James Yin (note d)	50	—	—	50
Yan Feng Xian (note b)	50	—	—	50
	1,490	2,988	12	4,490

Notes:

(a) Directors were appointed at 10 February 2009

(b) Directors retired on 8 June 2009

(c) Directors resigned on 14 April 2009

(d) Directors resigned on 12 February 2009

During the years ended 31 December 2009 and 2008, no emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. No directors of the Company waived or agreed to waive any emoluments during the year.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2008: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2008: three) individuals are as follows:

	2009	2008
	HK$'000	HK$'000
Salaries and other benefits	**1,360**	2,600
Retirement schemes contributions	**23**	36
	1,383	2,636

The emoluments of three (2008: three) individuals with the highest emoluments are within the following bands:

	2009	2008
	Number of individuals	Number of individuals
Nil to HK$1,000,000	**3**	2
HK$1,000,001 to HK$1,500,000	**—**	1

During the years ended 31 December 2009 and 2008, no emoluments were paid by the Group to any of the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11. EMPLOYEE RETIREMENTS BENEFITS

The Group participates in defined contribution retirement schemes (the "Schemes") organised by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at certain percentage of the eligible employees' salaries, pursuant to the relevant labour rules and regulations in the PRC. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. Contributions to the plan vest immediately.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

12. DISCONTINUED OPERATIONS

In prior year, on 18 November 2008, the Group's property sales and development operations were discontinued following the disposal of two wholly-owned subsidiaries, namely Renowned Holdings Limited and Superwide Development Limited (collectively known as the "Renowned Group").

The profit for the year from the discontinued operations is analysed as follows:

	2009	2008
	HK$'000	HK$'000
Gain on disposal of Renowned Group	—	5,000

Note: There are no cash flows generated from/used in the activities of the discontinued operations for the period from 1 January 2008 to 18 November 2008.

13. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The accumulated loss attributable to owners of the Company includes a loss of approximately HK$439,227,000 (2008: approximately HK$499,298,000) which has been dealt with in the financial statements of the Company.

14. DISTRIBUTION OF CONTRIBUTED SURPLUS TO OWNERS OF THE COMPANY

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2009.

During the year ended 31 December 2008, the directors resolved to declare and paid distribution of the contributed surplus of HK$0.02 per ordinary share to owners of the Company whose names appear in the register of members on 8 October 2008.

15. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company for the year is based on the following data:

(a) Basic loss per share

For continuing and discontinued operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$296,330,000 (2008: HK$613,387,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000) in issue during the year.

For continuing operations

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of HK$296,330,000 (2008: HK$618,387,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000 ordinary shares) in issue during the year.

For discontinued operations

The calculation of basic loss per share is based on the profit for the year attributable to owners of the Company of HK$Nil (2008: a profit of HK$5,000,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 762,216,000 ordinary shares) in issue during the year.

(b) Diluted loss per share

For continuing and discontinued operations

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of HK$296,330,000 (2008: HK$622,657,000) and the weighted average number of ordinary shares of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares), calculated as follows:

(i) Loss attributable to owners of the Company (diluted)

	2009	2008
	HK$'000	HK$'000
Loss attributable to owners of the Company	**(296,330)**	(613,387)
After tax effect of effective interest on liability component of convertible notes	**—**	675
After tax effect of gains recognised on the derivative component of convertible notes	**—**	(9,945)
Loss attributable to owners of the Company (diluted)	**(296,330)**	(622,657)

15. LOSS PER SHARE *(Continued)*

(b) Diluted loss per share *(Continued)*

(ii) Weighted average number of ordinary shares (diluted)

	2009	2008
	HK$'000	HK$'000
Weighted average number of ordinary shares at 31 December	**2,206,031**	762,216
Effect of conversion of convertible notes	**—**	3,443
Weighted average number of ordinary shares (diluted) at 31 December	**2,206,031**	765,659

Diluted loss per share for the year ended 31 December 2009 is the same as the basic loss per share as there was no diluted event during the year.

For continuing operations

The calculation of diluted loss per share is based on the loss attributable to owners of the Company of HK$296,330,000 (2008: HK$627,657,000) and the weighted average number of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares) in issue during the year.

For discontinued operations

The calculation of diluted loss per share is based on the profit attributable to owners of the Company of HK$Nil (2008: a profit of HK$5,000,000) and the weighted average number of ordinary shares of 2,206,031,000 ordinary shares (2008: 765,659,000 ordinary shares).

16. SEGMENT REPORTING

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purposes of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach. In the past, the Group's primary reporting segment was business segment. The adoption of HKFRS 8 did not result in redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14.

The Group has two reportable segments, (i) property rental and (ii) restaurant operation. The segmentations are based on the information about the operation of the Group that management uses to make decisions.

Segment revenue and results

An analysis of the Group's revenues and results by business segment is presented below:

	Continuing operations				Discontinued operations			
	Property rental		Restaurant operation		Property investment		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover								
External sales	**75,366**	142,297	**28,751**	25,753	**—**	—	**104,117**	168,050
Result								
Segment result	**(268,397)**	(841,398)	**(1,715)**	(7,771)	**—**	—	**(270,112)**	(849,169)
Unallocated corporate expenses							**(43,762)**	(4,103)
Impairment of goodwill	**(10,245)**	—	**—**	—	**—**	—	**(10,245)**	—
Fair value change on derivative embedded in convertible notes							**—**	9,945
Loss from operations							**(324,119)**	(843,327)
Finance costs							**(66,016)**	(56,610)
Gain on disposal of subsidiaries	**—**	—	**—**	—	**—**	5,000	**—**	5,000
Loss before taxation							**(390,135)**	(894,937)
Income tax							**76,610**	216,604
Loss for the year							**(313,525)**	(678,333)

The accounting policies of the reportable segments are the same as the Group's accounting policies describe in note 2, business segment represents the loss from each segment without allocation of central administrative costs and directors' salaries.

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales in the year (2008: Nil).

16. SEGMENT REPORTING *(Continued)*

Segment assets and liabilities

The following is an analysis of the Group assets and liabilities by reportable segment:

	Continuing operations				Discontinued operations			
	Property rental		Restaurant operation		Property investment		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets								
Segment assets	**1,722,107**	1,225,051	**9,966**	7,598	**—**	—	**1,732,073**	1,232,649
Unallocated corporate assets							**128,254**	226,582
Consolidated total assets							**1,860,327**	1,459,231
LIABILITIES								
Segment liabilities	**218,959**	213,943	**5,184**	5,302	**—**	—	**224,143**	219,245
Unallocated corporate liabilities							**1,157,761**	776,498
Consolidated total liabilities							**1,381,904**	995,743

For the purposes of monitoring segment performance and allocating resources between segments:

— all assets are allocated to reportable segments other than corporate assets. Goodwill is allocated to reportable segments as described in note 21.

— all liabilities are allocated to reportable segments other than corporate liabilities and deferred tax liabilities.

16. SEGMENT REPORTING *(Continued)*

Other segment information

The following is an analysis of the Group's other segment information:

	Continuing operations				Discontinued operations					
	Property rental		Restaurant operation		Property investment		Unallocated		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Capital expenditure										
– acquisition of a subsidiary	**667,850**	—	**—**	—	**—**	—	**—**	—	**667,850**	—
– others	**90,869**	46,032	**818**	1,340	**—**	—	**—**	2,174	**91,687**	49,546
Depreciation and amortisation	**18,104**	47,927	**1,343**	610	**—**	—	**435**	384	**19,882**	48,921
Impairment loss										
– intangible assets	**288,308**	872,385	**—**	—	**—**	—	**—**	—	**288,308**	872,385
– goodwill	**10,245**	—	**—**	—	**—**	—	**—**	—	**10,245**	—
– other receivables	**5,674**	—	**—**	—	**—**	—	**—**	—	**5,674**	—

Information about major customers

Included in revenues arising from property rental operations of approximately HK$75,366,000 (2008: approximately HK$142,297,000) are revenues of approximately HK$39,760,000 (2008: Nil) which arose from sales to the Group's largest customer.

Geographical information

As at the end of reporting period, over 90% of the identifiable assets and revenue of the Group were located and generated in the PRC. Accordingly, no geographical segment analysis on the carrying amount of segment assets or additions to property, plant and equipment is presented.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Furniture, equipment and motor vehicles	Leasehold improvements	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost:					
At 1 January 2008	2,025	5,230	2,844	30,237	40,336
Exchange adjustments	127	315	164	1,891	2,497
Additions	—	7,229	2,181	6,731	16,141
Disposals	—	(98)	(19)	—	(117)
Transfer to investment property (note 18)	—	—	—	(38,041)	(38,041)
At 31 December 2008 and 1 January 2009	2,152	12,676	5,170	818	20,816
Exchange adjustments	—	2	—	—	2
Additions	—	6,302	—	—	6,302
Disposals	—	(232)	(254)	—	(486)
Acquisition of a subsidiary (note 36)	—	14,663	—	—	14,663
Transfer to investment properties (note 18)	—	—	—	(818)	(818)
At 31 December 2009	2,152	33,411	4,916	—	40,479
Accumulated depreciation:					
At 1 January 2008	98	623	1,961	—	2,682
Exchange adjustments	9	78	124	—	211
Charge for the year	99	1,951	504	—	2,554
Disposals	—	(28)	(1)	—	(29)
At 31 December 2008 and 1 January 2009	206	2,624	2,588	—	5,418
Exchange adjustments	—	1	—	—	1
Charge for the year	99	4,529	1,151	—	5,779
Disposals	—	—	(254)	—	(254)
At 31 December 2009	305	7,154	3,485	—	10,944
Carrying amounts:					
At 31 December 2009	**1,847**	**26,257**	**1,431**	**—**	**29,535**
At 31 December 2008	1,946	10,052	2,582	818	15,398

As at 31 December 2009, the Group had been applying for the relevant building certificates in respect of the buildings of approximately HK$1,847,000 (2008: HK$1,946,000) owned by the Group.

18. INVESTMENT PROPERTIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Completed investment properties	**898,766**	713,450
Investment properties under construction	**540,796**	—
	1,439,562	713,450

	The Group	
	2009	2008
	HK$'000	HK$'000
At 1 January	**713,450**	604,210
Transfer from construction in progress	**—**	38,041
Investment properties under construction transferred to investment properties	**818**	—
Construction cost incurred for investment properties under construction	**76,342**	—
Acquisition of a subsidiary (note 36)		
– Completed investment properties	**192,020**	—
– Investment properties under construction	**461,167**	—
Additions	**9,243**	33,405
Fair value loss	**(14,010)**	—
Exchange adjustments	**532**	37,794
At 31 December	**1,439,562**	713,450

(a) Valuation of investment properties

(i) The investment properties amounted of approximately HK$697,967,000 of the Group were stated at fair value as at 31 December 2009. The fair values were arrived at based on the valuations carried out by an independent firm of qualified professional valuers, LCH (Asia-Pacific) Surveyors Limited ("LCH"), who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The valuations conform to the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors. The valuation on the land use rights in respect of the investment properties was determined by reference to the governmental standard land prices in the nearby area and taking into the account the market transaction prices of similar properties in the nearby area after making time factor adjustments based on the Wuhan City Composite Index. The buildings in respect of the investment properties were valued using the depreciated replacement cost method, taking into account the historical construction costs of the buildings.

(ii) The investment properties amounted of approximately HK$741,595,000 of the Group were stated at fair value as at 31 December 2009. The fair value were arrived at based on the valuations carried out by an independent firm of qualified professional valuers, Savills Valuation and Professional Services Limited ("Savills"), who have among their staff members of the Hong Kong Institute of Surveyors with recent experience in the location and category of the properties being valued. The valuations conform to the Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors. The completed investment properties were valued using the investment method. The investment properties under construction were valued using direct comparison approach.

18. INVESTMENT PROPERTIES *(Continued)*

(b) The analysis of the carrying amount of investment properties is as follows:

	2009	2008
	HK$'000	HK$'000
In the PRC		
- medium-term leases	1,439,562	713,450

(c) Investment properties leased out under operating leases

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and classified accounted for as investment properties.

The Group leases out its investment properties which is an agricultural exchange market to various tenants. The leases typically run for an initial period of 1 year, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals. The rental receivable from investment properties less direct outgoings of approximately HK$2,793,000 (2008: approximately HK$1,354,000) amounted to approximately HK$48,346,000 (2008: approximately HK$45,706,000).

The Group's total future minimum lease rental receivables under non-cancellable operating leases are as follows:

	2009	2008
	HK$'000	HK$'000
Within 1 year	60,673	42,288
After 1 year but within 5 years	264,922	—
Over 5 years	190,429	—
	516,024	42,288

In addition, the Group has arrangements with tenants and their suppliers which entitled it to charge commission based on certain percentages of the transaction price of agricultural products delivered to the tenants in the agricultural exchange market.

(d) Pledge of investment properties

As at 31 December 2009, the land use rights in respect of investment properties with a total carrying amount of approximately HK$388,608,000 (2008: approximately HK$255,140,000) were pledged to banks for the Group's bank borrowings, details of which are set out in note 28.

(e) As at 31 December 2009, the Group had been applying for the relevant certificates in respect of the buildings erected on the land included under investment properties owned by the Group.

19. INTANGIBLE ASSETS

	The Group	
	2009	2008
	HK$'000	HK$'000
Operating right		
Cost:		
At 1 January	**1,437,465**	1,352,790
Exchange adjustments	**365**	84,675
At 31 December	**1,437,830**	1,437,465
Accumulated amortisation:		
At 1 January	**51,908**	3,758
Charge for the year	**13,621**	46,367
Exchange adjustments	**4**	1,783
At 31 December	**65,533**	51,908
Accumulated impairment loss:		
At 1 January	**901,521**	—
Impairment loss	**288,308**	872,385
Exchange adjustments	**96**	29,136
At 31 December	**1,189,925**	901,521
Carrying amounts:		
At 31 December	**182,372**	484,036

(a) Operating right represents the Group's right to operate an agricultural exchange market related business in Wuhan, the PRC. The operating right was acquired as part of a business combination of Baisazhou during the year ended 31 December 2007 and was initially recognised at the aggregate of the total consideration and direct costs attributable to the business combination paid by the Group less the net assets and goodwill of Baisazhou acquired at the date of the completion of acquisition.

(b) The recoverable amount of operating right is determined based on value-in-use calculations. The impairment review of the operating right is based on the expected future cash flows and based on the financial budgets approved by management covering a 5-year period. Cash flows beyond 5- year period is extrapolated using an estimated growth rate of 3% (2008: 2%). Discount rate of 13% (2008: 16%) is applied on the value-in-use calculations.

Due to the rental subcontract agreement and preference of customers, the value-in-use at 31 December 2009 is calculated to be lower than the carrying amount of the operating right and accordingly an impairment loss of approximately HK$288,308,000 (2008: approximately HK$872,385,000) was recognised in 2009. The impairment loss is included in "other operating expenses" in the consolidated statement of comprehensive income.

(c) The amortisation charge for the year is included in "other operating expenses" in the consolidated statement of comprehensive income.

20. HELD-TO-MATURITY FINANCIAL ASSETS

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Held-to-maturity financial assets, at amortised cost	**6,048**	—	**4,115**	—

Held-to-maturity financial assets had fixed interest and will mature in 2011 and 2019.

21. GOODWILL

	The Group	
	2009	2008
	HK$'000	HK$'000
Cost:		
At 1 January	**3,147**	3,147
Acquisition of subsidiaries (note 36)	**21,870**	—
At 31 December	**25,017**	3,147
Accumulated impairment losses:		
At 1 January	**3,147**	3,147
Impairment loss	**10,245**	—
At 31 December	**13,392**	3,147
Carrying amounts:		
At 31 December	**11,625**	—

Note:

At the end of the reporting period, the Group assessed the recoverable amount of goodwill, and determined that goodwill associated with certain of the Group's property rental activities was impaired by HK$10,245,000 (2008: Nil). The recoverable amount of the property rental activities was assessed by reference to the relevant cash-generating unit's value in use. A discount factor of 12.63% per annum was applied in the value in use model.

Particulars of impairment testing on goodwill are disclosed below.

21. GOODWILL *(Continued)*

Impairment testing on goodwill

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

— Property rental

The carrying amount of goodwill (net of accumulated impairment losses) was allocated to cash-generating units as follows:

	2009	2008
	HK$'000	HK$'000
Property rental	**11,625**	—

Property rental

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a five-year period, and a discount rate of 13% per annum. Cash flows beyond that five-year period have been extrapolated using a steady 3% growth rate. This growth rate does not exceed the long-term average growth rate for the market. The directors believe that any reasonably possible further change in the key assumptions on which the recoverable amount is based would not cause the carrying amount of the unit to exceed its recoverable amount.

The key assumptions used in the value in use calculations for property rental cash-generating units are as follows:

Budgeted market share	Average market share in the period immediately before the budget period. The values assigned to the assumption reflect past experience.
Budgeted gross margin	Average gross margins achieved in the period immediately before the budget period which reflects past experience.

22. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2009	2008
	HK$'000	HK$'000
Unlisted, at cost	**1,005,433**	1,005,433
Less: Impairment loss (note 22(b))	**(649,353)**	(441,433)
	356,080	564,000

Notes:

(a) The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

(b) The carrying amounts of the investments in subsidiaries are reduced to their recoverable amounts which are determined by reference to the estimation of future cash flows expected to be generated from the respective subsidiaries.

22. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name of Company	Place of incorporation registration and operation	Particulars of issued and fully paid ordinary share capital/ registered capital	Proportion of ownership interest Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Century Choice Limited	Hong Kong	HK$1	100%	—	100%	Investment holding
China Agri-Products Corporate Management Services Limited	Hong Kong	HK$1	100%	—	100%	Management services
China Land Group Limited	Hong Kong	HK$2	100%	—	100%	Management services
China Land Holdings Limited	British Virgin Islands/ Hong Kong	US$1	100%	100%	—	Investment holding
Citistar Limited	Hong Kong	HK$1	100%	—	100%	Office rental
Fully Wealth Investment Limited	Hong Kong	HK$1	100%	—	100%	Investment holding
Global Max Holdings Limited	Hong Kong	HK$100	50%	—	50%	Investment holding
Novel Talent Limited	British Virgin Islands/ Hong Kong	US$1	100%	100%	—	Investment holding
Shiney Day Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	—	100%	Investment holding
Silver Mark Investments Limited	Hong Kong	HK$1	100%	—	100%	Investment holding
Upper Speed Investments Limited	British Virgin Islands/ Hong Kong	US$1	100%	—	100%	Investment
Wuhan Baisazhou Agricultural By-product Grand Market Company Limited (note (i))	The PRC	RMB50,000,000	95%	90%	5%	Property leasing
北京金龍騰健康飲食（集團）有限公司 (note (ii))	The PRC	RMB500,000	100%	—	100%	Restaurant operation
深圳金龍騰海鮮酒樓（深圳）有限公司 (note (ii))	The PRC	RMB5,000,000	100%	—	100%	Restaurant operation
徐州源洋商貿發展有限公司 (note (i))	The PRC	RMB 61,220,000	51%	—	51%	Property leasing
玉林宏進農副產品批發市場有限公司 (note (i))	The PRC	RMB 76,230,000	65%	—	65%	Property leasing

Note:

(i) Registered as a sino-foreign equity joint venture under the laws of the PRC.

(ii) Registered as a wholly-owned foreign enterprise under the laws of the PRC.

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Group, which, in the opinion of the directors, principally affected the results or assets of the Group. To give detail of other subsidiaries would, in the opinion of the directors, result in particulars of excessive lengths.

23. INVENTORIES

	The Group	
	2009	2008
	HK$'000	HK$'000
Raw materials – restaurant food and beverage	**1,137**	807

24. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade debtors	**955**	1,598	**—**	—
Amounts due from subsidiaries (note 24 (c))	**—**	—	**198,037**	162,625
Loans and receivables	**955**	1,598	**198,037**	162,625
Deposits paid for an investment project (note 24(d))	**—**	2,272	**—**	—
Other deposits	**2,657**	298	**—**	—
Advances to suppliers	**315**	387	**—**	—
Advances to staff	**20**	747	**—**	—
Prepayments	**2,249**	826	**651**	—
Others	**11,150**	227	**—**	—
	17,346	6,355	**198,688**	162,625

(a) Ageing analysis

Included in trade and other receivables are trade debtors with the following ageing analysis as of the end of reporting period:

	The Group	
	2009	2008
	HK$'000	HK$'000
Less than 90 days	**847**	689
More than 90 days but less than 180 days	**57**	108
More than 180 days	**51**	801
	955	1,598

The Group generally allows an average credit period of 30 days to 180 days to its trade customers. The Group may, on a case by case basis, and after evaluation of the business relationship and creditworthiness of its customers, extend the credit period upon customers' request.

24. TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Ageing of past due but not impaired

	2009	2008
	HK$'000	HK$'000
Less than 3 months past due	18	768
More than 3 months past due	33	33
	51	801

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

(c) Amounts due from subsidiaries

An analysis of the amounts due from subsidiaries is listed below:

	The Company	
	2009	2008
	HK$'000	HK$'000
Due from subsidiaries	1,385,797	1,171,949
Less: Provision for impairment	(1,187,760)	(1,009,324)
	198,037	162,625

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The movement in the provision for impairment during the year is as follows:

	The Company	
	2009	2008
	HK$'000	HK$'000
At 1 January	1,009,324	959,324
Impairment loss recognised	178,436	50,000
At 31 December	1,187,760	1,009,324

(d) Deposit paid for an investment project

A deposit of RMB 2,000,000 (equivalent to approximately HK$2,272,000) was paid to an independent third party in September 2007 for a potential investment project. In February 2009, the project was aborted and the deposit was refunded to the Group.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2009	2008
	HK$'000	HK$'000
Listed investments:		
– Equity securities listed in Hong Kong	**15,191**	—
– Equity securities listed outside Hong Kong	**1,810**	—
Fair value	**17,001**	—

All financial assets at fair value through profit or loss are stated at fair values. Fair values of the listed investments are determined by reference to the quoted market bid prices available on the relevant stock exchanges.

26. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at banks and in hand (note a)	**132,978**	239,185	**27,683**	54,922
Pledged bank deposits (note b)	**22,723**	—	**—**	—
	155,701	239,185	**27,683**	54,922

Note:

(a) Cash at bank and in hand comprise cash held by the Group and bank balances that bear interest at prevailing market rates ranging from 0.36% to 0.81% (2008: 0.36% to 0.72%) per annum and have original maturity of three months or less.

Included in cash at banks and in hand as at 31 December 2009 is an amount denominated in Renminbi ("RMB") of RMB45,973,000 (equivalent to approximately HK$52,231,000) (2008: RMB15,100,000, equivalent to approximately HK$13,293,000). Renminbi is not freely convertible into other currencies.

(b) Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. Deposits have been pledged to secure short-term bank loans and therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade creditors (note 27(a))	**1,313**	1,340	**—**	—
Accrued charges	**38,681**	19,771	**—**	981
Construction payables (note 27(b))	**47,757**	88,335	**—**	—
Penalty interest payables for default of construction payables (note 27(b))	**—**	1,291	**—**	—
Amount due to a subcontractor	**85,648**	—	**—**	—
Interest payables	**43,068**	20,191	**29,358**	20,191
Amounts due to former shareholders of the Company's subsidiaries (note 27(c))	**9,089**	26,645	**—**	—
Amount due to subsidiaries (note 27(e))	**—**	—	**30,000**	—
Amount due to a director (note 27(d))	**—**	170	**—**	
Others	**5,828**	3,615	**—**	3,615
Financial liabilities measured at amortised cost	**231,384**	161,358	**59,358**	24,787
Deposits				
– deposits received from tenants	**4,845**	20,826	**—**	—
– others	**1,433**	123	**—**	—
Receipts in advance (note 27(f))	**6,632**	48,639	**—**	—
Other taxes payables (note 27(g))	**28,578**	16,274	**—**	—
	272,872	247,220	**59,358**	24,787

27. TRADE AND OTHER PAYABLES *(Continued)*

(a) Ageing analysis

The ageing analysis of trade creditors as of the end of reporting period is as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within 90 days	**1,313**	1,317
After 90 days but within 180 days	**—**	23
	1,313	1,340

(b) Construction payables mainly represent construction costs payable to constructors of investment properties. Included in construction payables as at 31 December 2008 was an amount of approximately HK$1,246,000 which was defaulted and unsettled, and penalty interest thereon of approximately HK$1,291,000 was charged during the year ended 31 December 2008.

(c) The amounts due to former shareholders of the Company's subsidiaries are unsecured, interest-free, and repayable on demand.

(d) As at 31 December 2008, the amount due to Mr. Fu Jie Pin (resigned on 12 February 2009), a director of the Company, is unsecured, interest-free and repayable on demand.

(e) The amount due to subsidiaries was unsecured, interest free and repayable on demand.

(f) The amount includes rental received from tenants in advance.

(g) Other taxes payables include real estate tax payable and sales tax payable.

28. BANK AND OTHER BORROWINGS

	The Group	
	2009	2008
	HK$'000	HK$'000
Secured bank borrowings	**366,400**	238,319
Unsecured other borrowings	**220,242**	18,175
	586,642	256,494

	The Group	
	2009	2008
	HK$'000	HK$'000
Carrying amount repayable:		
Within one year	**341,807**	239,455
More than one year, but not exceeding two years	**244,835**	17,039
	586,642	256,494
Less: amounts due within one year shown under current liabilities	**(341,807)**	(239,455)
	244,835	17,039

(a) Included in the above balances are bank borrowings of variable-rate of approximately HK$366,400,000 (2008: HK$238,319,000) which carry interest adjustable for changes of borrowing rate offered by The People's Bank of China. The average rate charged by the banks during the year ranged from approximately 5.4% to 5.9% (2008: approximately 5.4% to 9.0% per annum) per annum. Interest is repriced every 30 days. The other borrowings of approximately HK$220,242,000 (2008: HK$18,175,000) were obtained from two (2008: two) independent third parties and carry interest fixed from approximately 5.4% to 10.0% (2008: approximately 6.4% to 12% per annum) per annum.

(b) The ranges of effective interest rates (which equal to contracted interest rates) on the Group's borrowings are as follows:

	2009	2008
	HK$'000	HK$'000
Effective interest rate:		
Fixed-rate borrowings	**5.4% to 10%**	6.4% to 12%
Variable-rate borrowings	**5.4% to 5.9%**	5.4% to 9%

(c) The secured bank borrowings are secured by the land use rights included in investment properties and pledged bank deposit with a carrying amount of HK$411,331,000 (2008: HK$255,140,000) as set out in note 18(d) and 26(b).

29. GOVERNMENT GRANTS

At 31 December 2009, the Group has unused government grants of approximately HK$4,324,000 (2008: HK$1,369,000) in relation to the construction of qualifying assets. The government grants will be recognised upon construction of qualifying assets. The government grants are not repayable.

30. PROMISSORY NOTES

The Group and the Company

On 5 December 2007, the Company issued two Promissory Notes with an aggregate amount of HK$376,000,000 as part of the consideration for the acquisition of Baisazhou (the "Promissory Notes"). The Promissory Notes bear interest at 5% per annum and are repayable in five years from the date of issue. The Company may, at its absolute discretion, pay all or any part of the outstanding principal amount and interest of the Promissory Notes.

The movement of the carrying amount of the Promissory Notes during the year ended 31 December 2009 is set out below:

	2009	2008
	HK$'000	HK$'000
At 1 January	**294,967**	279,575
Interest charged	**36,075**	34,192
Interest payable	**(18,800)**	(18,800)
At 31 December	**312,242**	294,967

The effective interest rate of the Promissory Notes is 12.23% per annum.

31. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax in the consolidated statement of financial position represents provision for PRC enterprise income tax.

(b) Deferred taxation recognised:

The Group

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year ended 31 December 2009 are as follows:

	Fair value adjustments of intangible assets	Fair value adjustments of investment properties	Total
	HK$'000	HK$'000	HK$'000
Deferred tax arising from:			
At 1 January 2008	337,259	5,510	342,769
Exchange adjustments	13,438	345	13,783
Credited to profit or loss	(229,688)	—	(229,688)
At 31 December 2008 and 1 January 2009	121,009	5,855	126,864
Acquisition of subsidiaries	—	83,800	83,800
Exchange adjustments	124	241	365
Credited to profit or loss	(75,482)	(3,503)	(78,985)
At 31 December 2009	45,651	86,393	132,044

	2009	2008
	HK$'000	HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**—**	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	**132,044**	126,864
	132,044	126,864

(c) Deferred taxation not recognised

The Group had no significant deferred tax assets/liabilities not recognised as at the end of reporting period.

32. CAPITAL AND RESERVES

(a) The Group

Details of movements in capital and reserves of the Group are set out in the consolidated statement of changes in equity on page 41.

(b) The Company

	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Shareholders contribution	Share options reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2008	91,363	553,217	945	470,001	664	3,554	(471,897)	647,847
Share issued upon conversion of convertible notes (note 32(c)(i))	28,080	300,477	—	—	—	—	—	328,557
Distribution to shareholders	—	—	—	(15,313)	—	—	—	(15,313)
Loss for the year	—	—	—	—	—	—	(499,298)	(499,298)
At 31 December 2008 and 1 January 2009	**119,443**	**853,694**	**945**	**454,688**	**664**	**3,554**	**(971,195)**	**461,793**
Issue of share	**43,868**	**154,382**	**—**	**—**	**—**	**—**	**—**	**198,250**
Transaction costs related to issue of shares	**—**	**(5,850)**	**—**	**—**	**—**	**—**	**—**	**(5,850)**
Share capital reduction	**(134,124)**	**—**	**—**	**134,124**	**—**	**—**	**—**	**—**
Share option lapsed	**—**	**—**	**—**	**—**	**—**	**(3,554)**	**3,554**	**—**
Loss for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(439,227)**	**(439,227)**
	29,187	**1,002,226**	**945**	**588,812**	**664**	**—**	**(1,406,868)**	**214,966**

32. CAPITAL AND RESERVES *(Continued)*

(c) Authorised and issued share capital

		2009		2008	
	Notes	**Number of shares**	**Nominal value**	Number of shares	Nominal value
			HK$'000		HK$'000
Authorised:					
Ordinary shares of HK$0.01 (2008: US$0.02) each	(iii)	**30,000,000,000**	**300,000**	19,000,000,000	2,964,000
Ordinary shares, issued and fully paid:					
At 1 January		**765,658,596**	**119,443**	585,658,596	91,363
Issue of shares upon conversion of convertible notes	(i)	**—**	**—**	180,000,000	28,080
Issue of share upon placing	(ii)	**153,000,000**	**23,868**	—	—
Effect of capital reorganisation	(iii)	**—**	**(134,124)**	—	—
Issue of share upon placing	(iv)	**2,000,000,000**	**20,000**	—	—
At 31 December		**2,918,658,596**	**29,187**	765,658,596	119,443

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally regard to the Company's residual assets.

(i) On 8 January 2008, all the outstanding convertible notes with a total principal amount of HK$360,000,000 were converted into 180,000,000 shares of the Company as set out in note 34.

(ii) The Company entered into placing agreements on 13 February 2009 and 16 February 2009 to place a total of 153,000,000 ordinary new shares of US$0.02 each at a price of HK$0.25 per share. These shares were issued and allotted on 25 February 2009 upon completion under the general mandate granted to the Directors by the shareholders of the Company at a special general meeting held on 23 May 2008. The net proceeds of approximately HK$37,000,000 is intended to be used to satisfy the Group's general working capital requirements.

(iii) Pursuant to a special resolution passes on 27 April 2009, a capital reorganisation was duly passed in which involves:(i) the change in the currency denomination of all the issued and unissued share from US$0.02 each to HK$0.156 each at the conversion rate of US$1.00 to HK$7.80; (ii)a reduction of issued share capital whereby the par value of each issued redenominated share will be reduced from HK$0.156 to HK$0.01 by canceling HK$0.146 of the paid-up capital on each issued redenominated share; (iii) the entire authorised but unissued share capital of the Company, including the share capital arising from the capital reduction, shall be cancelled and subsequently increased by the creation of such number of new share as shall be necessary to bring the authorised share capital of the Company to HK$300,000,000 dividend into 30,000,000,000 new share; and (iv) the credit arising from the capital reduction will be transferred to the contributed surplus account of the Company and the Directors will be authorised to apply the amount in the contributed surplus account in any manner permitted by the laws of Bermuda and the By-laws.

(iv) On 7 May 2009, the Company entered into a placing agreement with a placing agent in respect of placing of a total of 2,000,000,000 new shares of HK$0.01 each at a price of HK$0.08 per share. These shares were issued and allotted on 19 June 2009 upon completion under the specific mandate granted to the Directors by the shareholders of the Company at a special general meeting held on 2 June 2009. The net proceeds of approximately HK$155,400,000 is intended to be used to satisfy the working capital requirements of agricultural produce exchanges operated by the Group and the Group's other general working capital requirements.

32. CAPITAL AND RESERVES *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by section 40 of the Bermuda Companies Act 1981 of Bermuda.

(ii) Capital redemption reserve

The capital redemption reserve represents the nominal value of the Company's shares repurchased which has been paid out of the distributable reserves of the Company.

(iii) Contributed surplus

The contributed surplus represents (i) the difference between the underlying net asset value of the subsidiaries acquired over the nominal value of the shares of the Company issued pursuant to group reorganisation in 1995, and (ii) contribution arising from capital reorganisation in 2003 and 2009.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, the Company cannot declare or pay a dividend, or make distributions out of contributed surplus if:

– it is, or would after the payment be, unable to pay its liabilities as they become due; or

– the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

(iv) Shareholders' contribution

The shareholders' contribution represents imputed interest expense on the non-current interest-free loan from ultimate holding company in 2005.

(v) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements into presentation currency of the Group which is dealt with in accordance with the accounting policy set out in note 2(t).

(vi) Share options reserve

The share options reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group and consultants recognised in accordance with the accounting policy adopted for share based payments set out in notes 2(p).

32. CAPITAL AND RESERVES *(Continued)*

(e) Distributability of reserves

As at 31 December 2009, the aggregate amount of reserves available for distribution to owners of the Company was nil (2008: Nil).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if the project development can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

The Group monitors its capital structure on the basis of gearing ratios. For this purpose, the Group defines net debt as total debt (which includes interest-bearing loans and borrowings, and promissory notes) less cash and cash equivalents to the total equity.

During the year, the Group's gearing ratios exceeds 100%. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, raise new debt financing or sell assets to reduce debt.

The gearing ratios as at 31 December 2009 and 2008 was as follows:

	Notes	**2009** **HK$'000**	2008 HK$'000
Current liabilities			
– Bank and other borrowings	28	**341,807**	239,455
Non-current liabilities			
– Bank and other borrowings	28	**244,835**	17,039
– Promissory notes	30	**312,242**	294,967
Total debt		**898,884**	551,461
Less: Cash and cash equivalents	26	**(155,701)**	(239,185)
Net debt		**743,183**	312,276
Total equity		**478,423**	463,488
Net debt-to-capital ratio		**155.3%**	67.4%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme (the "Scheme") which was adopted on 4 June 2002 whereby the directors the Company are authorised, at their discretion, to invite employees, executives or officers, directors of the Company or any of its subsidiaries and any business consultants, agents, legal or financial advisers of the Company or any of its subsidiaries (the "Participants") to take up options for their contribution to the Group. The Scheme will expire on 3 June 2012. Under the Scheme, the board of directors (the "Board") may grant options to the Participants to subscribe for shares in the Company for a consideration of HK$1 for each lot of share options granted. The exercise price is to be determined by the Board and shall not be less than the highest of:

(a) the official closing price of the shares as stated in the daily quotations sheets of the Stock Exchange on the offer date which must be a business day (and for this purpose, shall be taken to be the date of the Board meeting at which the Board proposes to grant the options);

(b) the average of the official closing price of the shares as stated in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the offer date; and

(c) the nominal value of a share.

Pursuant to the Scheme, the maximum number of shares in the Company in respect of which options may be granted when aggregated with any other share option scheme of the Company is not permitted to exceed 58,565,859 shares, representing 10% of the issued share capital of the Company as at the date of approving the refreshment of the 10% scheme limit at the special general meeting of the Company held on 12 September 2007. Subject to the issue of a circular and the approval of the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may refresh the limit at any time to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the foregoing, the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the shares in issue from time to time.

No option may be granted to any person if the total number of shares of the Company already issued and issuable to him under all the options granted to him in any 12-month period up to and including the date of grant exceeding 1% of total number of shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the issue of a circular by the Company and the approval of the shareholders in general meeting. The participant and his associates (as defined in the Listing Rules) are abstained from voting and/or other requirements prescribed under the Listing Rules from time to time. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

There is no specific requirement that an option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular option. The period during which an option may be exercised will be determined by the Board at its absolute discretion, save that no option may be exercised more than ten years from the date of grant.

33. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(a) The terms and conditions of the grants that existed during the two years ended 31 December 2009 and 2008 are as follows, whereby all options are settled by physical delivery of shares:

	Exercise Price	Number of shares issuable under options	Shares issued	Vesting conditions	Contractual life of options
	HK$				
Options granted to employees					
– on 4 June 2007	2.48	5,300,000	—	Immediately from the date of grant	5 years

No options have been granted, exercised or cancelled during the year ended 31 December 2009.

(b) The number and weighted average exercise prices of share options are as follows:

	2009		2008	
	Weighted average exercise price	**Number of shares issuable under options**	Weighted average exercise price	Number of shares issuable under options
Outstanding at the beginning of the year	**HK$2.48**	**5,300,000**	HK$2.48	5,300,000
Lapsed during the year	**—**	**(5,300,000)**	—	—
Outstanding at the end of the year	**—**	**—**	HK$2.48	5,300,000
Exercisable at the end of the year	**—**	**—**	HK$2.48	5,300,000

There was no share options outstanding as at 31 December 2009. The options outstanding as at 31 December 2008 had an exercise price of HKHK2.48 and weighted average remaining contractual life of 3.4 years.

34. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

(a) Convertible Notes

On 5 December 2007, the Company entered into a subscription agreement with Ms. Wang Xiu Qun ("Ms. Wang"), an independent third party, for the issue of convertible notes with an aggregate principal amount of HK$360,000,000 ("Convertible Notes") as part of the consideration for the acquisition of Baisazhou. The Convertible Notes are interest-free and is due on 5 December 2009. The conversion price is HK$2.00 per share at the time of subscription and is subject to anti-dilutive adjustments, capital distribution in cash or specie or subsequent issue of securities by the Company. A total of 180,000,000 ordinary shares of the Company ("Conversion Shares") will be allotted and issued upon the conversion in full of the Convertible Notes. The holder is entitled to convert all or any part of the outstanding principal amount of the Convertible Notes into ordinary shares of the Company at any time between one month after the date of issue and the maturity date on 5 December 2009. The Convertible Notes are converted at the option of the holder. The Conversion Shares will be subject to a lock up period of twelve months from the date of issue of Convertible Notes.

Pursuant to terms of the Convertible Notes, conversion of the Convertible Note is subject to the terms and conditions including a condition that the exercise of the conversion rights under the Convertible Notes would only be limited to the extent that (i) the aggregate shareholding in the Company of Ms. Wang, her associates and parties acting in concert with her will not be more than 29.90%; or (ii) the minimum public float of 25% of the Company will be maintained.

As the functional currency of the Company is Renminbi, the conversion option of the Convertible Bonds denominated in Hong Kong dollar will not result in settlement by the exchange of a fixed amount of cash for a fixed number of equity instrument. The conversion option embedded in the Convertible Notes is therefore separated from the host contract and accounted for as a derivative financial instrument carried at fair value through profit or loss. On initial recognition, the Convertible Notes issued by the Company contained a liability of approximately HK$285,565,000 and a conversion option embedded in the Convertible Notes of approximately HK$74,435,000 were therefore classified separately into respective items.

All the Convertible Notes were converted into 180,000,000 ordinary shares of the Company on 8 January 2008. The new shares issued rank pari passu in all respects with the Company's then existing shares in issue at the date of conversion.

The movement of the liability component of the Convertible Notes is set out below:

	2009	2008
	HK$'000	HK$'000
At 1 January	**—**	287,957
Issue of convertible notes	**—**	—
Effective interest expenses	**—**	675
Conversion during the year	**—**	(288,632)
At 31 December	**—**	—

The effective interest rate of the Convertible Notes was 12.23% per annum.

34. CONVERTIBLE NOTES/DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The Group and the Company *(Continued)*

(b) Derivative financial instruments

	2009	2008
	HK$'000	HK$'000
At 1 January	—	49,869
Conversion option embedded in the Convertible Notes	—	—
Changes in fair value (note 6)	—	(9,945)
Derecognised upon conversion of Convertible Notes	—	(39,924)
At 31 December	—	—

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Exposure to credit, liquidity and market risks (including interest rate, currency risk and equity price risk) arises in the normal course of the Group's business.

These risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from the carrying amount of the respective financial assets as stated in the consolidated statement of financial position after deducting any impairment allowance.

In order to minimise the credit risk in relation to each class of recognised financial assets as stated in the financial statements, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and non-trade debt at each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has a concentration of credit risk in certain individual customers. At the end of reporting period, the five largest receivable balances accounted for approximately 77% (2008: approximately 84%) of the trade receivables and the largest trade receivable was approximately 43% (2008: approximately 47%) of the Group's total trade receivables. The Group seeks to minimise its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired have no default payment history.

The Group's concentration of credit risk by geographical location is mainly in the PRC.

The Group had no significant deferred tax assets/liabilities not recognized as at the balance sheet date.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(a) Credit risk *(Continued)*

In relation to the Group's deposits with banks, the Group limits its exposure to credit risk by placing deposits with financial institutions with high credit rating and no recent history of default. The directors consider that the Group's credit risk on the bank deposits is low. Management continues to monitor the position and will take appropriate action if their ratings are changed. As at 31 December 2009, the Group has no significant concentration of credit risk in relation to deposits with banks. As at 31 December 2008, the Group has certain concentration of credit risk as approximately 67% of total bank deposits were deposited with one financial institution in Singapore.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 24.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. As at 31 December 2009 and 2008, there were no utilised banking facilities.

The following table details the remaining contractual maturities at the end of reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of reporting period) and the earliest date the Group and the Company can be required to pay:

The Group

			2009		
	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other payables	231,384	231,384	231,384	—	—
Bank and other borrowings	586,642	586,642	341,807	47,150	197,685
Promissory notes	312,242	431,009	18,800	18,800	393,409
	1,130,268	1,249,035	591,991	65,950	591,094

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(b) Liquidity risk *(Continued)*

2008	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Trade and other payables	161,358	161,358	161,358	—	—
Bank and other borrowings	256,494	286,458	268,449	18,009	—
Promissory notes	294,967	449,809	18,800	18,800	412,209
	712,819	897,625	448,607	36,809	412,209

The Company

2009	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	59,358	59,358	59,358	—	—
Promissory notes	312,242	431,009	18,800	18,800	393,409
	371,600	490,367	78,158	18,800	393,409

2008	Carrying Amount	Total contractual undiscounted cash flow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Other payables	24,787	24,787	24,787	—	—
Promissory notes	294,967	449,809	18,800	18,800	412,209
	319,754	474,596	43,587	18,800	412,209

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank and other borrowings, promissory notes, and cash and cash equivalents.

Cash and cash equivalents comprise mainly cash at banks and in hand with the annual interest rates ranging from approximately 0.36% to 0.81% as at 31 December 2009 (2008: approximately 0.36% to 0.72%).

The interest rates of the Group's bank and other borrowings and promissory notes are disclosed in notes 28, and 30, respectively.

The Group is exposed to fair value interest rate risk in relation to fixed-rate other borrowings and promissory notes (see notes 28 and 30 for details).

The Group is exposed to cash flow interest rate risk in respect of its variable-rate bank and other borrowings (see note 28) and bank balances (see note 26) due to changes of interest rates. It is the Group's present policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant fixed-rate bank and other borrowings should the need arise.

Sensitivity analysis

At 31 December 2009, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax and accumulated losses by approximately HK$5,133,000 (2008: approximately HK$566,000). Other components of equity would not be affected (2008: nil) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in the respective interest rates over the period until the next annual reporting period. The analysis is performed on the same basis for 2008.

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through The People's Bank of China ("PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rate adopted for foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on financing transactions denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results. The Group did not hedge its currency exposure.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Currency risk *(Continued)*

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

The Group

	2009		2008	
	United States dollars	**Hong Kong dollars**	United States dollars	Hong Kong dollars
	'000	**'000**	'000	'000
Trade and other receivables	**44**	**17,165**	—	—
Cash and cash equivalents	**31**	**101,869**	20,909	54,911
Held to maturity financial asset	**791**	**—**	—	—
Financial assets of fair value through profit or loss	**506**	**12,082**	—	—
Trade and other payables	**—**	**(41,358)**	—	(24,787)
Promissory notes	**—**	**(312,242)**	—	(294,967)
Other borrowing	**—**	**(203,200)**	—	—
Overall exposure to currency risk	**1,372**	**(425,684)**	20,909	(264,843)

The Company

	2009		2008	
	United States Dollars	**Hong Kong dollars**	United States dollars	Hong Kong dollars
	'000	**'000**	'000	'000
Trade and other receivables	**30**	**420**	—	—
Cash and cash equivalents	**21**	**27,522**	1	54,911
Trade and other payables	**—**	**(39,240)**	—	(24,787)
Held to maturity financial asset	**542**	**—**	—	—
Promissory notes	**—**	**(312,242)**	—	(294,967)
Overall exposure to currency risk	**593**	**(323,540)**	1	(264,843)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(d) Currency risk *(Continued)*

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss after tax and accumulated loss in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period.

The Group

	2009		2008	
	Increase/ (decrease) In foreign Exchange Rates	**Effect on loss after tax and accumulated losses**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		HK$'000		HK$'000
United States Dollars	**2%**	**(214)**	2%	(3,261)
	(2)%	**214**	(2)%	3,261
Hong Kong Dollars	**5%**	**21,284**	5%	13,242
	(5)%	**(21,284)**	(5)%	(13,242)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' loss after tax. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2008.

(e) Equity price risk

The Group is exposed to equity price risk through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. The Group's equity securities risk is mainly concentrated on equity securities operating in banking, mobile communication and electricity power supply quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group has monitored the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to equity price risk at the reporting date.

If equity price had been 5% higher/lower, the Group's net profit for the year ended 31 December 2009 would increase/ decrease by approximately HK$850,000 (2008: Nil). This is mainly due to the changes in financial assets at fair value through profit or loss.

The Group's sensitivity to equity prices has not changed significantly from prior year.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

(f) Fair value of financial instrument

The fair values of financial assets and financial liabilities are determined as follows:

i) the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

ii) the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The carrying amount of other financial assets and liabilities carried at amortised cost, approximate their respective fair values due to the relatively short-term nature of these financial instruments.

Fair value measurements recognised in the statement of financial position.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable as at 31 December 2009.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets				
Financial assets at fair value through profit or loss	17,001	—	—	17,001

36. ACQUISITION OF SUBSIDIARIES

(a) Pursuant to an acquisition agreement dated 12 February 2009 entered into with Active Day Investments Limited, the Company undertook to acquire the entire equity interest in Shiney Day Investments Limited ("Shiney Day", together with its subsidiaries referred to as the "Shiney Day Group") for a cash consideration of HK$150,000,000. Shiney Day indirectly held subsidiaries which were principally engaged in the business of management and sub-licensing of agricultural by-products wholesale market in Yulin, Guangxi Province, the PRC and Xuzhou, Jiangsu Province, the PRC. The acquisition was completed on 25 March 2009.

Details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	Carrying amount immediately before the combination	Fair value adjustment	Fair value
	HK$'000	HK$'000	HK$'000
Net asset acqiured			
Property, plant and equipment (Note 17)	14,663	—	14,663
Investment properties (Note 18)	350,709	302,478	653,187
Prepayments, deposits and other receivables	6,685	—	6,685
Bank balance and cash	27,452	—	27,452
Accruals and other payables	(42,659)	—	(42,659)
Bank and other borrowings	(45,285)	—	(45,285)
Amount due to former shareholder	(238,200)	—	(238,200)
Income tax payable	(3,137)	—	(3,137)
Deferred tax liabilities	(8,180)	(75,620)	(83,800)
Net assets acquired	62,048	226,858	288,906
Minority interests			(155,595)
Goodwill (Note 21)			16,689
Total consideration satisfied by cash consideration paid			150,000

The effect of the acquisition on cash flows is as follows:

	HK$'000
Net cash outflow arising on:	
Cash consideration paid	(150,000)
Bank balances and cash acquired	27,452
	(122,548)

Included in the loss for the year is HK$9,030,000 attributable to the additional business generated by Shiney Days Group. Revenue for the year includes HK$25,216,000 in respect of Shiney Days Group.

Had these business combinations been effected at 1 January 2009, the revenue of the Group would have been HK$112,204,000, and the loss for the year would have been HK$307,885,000. The directors of the Group consider these "pro-forma" numbers to represent an approximate measure of the performance of the combined group on an annualised basis and to provide a reference point for comparison in future periods.

36. ACQUISITION OF SUBSIDIARIES *(Continued)*

(b) On 26 November 2009,Treasure Mine Investments Limited ("Treasure Mine"), a wholly-owned subsidiary entered into acquisition agreement with an independent third party, Treasure Mine undertook to acquire 50% interest in Global Max Holdings Limited ("Global Max" together with its subsidiaries referred to as the "Global Max Group") which own 10% interest of Baisa zhou for a consideration of approximately HK$20,000,000. The acquisition was completed on 26 November 2009.

Details of assets acquired and liabilities assumed as at the acquisition date were as follows:

	Acquiree's carrying amount before combination and fair value
	HK$'000
Net asset acquired	
Available-for-sale financial assets	41,227
Bank balance and cash	40
Trade and other payables	(5,835)
Net assets acquired	35,432
Minority interests	(20,613)
Goodwill (Note 21)	5,181
Total consideration satisfied by cash consideration paid	20,000

The effect of the acquisition on cash flows is as follows:

	HK$'000
Net cash outflow arising on:	
Cash consideration paid	(20,000)
Bank balances and cash acquired	40
	(19,960)

37. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Capital expenditure authorised and contracted for in respect of acquisition of:		
– property, plant and equipment	**3,682**	57,708
– construction in progress	**—**	3,074
	3,682	60,782

37. COMMITMENTS

(b) At 31 December 2009, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2009	2008
	HK$'000	HK$'000
Within one year	**1,375**	3,673
After one year but within five years	**221**	1,533
	1,596	5,206

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of two to five years. The leases did not include extension options. None of the leases includes contingent rentals.

38. LITIGATION

The Company has commenced legal proceedings on 10 February 2010 at the Intermediate Court of Wuhan City, Hubei Province, the People's Republic of China. In the court proceedings, the Company seeks, amongst other relief, a Court declaration that a purported rental subcontract agreement dated 10 February 2009 ("the Agreement") is void and of null effect and hence repudiation of the Agreement. The legal proceedings are still ongoing in the Intermediate Court of Wuhan City.

39. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the financial statements, the Group has the following material related party transactions:

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed on note 10, is as follows:

	2009	2008
	HK$'000	HK$'000
Short-term employee benefits	**4,815**	7,078
Post-employment benefits	**50**	48
	4,865	7,126

Total remuneration is included in "staff costs" (see note 7(b)).

(b) Balances with related parties

Details of the balances with related parties as at 31 December 2009 and 2008 are set out in note 24.

39. MATERIAL RELATED PARTY TRANSACTIONS

(c) Transactions with other related parties

Advance from a director

During the year ended 31 December 2008, Mr. Fu Jie Pin (resigned on 12 February 2009), a director of the Company, made an advance to the Group of approximately HK$227,000, of which approximately HK$57,000 was repaid. The amount was fully repaid during the year ended 31 December 2009.

40. EVENT AFTER THE REPORTING PERIOD

Placing of shares

On 3 February 2010, the Company of entered into placing agreements with an independent placing agent for the placement, on a best effort basis, of a maximum of 2.3 billion new shares of HK$0.05 per share of the Company. The placing is conditional upon granting or agreeing to grant the listing of, and permission to deal in, the new shares by the Stock Exchange. The net proceeds of up to approximately HK$111.3 million to be raised from the placing will be used for repayment of loans, expansion and further development of the Group's agricultural produce exchanges and as general marking working capital of the Group. The placing was approved in a special general meetng held on 29 March 2010.

41. AUTHORISATION FOR ISSUE OF FINANICAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 16 April 2010.

FIVE YEAR FINANCIAL SUMMARY

	Year ended 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**104,117**	168,050	45,929	31,740	15,481
Loss before taxation	**(390,135)**	(894,937)	(9,053)	(18,161)	(32,580)
Income tax credit (expense)	**76,610**	216,604	(5,289)	(16)	(17)
Loss for the year	**(313,525)**	(678,333)	(14,342)	(18,177)	(32,597)
Attributable to:					
Owners of the Company	**(296,330)**	(613,387)	(15,098)	(18,169)	(32,589)
Minority interests	**(17,195)**	(64,946)	756	(8)	(8)
	(313,525)	(678,333)	(14,342)	(18,177)	(32,597)

	As at 31 December				
	2009	2008	2007	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and liabilities					
Total assets	**1,860,327**	1,459,231	2,353,801	75,137	229,383
Total liabilities	**(1,381,904)**	(995,743)	(1,573,371)	(13,626)	(149,237)
	478,423	463,488	780,430	61,511	80,146
Attributable to:					
Owners of the Company	**289,905**	392,965	653,826	47,664	65,724
Minority interests	**188,518**	70,523	126,604	13,847	14,422
	478,423	463,488	780,430	61,511	80,146