



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

2010 INTERIM REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Chun Hong, Thomas

Chairman and Chief Executive Officer

Mr. Leong Weng Kin

Mr. Leung Sui Wah, Raymond

Independent Non-executive Directors

Mr. Ng Yat Cheung

Mr. Lee Chun Ho

Ms. Lam Ka Jen, Katherine

AUDIT COMMITTEE

Ms. Lam Ka Jen, Katherine, *Chairman*

Mr. Lee Chun Ho

Mr. Ng Yat Cheung

REMUNERATION COMMITTEE

Mr. Chan Chun Hong, Thomas, *Chairman*

Mr. Ng Yat Cheung

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

Mr. Lee Chun Ho

Ms. Lam Ka Jen, Katherine

Mr. Leung Sui Wah, Raymond

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 HM 11

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>

INTERIM DIVIDEND

The board of directors (the “**Board**” or “**Directors**”) of China Agri-Products Exchange Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) does not recommend any payment of an interim dividend for the six months ended 30 June 2010 (six months ended 30 June 2009: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

For the six months ended 30 June 2010, the Group recorded a turnover of approximately HK\$58.2 million (2009: approximately HK\$49.7 million), representing an increase of approximately 17% compared to the corresponding period last mainly due to the continuous growth of Xuzhou project and a gross profit of approximately HK\$38.5 million (2009: approximately HK\$36.4 million), representing an increase of approximately 6% compared to the corresponding period last year mainly due to more income generated from the project in Yulin, Guangxi Zhuang Autonomous Region, and Xuzhou project.

The loss attributable to owners of the Company was approximately HK\$76.7 million compared to the loss of approximately HK\$158.2 million for the corresponding period last year. Such decline in the Group results was primarily attributable to the decrease of impairment of intangible assets arising from the Group’s original acquisition of 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) (“**Wuhan Baisazhou**”).

REVIEW OF OPERATIONS

The Group is principally engaged in the business of agricultural produce exchanges and the food and beverage business, both in the People’s Republic of China (the “**PRC**”).

Agricultural produce exchanges

During the period under review, the Group’s agricultural produce exchanges operation in the PRC continued to make solid progress. The project of the Group in Guangxi, an agricultural wholesale market complex in Yulin city of Guangxi Zhuang Autonomous Region with various two-storey market stalls and a multi-storey godown (“**Yulin Project**”) has commenced business operations in the last quarter of 2009. The total number of rental units and rental area at the Yulin Project are approximately 1,300 units and 110,000 square metres. The occupancy rate of the shops and warehouses reached approximately 90% as at the end of the period under review. After the end of rent free period in the 4th quarter of 2010, the Group anticipates the Yulin Project will positively generate profit for the Group in years to come. This better-than-expected operating performance is a powerful testament to the success of the Group’s business model.

The Group's agricultural wholesale market in Xuzhou, Jiangsu Province with various single-storey market stalls and a multi-storey godown is the major marketplace for the supply of fruit and seafood in the central China. This market place, with a rental area of approximately 80,000 square metres, is well-equipped and handles a wide range of produce. The performance of this project has been very encouraging with continuous turnover growth in the period under review.

The Group's other agricultural wholesale market owned by Wuhan Baisazhou is located in Wuhan, the provincial capital of Hubei Province. It is a key gathering point for buyers and sellers of agricultural produce in this central location in the PRC and occupies a site area of 270,000 square metres. Its turnover in the first six months of 2010 was substantially reduced as a result of certain business arrangements made in 2009, which also accounted for its significantly reduced profit contribution to the Group during the period under review.

All these projects are strategically located in cities in the western, eastern and central of the PRC where urbanization has been a major factor during economic growth and has presented valuable growth opportunities. Our Yulin project serves the Northern Bay region of Guangxi which includes the south-east region of the PRC; the Xuzhou project is strategically located to serve the Long River Delta and Pan Pearl River Delta regions; whilst the Wuhan project is the focus of a development for central China. We expect these projects will provide long-term turnover and profit contribution to the Group.

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\$13.9 million for the six months ended 30 June 2010 (2009: approximately HK\$13.8 million).

Administrative and other expenses

The Group has recorded increases in administrative expenses to approximately HK\$39.4 million (2009: approximately HK\$34.6 million) and other expenses to approximately HK\$56.6 million (2009: approximately HK\$196.9 million) which were mainly due to the effect of the Group's additional operating costs at the agricultural produce exchanges in Yulin and Xuzhou and the decrease of impairment of intangible assets in respect of the Group's original acquisition of Wuhan Baisazhou.

FUTURE PLANS AND PROSPECTS

In early January 2010, the PRC central government issued the No.1 Document with the title of "Proposals of the CPC Central Committee and the State on the Efforts of Coordinative Urban-Rural Development and Further Consolidating the Basis of Agricultural and Rural Development" (the "**Proposals**"). The main theme of the Proposals is to support the further development of the country's agricultural sector by introducing new policies for

farmers in rural areas, to improve the equipment level of modern agriculture in order to promote transformation of the mode of agricultural development and to strengthen construction and infrastructure in rural areas. As the PRC central government has shown determination to accelerate village and rural area development, it is expected that governmental support and favourable policies and measures will continue. These supportive policies and measures are beneficial to the growth of the upstream, midstream and downstream agricultural businesses cycles in the long term. Looking forward, the Group will continue to focus on intensifying its investment in agricultural by-products wholesale markets in the PRC. In addition, the Group endeavors to build and expand its network of wholesale market platform by establishing partnership in the PRC and exploring new opportunities in the management of agricultural by-products wholesale markets in different cities and provinces in the PRC so as to deliver long-term benefits to the shareholders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group had total cash and cash equivalents amounting to approximately HK\$190.8 million (31 December 2009: approximately HK\$155.7 million) whilst total assets and net assets were approximately HK\$1,869.6 million (31 December 2009: HK\$1,860.3 million) and approximately HK\$469.1 million (31 December 2009: HK\$478.4 million), respectively. The Group's gearing ratio as at 30 June 2010 was approximately 1.57 (31 December 2009: approximately 1.55), being a ratio of total bank and other borrowings and promissory notes of approximately HK\$927.6 million (31 December 2009: HK\$898.9 million), net of cash and cash equivalents of approximately HK\$190.8 million (31 December 2009: HK\$155.7 million) to total shareholders' funds of approximately HK\$469.1 million (31 December 2009: approximately HK\$478.4 million).

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2010, the Group pledged certain land use rights and bank deposits with an aggregate carrying value of approximately HK\$511.4 million (31 December 2009: approximately HK\$411.3 million) were pledged to secure bank borrowings.

As at 30 June 2010, the Group had no significant contingent liability as at the end of reporting period. The Group's capital commitment, contracted but not provided for, amounted to approximately HK\$11.6 million in relation to the purchase of property, plant and equipment, and construction contracts as at 30 June 2010 (31 December 2009: approximately HK\$3.7 million).

The Group did not have any outstanding foreign exchange contracts, interest or currency swaps, other derivatives financial instruments, options or convertible notes as at 30 June 2010.

FUND RAISING ACTIVITIES

Placing of new shares under a specific mandate

On 3 February 2010, the Company entered into a placing agreement (the “**Placing Agreement**”) with Kingston Securities Limited (“**Kingston**”) in respect of the placing of a total of 2.3 billion shares, on a best efforts basis, within a period of three months, subject to fulfillment of certain conditions set out in the Placing Agreement, to the independent third parties at a price of HK\$0.05 per share (the “**Placing**”). Completion of the first tranche of the Placing for 1.2 billion shares took place on 22 April 2010 and net proceeds of approximately HK\$58.4 million were raised which will be applied towards further development of the agricultural produce exchanges business operated by the Group, repayment of certain loans and general working capital. Since the other conditions could not be fulfilled before the expiry of the three-month period, the balance of the Placing lapsed.

Placing of shares under a general mandate

On 19 August 2010, the Company entered into (i) a top-up placing and subscription agreement with Onger Investments Limited (“**Onger Investments**”) and Kingston to place, on a best efforts basis, 260 million shares at a price of HK\$0.05 per share to not less than six independent investors; and (ii) a conditional new placing agreement with Kingston to place, on a best efforts basis, 560 million new shares at a price of HK\$0.05 per share to not less than six independent investors under a general mandate granted to the Directors at the annual general meeting held on 8 June 2010. Net proceeds of approximately HK\$39.6 million will be raised for repayment of interest-bearing debts and for general working capital purposes.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2010, the Group had 523 employees (31 December 2009: 460 employees) in Hong Kong and the PRC. The Group’s remuneration policy is reviewed periodically by the remuneration committee and the Board and remuneration is determined by reference to market terms, company performance, and individual qualifications and performance.

DISCLOSURE OF INTERESTS

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2010, none of the Directors or chief executive of the Company, nor any of their respective associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the

“**Stock Exchange**”) pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period for the six months ended 30 June 2010 was the Company, or any of its subsidiaries or associated corporations, a party to any arrangement to enable the Directors and the chief executive of the Company (including their respective spouse or children under the age of 18) to acquire benefits by means of the acquisition of the shares or underlying shares in, or debentures of, the Company or any of its associated corporations.

SUBSTANTIAL SHAREHOLDERS’ AND OTHER PERSONS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, to the best knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had, or were deemed or taken to have, interests or short positions 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:

Long positions in the ordinary shares of HK\$0.01 each of the Company

Name of shareholders	Notes	Capacity	Total number of shares held	Approximate percentage of the Company’s total issued share capital (Note d)
LeRoi Holdings Limited (“ LeRoi Holdings ”)	(a)	Interest of a controlled corporation	263,265,080	6.39%
Wai Yuen Tong Medicine Holdings Limited (“ WYT ”)	(b)	Interest of a controlled corporation	263,265,080	6.39%
Wang Xiu Qun	(c)	Beneficial owner	180,000,000	4.37%
Zhou Jiu Ming	(c)	Interest of the spouse	180,000,000	4.37%

Notes:

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

- (b) WYT, through its wholly-owned subsidiary, Gain Better Investments Limited, owned 49% interest in LeRoi Holdings, which held 263,265,080 shares in the Company, through Onger Investments, was taken to be interested in the same shares.
- (c) Mr. Zhou Jiu Ming, as the spouse of Ms. Wang Xiu Qun, was deemed to be interested in 180,000,000 shares of the Company.
- (d) The percentages stated represented the number of shares over the total number of 4,118,658,596 shares in the issued share capital of the Company as at 30 June 2010.

Save as disclosed above, as at 30 June 2010, there were 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 Division 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.

SHARE OPTION SCHEME

On 4 June 2002, the Company adopted a share option scheme (the “**Scheme**”) for the primary purpose of providing incentive to selected eligible persons (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 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.

During the six months ended 30 June 2010, no share options under the Scheme remained outstanding and no share option was granted, exercised, lapsed and cancelled.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Company has complied with the Code on Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules throughout the period ended 30 June 2010. However, subsequent to the reporting period, there was the following deviation:

Code provision A.2.1

Under code provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Chun Hong, Thomas (“**Mr. Chan**”) was appointed, among others, to act as the chairman of the Board in February 2009. Subsequent to the reporting period, he also assumed the role of the chief executive officer of the Company on 2 August 2010 to fill the causal vacancy arising from the resignation of Mr. Ying Yat Man (“**Mr. Ying**”) that deviated the code provision A.2.1 of the CG Code since then. Mr. Chan has extensive experience to accomplish his roles which is of great value in enhancing the efficiency to cope with the competitive business environment. Furthermore, there are various experienced individuals in charge of the daily business operation and the Board comprises three executive Directors and three independent non-executive Directors with balance of skill and experience appropriate for the Group’s further development. However, the Company would review from time to time as this regard or will identify any other suitable personnel to take up the role of the chief executive officer, as and when appropriate, and will make further announcement in due course.

CHANGES IN INFORMATION ON DIRECTORS

Disclosure of changes in information on Directors since the date of the 2009 Annual Report of the Company pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Ying resigned as executive Director and chief executive officer and also ceased to act as a member of the nomination committee of the Company with effect from 2 August 2010, but remained as a consultant of the Group;
2. Mr. Chan, an executive Director and the chairman of the Board, also assumed the role of the chief executive officer of the Company with effect from 2 August 2010 to fill the vacancy arising from the resignation of Mr. Ying as the chief executive officer of the Company; and

3. Mr. Leung Sui Wah, Raymond was appointed as executive Director with effect from 8 June 2010 and was also appointed as a member of the nomination committee of the Company with effect from 2 August 2010 to fill the vacancy arising from the cessation of Mr. Ying as a member of the nomination committee of the Company.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2010.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, the Company confirmed that all Directors had complied with the required standards set out in the Model Code throughout the period under review.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**"), which was established in accordance with the requirements of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting processes and internal controls. The Audit Committee comprises all the independent non-executive Directors, namely Mr. Ng Yat Cheung, Mr. Lee Chun Ho and Ms. Lam Ka Jen, Katherine, and is chaired by Ms. Lam Ka Jen, Katherine, which has reviewed with the management and the Group's external auditors, HLB Hodgson Impey Cheng, the unaudited condensed consolidated interim results for the six months ended 30 June 2010.

APPRECIATIONS

I would like to take this opportunity to thank our customers, business partners, institutional investors and other shareholders for the continued support they gave to the Group during the period. I would also like to thank my fellow Board members and all staff for their hard work and contribution to the Group.

By Order of the Board
China Agri-Products Exchange Limited
中國農產品交易有限公司
Chan Chun Hong, Thomas
Chairman and Chief Executive Officer

Hong Kong, 19 August 2010

INDEPENDENT REVIEW REPORT



Chartered Accountants
Certified Public Accountants

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

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 13 to 31, which comprises the condensed consolidated statement of financial position of China Agri-Products Exchange Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) at 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

MATERIAL UNCERTAINTY CONCERNING GOING CONCERN BASIS OF ACCOUNTING

Without qualifying our conclusion, we draw attention to note 1(b) to the interim financial information which indicates that the Group incurred a net consolidated loss attributable to owners of the Company of approximately HK\$76,671,000 for the six months ended 30 June 2010 and, as of that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK\$471,120,000. Notwithstanding the above, the interim financial information 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 1(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, 19 August 2010

INTERIM RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2010, together with the comparative figures for the corresponding period in 2009. These interim condensed consolidated financial statements were not audited, but have been reviewed by HLB Hodgson Impey Cheng, the Group's external auditors, and the Audit Committee.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June	
		2010 (Unaudited) HK\$'000	2009 (Unaudited) HK\$'000
Turnover	3	58,158	49,677
Cost of operation		(19,630)	(13,289)
Gross profit		38,528	36,388
Other net income		3,141	11,643
General and administrative expenses		(39,361)	(34,579)
Other operating expenses		(56,603)	(196,882)
Loss from operations		(54,295)	(183,430)
Finance costs	4	(37,011)	(31,956)
Loss before taxation		(91,306)	(215,386)
Income tax	6	12,588	44,678
Loss for the period	5	(78,718)	(170,708)
Other comprehensive income/(loss)			
Exchange differences on translating foreign operations		11,003	(2,583)
Total comprehensive loss for the period		(67,715)	(173,291)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2010

	Notes	For the six months ended 30 June	
		2010	2009
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
Loss attributable to:			
Owners of the Company		(76,671)	(158,159)
Non-controlling interest		(2,047)	(12,549)
		(78,718)	(170,708)
Total comprehensive loss attributable to:			
Owners of the Company		(68,489)	(160,630)
Non-controlling interest		774	(12,661)
		(67,715)	(173,291)
Loss per share			
— Basic	8	HK\$(0.02)	HK\$(0.16)
— Diluted	8	HK\$(0.02)	HK\$(0.16)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2010

		As at 30 June 2010	As at 31 December 2009
	Notes	(Unaudited) HK\$'000	(Audited) HK\$'000
Non-current assets			
Property, plant and equipment	9	30,688	29,535
Investment properties	10	1,462,611	1,439,562
Intangible assets		127,650	182,372
Held-to-maturity financial assets		6,004	6,048
Goodwill		11,625	11,625
		1,638,578	1,669,142
Current assets			
Inventories		1,103	1,137
Trade and other receivables	11	22,099	17,346
Financial assets at fair value through profit or loss		17,013	17,001
Cash and cash equivalents		190,832	155,701
		231,047	191,185
Current liabilities			
Trade and other payables	12	274,580	272,872
Bank and other borrowings	13	348,675	341,807
Government grants		4,400	4,324
Income tax payable		74,512	73,780
		702,167	692,783
Net current liabilities		(471,120)	(501,598)
Total assets less current liabilities		1,167,458	1,167,544
Non-current liabilities			
Bank and other borrowings	13	257,025	244,835
Promissory notes		321,935	312,242
Deferred tax liabilities		119,420	132,044
		698,380	689,121

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 30 June 2010

		As at 30 June 2010	As at 31 December 2009
	Notes	(Unaudited) HK\$'000	(Audited) HK\$'000
Net assets		469,078	478,423
Capital and reserves			
Share capital	14	41,187	29,187
Reserves		238,599	260,718
Total equity attributable to owners of the Company		279,786	289,905
Non-controlling interest		189,292	188,518
Total equity		469,078	478,423

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2010

	Attributable to owner of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Shareholders' contribution	Share options reserve	Exchange reserve	Accumulated losses	Total			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (note a)	HK\$'000 (note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2009 (audited)	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	—	—	—	—	—	—	(2,471)	—	(2,471)	(112)	(2,583)	
Other comprehensive income for the year	—	—	—	—	—	—	(2,471)	—	(2,471)	(112)	(2,583)	
Loss for the period	—	—	—	—	—	—	—	(158,159)	(158,159)	(12,549)	(170,708)	
Total comprehensive loss for the period	—	—	—	—	—	—	(2,471)	(158,159)	(160,630)	(12,661)	(173,291)	
Share option lapsed	—	—	—	—	—	(3,554)	—	3,554	—	—	—	
Issue of shares	43,868	148,552	—	—	—	—	—	—	192,420	—	192,420	
Share capital reduction	(134,124)	—	—	134,124	—	—	—	—	—	—	—	
Non-controlling interest arising on the acquisition of subsidiary	—	—	—	—	—	—	—	—	—	149,121	149,121	
At 30 June 2009 (unaudited)	29,187	1,002,246	945	2,215,409	664	—	53,322	(2,877,018)	424,755	206,983	631,738	
At 1 January 2010 (audited)	29,187	1,002,226	945	2,215,409	664	—	56,663	(3,015,189)	289,905	188,518	478,423	
Exchange differences on translating into presentation currency	—	—	—	—	—	—	8,182	—	8,182	2,821	11,003	
Other comprehensive income for the period	—	—	—	—	—	—	8,182	—	8,182	2,821	11,003	
Loss for the period	—	—	—	—	—	—	—	(76,671)	(76,671)	(2,047)	(78,718)	
Total comprehensive loss for the period	—	—	—	—	—	—	8,182	(76,671)	(68,489)	774	(67,715)	
Issue of shares	12,000	48,000	—	—	—	—	—	60,000	60,000	—	60,000	
Transaction costs related to issued of shares	—	(1,630)	—	—	—	—	—	—	(1,630)	—	(1,630)	
At 30 June 2010 (unaudited)	41,187	1,048,596	945	2,215,409	664	—	64,845	(3,091,860)	279,786	189,292	469,078	

Notes:

- (a) 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.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2010

	For the six months ended 30 June	
	2010	2009
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Notes		
Net cash (used in)/generated from operating activities	(9,479)	29,302
Investing activities		
Payments for acquisition of a subsidiary, net of cash acquired	—	(122,548)
Purchase of financial assets at fair value through profit or loss	(1,087)	(10,754)
Purchase of held-to-maturity financial assets	—	(1,932)
Payments for purchases of property, plant and equipment	9 (5,640)	(18,964)
Payments for investment properties	10 (5,250)	—
Dividend received	102	—
Bank interest received	233	
Net cash used in investing activities	(11,642)	(154,198)
Financing activities		
Proceeds from new bank borrowings	17,250	57,037
Repayments of bank borrowings and other borrowings	(2,875)	(37,038)
Net proceeds from issue of shares	58,370	192,420
Interest paid	(17,917)	(13,919)
Bank interest received	25	76
Net cash generated from financing activities	54,853	198,576
Net increase in cash and cash equivalents	33,732	73,680
Cash and cash equivalents at 1 January	155,701	239,185
Effect of foreign exchange rate changes	1,399	(739)
Cash and cash equivalents at 30 June	190,832	312,126

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

The unaudited condensed consolidated interim financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and with Hong Kong Accounting Standard (the “**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

(b) Basis of preparation of Interim Financial Statements

Going concern basis

In preparing the Interim 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 HK\$76,671,000 for the six months ended 30 June 2010;
- the Group had consolidated net current liabilities of approximately HK\$471,120,000 as at 30 June 2010;
- the Group had outstanding bank and other borrowings of approximately HK\$605,700,000 (note 13), out of which an aggregate of approximately HK\$348,675,000 due for repayment within the next twelve months after 30 June 2010.

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

(1) Alternative source 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 30 June 2010, the Group announced to raise an aggregate of approximately HK\$39,600,000 from placing of the Company’s shares as set out in note 18.

(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.

1. BASIS OF PREPARATION

(b) Basis of preparation of Interim Financial Statements (*Continued*)

Going concern basis (*Continued*)

(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, the 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 Interim Financial Statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have been 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 Interim Financial Statements.

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

The Interim Financial Statements has been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

The accounting policies used in the Interim Financial Statements is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRS 1 (Amendment)	Amendment to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards — Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosure For the First-time Adopter
HKFRS 2 (Amendment)	Amendment to HKFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combination
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

The adoption of the new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting period. Accordingly, no prior adjustment has been required.

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) - Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate

² Effective for annual periods beginning on or after 1 February 2010

³ Effective for annual periods beginning on or after 1 July 2010

⁴ Effective for annual periods beginning on or after 1 January 2011

⁵ Effective for annual periods beginning on or after 1 January 2013

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 not affect the classification and measurement of the Group’s financial assets.

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

3. SEGMENT REPORTING

The Group has two reportable segments, (i) revenue from agricultural produce exchanges 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 for the six months ended 30 June 2010 and 2009:

	Revenue from agricultural produce exchanges		Restaurant operation		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover						
External sales	44,254	35,834	13,904	13,843	58,158	49,677
Result						
Segment result	22,857	18,832	(632)	(162)	22,225	18,670
Unallocated corporate expenses					(20,344)	(30,980)
Impairment on intangible assets	(53,317)	(174,430)	—	—	(53,317)	(174,430)
Amortisation of intangible assets	(3,286)	(8,333)	—	—	(3,286)	(8,333)
Other income					427	11,643
Loss from operations					(54,295)	(183,430)
Finance costs					(37,011)	(31,956)
Loss before taxation					(91,306)	(215,386)
Income tax credit					12,588	44,678
Loss for the period					(78,718)	(170,708)

3. SEGMENT REPORTING (Continued)

Segment assets and liabilities

The following is an analysis of the Group assets and liabilities by reportable segment as at 30 June 2010 and 31 December 2009:

	Revenue from agricultural produce exchanges		Restaurant operation		Consolidated	
	2010	2009	2010	2009	2010	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets						
Segment assets	1,703,329	1,722,107	15,822	9,966	1,719,151	1,732,073
Unallocated corporate assets					150,474	128,254
Consolidated total assets					1,869,625	1,860,327
Liabilities						
Segment liabilities	213,070	218,959	1,780	5,184	214,850	224,143
Unallocated corporate liabilities					1,185,697	1,157,761
Consolidated total liabilities					1,400,547	1,381,904

4. FINANCE COSTS

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interest on bank advances and other borrowings wholly repayable within five years	17,917	13,919
Promissory notes	9,400	9,400
Imputed interest on promissory notes	9,694	8,637
	37,011	31,956

5. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Loss for the period has been arrived at after charging the following items:		
Amortisation of intangible assets	3,286	8,333
Depreciation	2,445	2,204
Impairment loss on intangible assets	53,317	174,430
Fair value loss on financial assets at fair value through profit or loss	1,075	1,680

6. INCOME TAX

Taxation in the Interim Financial Statements represents:

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current tax — PRC enterprise income tax		
Current tax	1,563	1,012
Deferred tax		
Origination and reversal of temporary differences	(14,151)	(45,690)
	(12,588)	(44,678)

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Company and its subsidiaries had no assessable profits in both periods.

7. DIVIDENDS

The directors do not propose the payment of any interim dividend in respect of the period under review (six months ended 30 June 2009: Nil).

8. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to owners of the Company of HK\$76,671,000 (six months ended 30 June 2009: HK\$158,159,000) and the weighed average number of 3,382,747,000 ordinary shares (period from 1 January 2009 to 30 June 2009: 1,004,764,000).

Diluted loss per share for the periods ended 30 June 2010 and 2009 is the same as the basic loss per share as there was no dilutive event during the periods.

9. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT

During the period under review, the Group's acquired property, plant and equipment at cost of approximately HK\$5,640,000 (six months ended 30 June 2009: approximately HK\$18,964,000)

10. INVESTMENT PROPERTIES

During the period under review, the Group's addition of investment properties at cost and exchange realignment of approximately HK\$5,250,000 and HK\$17,799,000. The Group's investment properties were fair valued by valuers at 30 June 2010.

During the period under review, investment properties with carrying amount of approximately HK\$488,396,000 (31 December 2009: approximately HK\$388,608,000) were pledged to banks for the Group's borrowings.

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period ranging from 30 days to 180 days to its trade customers. Included in trade and other receivables are trade receivables of approximately HK\$1,731,000 (31 December 2009: approximately HK\$955,000) and their aged analysis at each reporting period is as follow:

	As at 30 June 2010	As at 31 December 2009
	HK\$'000	HK\$'000
Less than 90 days	1,680	847
More than 90 days but less than 180 days	18	57
More than 180 days	33	51
<hr/>		
Trade receivables	1,731	955
Other receivables	20,368	16,391
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	22,099	17,346
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12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$1,324,000 (31 December 2009: approximately HK\$1,313,000) and their aged analysis at the reporting period is as follows:

	As at 30 June 2010 HK\$'000	As at 31 December 2009 HK\$'000
Within 90 days	1,324	1,313
After 90 days but within 180 days	—	—
<hr/>		
Total trade payables	1,324	1,313
Accrued charges	29,385	38,681
Construction payables	44,894	47,757
Amount due to a subcontractor	81,500	85,648
Interest payables	53,809	43,068
Amounts due to former shareholders of the Company's subsidiaries	9,200	9,089
Others	5,715	5,828
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Financial liabilities measured at amortised cost	225,827	231,384
Deposits		
— deposits received from tenants	12,167	4,845
— others	103	1,433
Receipts in advance	5,305	6,632
Other taxes payables	31,178	28,578
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	274,580	272,872

13. BANK AND OTHER BORROWINGS

	As at 30 June 2010 HK\$'000	As at 31 December 2009 HK\$'000
Secured bank borrowings	385,250	366,400
Unsecured other borrowings	220,450	220,242
	605,700	586,642
Carrying amount repayable:		
Within one year	348,675	341,807
More than one year, but not exceeding two years	257,025	244,835
	605,700	586,642
Less: amounts due within one year shown under current liabilities	(348,675)	(341,807)
	257,025	244,835

- (a) Included in the above balances are bank borrowings with variable-rate borrowings of approximately HK\$385,250,000 (31 December 2009: approximately HK\$366,400,000) 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 period ranged from 5.4% to 6.5% (31 December 2009: 5.4% to 5.9% per annum) per annum. Interest is repriced every 30 days. The other borrowings of approximately HK\$220,450,000 (31 December 2009: HK\$220,242,000) were obtained from two (31 December 2009: two) independent third parties and carry interest fixed at 5.4% to 10% (31 December 2009: 5.4% to 10% 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:

	As at 30 June 2010 Per annum	As at 31 December 2009 Per annum
Effective interest rate:		
Fixed-rate borrowings	5.4% to 10%	5.4% to 10%
Variable-rate borrowings	5.4% to 6.5%	5.4% to 5.9%

13. BANK AND OTHER BORROWINGS (Continued)

- (c) The secured bank borrowings are secured by the land use rights included in investment properties and bank deposit with a carrying amount of HK\$511,396,000 (31 December 2009: HK\$411,331,000).

14. SHARE CAPITAL

	Notes	As at 30 June 2010		As at 31 December 2009	
		Number of shares	Nominal value	Number of shares	Nominal value
			HK\$'000		HK\$'000
Authorised:					
Ordinary shares of HK\$0.01 each	(ii)	30,000,000,000	300,000	30,000,000,000	300,000
Ordinary shares, issued and fully paid:					
At 1 January		2,918,658,596	29,187	765,658,596	119,443
Issue of shares upon placing	(i)	—	—	153,000,000	23,868
Effect of capital reorganisation	(ii)	—	—	—	(134,124)
Issue of shares upon placing	(iii)	—	—	2,000,000,000	20,000
Issue of shares upon placing	(iv)	1,200,000,000	12,000	—	—
At 31 December		4,118,658,596	41,187	2,918,658,596	29,187

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 13 February 2009, the Company placed a total of 153,000,000 ordinary 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 the annual general meeting held on 23 May 2008. The net proceeds of approximately HK\$37,000,000 have been used to satisfy the Group working capital requirements.
- (ii) Pursuant to a special resolution passed 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 shares 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 shares 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 shares of HK\$0.01 each; 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 of the Company.

14. SHARE CAPITAL (Continued)

- (iii) 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.
- (iv) On 3 February 2010, the Company entered into placing agreements with an independent placing agent for the placement (the "Placing"), on a best efforts basis, a maximum of 2,300,000,000 new shares of HK\$0.05 per share of the Company. The net proceeds of approximately HK\$111,300,000 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 working capital of the Group. The Placing was approved at the special general meeting held on 29 March 2010. Completion of the first tranche of the Placing for 1,200,000,000 shares took place on 22 April 2010 and net proceeds of approximately HK\$58,400,000 were raised which will be applied towards further development of the agricultural produce exchanges business operated by the Group and repayment of certain loans and general working capital. Since the other conditions could not be fulfilled before the expiry of the three-month period, the balance of the Placing lapsed.

15. CAPITAL COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2010 not provided for in the Interim Financial Statements were as follows:

	As at 30 June 2010	As at 31 December 2009
	HK\$'000	HK\$'000
Capital expenditure authorised and contracted for in respect of acquisition of:		
— construction in progress	11,635	3,682

16. 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 Immediate Court of Wuhan City.

17. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group entered into the following material related party transaction:

Transactions with key management personnel

Remuneration key management personnel of the Group including amount paid to the Company's directors and highest paid employee.

	For the six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Short-term employee benefits	1,809	1,770
Post-employment benefits	16	12
	1,825	1,782

18. EVENTS AFTER THE REPORTING PERIOD

On 19 August 2010, the Company entered into (i) a top-up placing and subscription agreement with Onger Investments Limited and Kingston Securities Limited ("Kingston") to place, on a best efforts basis, 260,000,000 shares at a price of HK\$0.05 per share to not less than six independent investors; and (ii) a conditional new placing agreement with Kingston to place, on a best efforts basis, 560,000,000 new shares at a price of HK\$0.05 per share to not less than six independent investors under a general mandate granted to the directors of the Company at the annual general meeting held on 8 June 2010. Net proceeds of approximately HK\$39,600,000 will be raised for repayment of interest-bearing debts and for general working capital purposes.

19. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised to issue by the Board on 19 August 2010.