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

2011 INTERIM REPORT

CONTENTS

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, *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. Leung Sui Wah, Raymond

COMPANY SECRETARY

Ms. Mak Yuen Ming, Anita

PRINCIPAL BANKERS

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

LEGAL ADVISERS

DLA Piper Hong Kong
K&L Gates

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 1801, 18th Floor
Wilson House
19-27 Wyndham Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudianna Road
Pembroke HM 08
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 2011 (for the six months ended 30 June 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of Operating Results

For the six months ended 30 June 2011, the Group recorded a turnover of approximately HK$76.0 million (for the six months ended 30 June 2010: approximately HK$58.2 million), representing a significant increase of approximately 31% compared to the corresponding period last year, which was mainly due to the continuous growth of Xuzhou project in Jiangsu Province and full period of income of Yulin project in Guangxi Zhuang Autonomous Region ("**Guangxi**") and a gross profit of approximately HK$48.4 million (for the six months ended 30 June 2010: approximately HK$38.5 million), representing an increase of approximately 26% compared to the corresponding period last year, which was mainly due to the full operation with higher margin of new project in Yulin.

The loss attributable to equity shareholders of the Group was approximately HK$74.4 million compared to the loss of approximately HK$76.7 million for the corresponding period last year. Such loss is primarily attributable to the initial operations cost for Yulin project and marketing campaign cost for 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 products 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, one of the flagship projects of the Group, agricultural wholesale market complex in Yulin city of Guangxi with various two-storey market stalls and a multi-storey godown (the "**Yulin Project**") has started formal operations in the last quarter of 2010. The total number of rental unit and rental area of the Yulin Project are approximately 1,300 units and 110,000 square metres. The encouraging total occupancy rate of the Yulin Project achieved over 90% of the shops and warehouses where have been rented out. After the end of rent free period in the fourth quarter of 2010, the operating performance of the Yulin Project is satisfactory and almost all rented units are in operations. The operations can generate positive cash operating inflow to the Group. The operating performance of the Yulin Project is a powerful testament to the success of the Group's business model.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Agricultural produce exchanges *(continued)*

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. Upon continuous expansion of the market, this marketplace has started retail segment and the occupancy rate is encouraging. Coupling with the continuous customer flow in Jiangsu Province, the business result of this project is very encouraging as the first half year of Xuzhou Projects with the turnover of around HK$23.4 million for the period ended of 30 June 2011 which is increased approximately 26% as compared to those figure of the corresponding period of last year.

Wuhan Baisazhou, being located in the provincial capital of Hubei Province, owns and operates at this key gathering point for buyers and sellers of agricultural produce in this central location in the PRC, an agricultural produce exchange occupying a site area and total gross floor area of approximately 270,000 and 160,000 square metres respectively. During the period under review, the operations of Wuhan Baisazhou was attributable to the increase of the income to the Group. The Group has carried out a series of marketing campaign in Wuhan Baisazhou, resulting to attract significant increase number of buying and selling parties to carry out trade in the market.

In February 2011, the Group has successfully acquired the land use rights located in Yulin city at the price of around RMB62.7 million. The site is adjacent immediately to the Group's existing agricultural produce exchange at Yulin. The Group aims to expand the land as an extension of the Group's existing wholesale market.

The policy of urbanisation in the PRC will enable to drive economic growth in various cities. Our existing projects are strategically located in the Western, Eastern and central PRC cities are the key points to capture the growth opportunities in these regions. Our Yulin project aims to serve the Northern Bay region of Guangxi which includes most of the ASEAN countries; the Xuzhou project is strategically located to serve the Long River Delta and Pan Pearl River Delta regions; whilst the Wuhan Baisazhou is the focus of a development for central China. With the support from these core markets, the Group will be in line this strategy to expand business operations and market in the future.

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$13.6 million for the six months ended 30 June 2011 (for the six months ended 30 June 2010: approximately HK$13.9 million).

Other net income

The other net income of approximately HK$164.0 million (for the six months ended 30 June 2010: approximately HK$3.1 million) was including the fair value gain on investment properties of approximately HK$159.2 million attributable to the rise of property prices in the PRC and rental income of our projects.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Administrative expenses and selling expenses

The Group has recorded increases in administrative expenses to approximately HK$115.5 million (for the six months ended 30 June 2010: approximately HK$38.6 million) and selling expenses to approximately HK$53.9 million (for the six months ended 30 June 2010: approximately HK$0.8 million) which were mainly due to the Group's promotion expenses at the agricultural produce exchanges in Wuhan Baisazhou in 2011.

Future Plans and Prospects

Looking forward, the management believes that the PRC economy growth will continue to expand the demand for agricultural products exchange markets. With the support from the government policies, there should be many opportunities for the Group to expand its business. To strengthen our business model and upcoming revenue contribution from the new projects, the Group signed framework agreements with local governments in Henan Province, Jiangsu Province and Zhejiang Province and details of these projects are subject to further negotiations. These agreements extend the Group's potential exposure by reaching the business opportunities in the central China. In addition, the Group endeavors to negotiate, build and expand its network of wholesale market platform by establishing partnership in the PRC and exploring business development 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 2011, the Group had total cash and cash equivalents amounting to approximately HK$236.3 million (31 December 2010: approximately HK$81.5 million) whilst total assets and net assets were approximately HK$2,168.5 million (31 December 2010: approximately HK$1,691.9 million) and approximately HK$324.8 million (31 December 2010: approximately HK$275.3 million), respectively. The Group's gearing ratio as at 30 June 2011 was approximately 3.0 (31 December 2010: approximately 2.8), being a ratio of total bank and other borrowings and promissory notes of approximately HK$1,199.8 million (31 December 2010: approximately HK$854.9 million), net of cash and cash equivalents of approximately HK$236.3 million (31 December 2010: approximately HK$81.5 million) to total shareholders' funds of approximately HK$324.8 million (31 December 2010: approximately HK$275.3 million).

Contingent Liabilities and Capital Commitments

As at 30 June 2011, the Group pledged the land use rights and bank deposits with an aggregate carrying value of approximately HK$687.4 million (31 December 2010: approximately HK$595.6 million) to secure bank borrowings.

As at 30 June 2011, the Group had no significant contingent liability. The Group's capital commitment, contracted but not provided for, amounted to approximately HK$5.2 million in relation to the purchase of property, plant and equipment, and construction contracts as at 30 June 2011 (31 December 2010: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Contingent Liabilities and Capital Commitments *(continued)*

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 and 2011.

Capital Reorganisation and Rights Issue

On 9 June 2011, the Company announced, inter alia, the following proposals of capital reorganisation (the "**Capital Reorganisation**") which took effect on 1 August 2011 pursuant to a special resolution passed at the special general meeting of the Company held on the same day, and a proposed rights issue (the "**Rights Issue**"):

(a) the consolidation of the issued shares of the Company (the "**Share Consolidation**") whereby every ten shares of nominal value of HK$0.10 each in the issued share of the Company has been consolidated into one consolidated share of nominal value of HK$1.00 (the "**Consolidated Share**");

(b) the reduction of the issued share capital of the Company (the "**Capital Reduction**") whereby (i) the nominal value of all the issued Consolidated Shares was reduced from HK$1.00 each to HK$0.01 each (the "**Adjusted Share**") and the issued share capital of the Company was accordingly reduced to the extent of HK$0.99 per Consolidated Share in issue; and (ii) any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the Share Consolidation be cancelled;

(c) the subdivision of every one authorised but unissued share of the Company of par value HK$0.10 into ten Adjusted Shares of HK$0.01 each; and

(d) upon the Capital Reorganisation becoming effective, the Board also proposed to raise gross proceeds of approximately HK$464.4 million, before expenses, by way of the Rights Issue. Pursuant to the Rights Issue, the Company shall allot and issue 2,381,597,550 rights shares (the "**Rights Shares**") at the subscription price (i.e. HK$0.195 per Rights Share), on the basis of thirty Rights Shares for every one Adjusted Share. The estimated net proceeds of the Rights Issue will be approximately HK$452.2 million and are intended to be applied as to approximately HK$200 million for expansion of the Group's agricultural produce exchanges, approximately HK$150 million for repayment of interest-bearing debts and the remaining balance of approximately HK$102.2 million as general working capital of the Group.

Employees and Remuneration Policies

As at 30 June 2011, the Group had 947 employees (31 December 2010: 734 employees), approximately 97% of whom were located in 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, Adjusted Shares, Underlying Shares, Underlying Adjusted Shares or Debentures of the Company and its Associated Corporations

As at 30 June 2011, 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, Adjusted Shares, underlying shares, underlying Adjusted 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, Adjusted Shares or Debentures

At no time during the period for the six months ended 30 June 2011 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, Adjusted Shares, underlying shares or underlying Adjusted Shares in, or debentures of, the Company or any of its associated corporations.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Adjusted Shares, Underlying Shares or Underlying Adjusted Shares

As at 30 June 2011, 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, Adjusted Shares, underlying shares or underlying Adjusted 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:

DISCLOSURE OF INTERESTS *(continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Adjusted Shares, Underlying Shares or Underlying Adjusted Shares *(continued)*

Long positions in the Adjusted Shares

Name of shareholders	Capacity	Total number of Adjusted Shares held *(Note a)*	Approximate percentage of the Company's total issued share capital *(Note a)* %
Kingston Securities Limited *(Note a)*	Other	1,689,618,026	68.65
Galaxy Sky Investments Limited	Interest of a controlled corporation	1,689,618,026	68.65
Kingston Capital Asia Limited	Interest of a controlled corporation	1,689,618,026	68.65
Kingston Financial Group Limited	Interest of a controlled corporation	1,689,618,026	68.65
Active Dynamic Limited	Interest of a controlled corporation	1,689,618,026	68.65
Chu Yuet Wah	Interest of a controlled corporation	1,689,618,026	68.65
PNG Resources Holdings Limited ("**PNG Resources**") *(Note b)*	Interest of a controlled corporation	694,612,174	28.22
Wai Yuen Tong Medicine Holdings Limited ("**WYT**") *(Note c)*	Interest of a controlled corporation	694,612,174	28.22

Notes:

(a) The interests were based on (i) the Rights Issue has completed; (ii) 2,460,984,135 Adjusted Shares will be in issue upon the Rights Issue becoming effective. Kingston Securities Limited acted as the underwriter of the Rights Issue pursuant to the underwriting agreement dated 7 June 2011.

(b) PNG Resources, through Onger Investments Limited, its indirect wholly-owned subsidiary, was taken to be interested in the same Adjusted Shares.

(c) WYT, through Gain Better Investments Limited, its indirect wholly-owned subsidiary, which held 49.59% interest in PNG Resources was taken to be interested in the same Adjusted Shares.

DISCLOSURE OF INTERESTS *(continued)*

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Adjusted Shares, Underlying Shares or Underlying Adjusted Shares *(continued)*

Save as disclosed above, as at 30 June 2011, there were no other person (other than the Directors or chief executive of the Company) who had any interest or short position in the shares, Adjusted Shares, underlying shares or underlying Adjusted 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.

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 total number of shares in issue 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 2011, 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 Practices

The Company had complied with the code provisions of 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 2011 except for the following deviation:

Code provision A.2.1

Under code provision A.2.1 of the CG Code, 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, the chairman of the Board, also assumed the role of chief executive officer that deviates code provision of the CG Code. Mr. Chan has extensive executive and financial management experience and is responsible for overall corporate planning, strategic policy making and managing of day-to-day operations of the Group which is of great value in enhancing the efficiency to cope with the dynamic 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. The Company does not propose to comply with code provision A.2.1 of the CG Code for the time being but will continue to review such deviation to enhance best interest of the Group as a whole.

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 2011.

Model Code for Securities Transactions by Directors of the Company

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

Audit Committee

The Company has the 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 the unaudited condensed consolidated interim results for the six months ended 30 June 2011.

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, 23 August 2011

INDEPENDENT REVIEW 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 REVIEW REPORT
TO THE BOARD OF DIRECTORS OF
CHINA AGRI-PRODUCTS EXCHANGE LIMITED
(incorporated in Bermuda with limited liability)

We have reviewed the interim financial information set out on pages 14 to 36, 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 2011 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 inquiries, 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.

INDEPENDENT REVIEW REPORT *(continued)*

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$74,444,000 for the six months ended 30 June 2011 and, as of that date, the Group's consolidated current liabilities exceeded its consolidated current assets by approximately HK$387,389,000. 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, 23 August 2011

INTERIM RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2011, together with the comparative figures for the corresponding period in 2010. 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 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
			(restated)
Turnover	3	**75,977**	58,158
Cost of operation		**(27,570)**	(19,630)
Gross profit		**48,407**	38,528
Other net income		**164,047**	3,141
General and administrative expenses		**(115,451)**	(38,603)
Selling expenses		**(53,922)**	(758)
Other operating expenses		**—**	(56,603)
Profit/(loss) from operations		**43,081**	(54,295)
Finance costs	4	**(41,382)**	(37,011)
Profit/(loss) before taxation		**1,699**	(91,306)
Income tax	6	**(41,999)**	12,588
Loss for the period	5	**(40,300)**	(78,718)
Other comprehensive income			
Exchange differences on translating foreign operations		**16,806**	11,003
Total comprehensive loss for the period		**(23,494)**	(67,715)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 June 2011

	Notes	For the six months ended 30 June 2011 (Unaudited) HK$'000	2010 (Unaudited) HK$'000 (restated)
Loss attributable to:			
Owners of the Company		**(74,444)**	(76,671)
Non-controlling interests		**34,144**	(2,047)
		(40,300)	(78,718)
Total comprehensive loss attributable to:			
Owners of the Company		**(61,963)**	(68,489)
Non-controlling interests		**38,469**	774
		(23,494)	(67,715)
Loss per share			
— Basic	8	**HK$(0.09)**	HK$(0.23)
— Diluted	8	**HK$(0.09)**	HK$(0.23)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2011

	Notes	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	9	**29,589**	27,334
Investment properties	10	**1,801,603**	1,523,227
Intangible assets		**—**	—
Goodwill		**6,444**	6,444
		1,837,636	1,557,005
Current assets			
Inventories		**1,406**	1,384
Trade and other receivables	11	**83,289**	39,978
Financial assets at fair value through profit or loss		**9,817**	11,976
Cash and cash equivalents		**236,338**	81,539
		330,850	134,877
Current liabilities			
Trade and other payables	12	**429,006**	390,130
Bank and other borrowings	13	**206,366**	165,454
Government grants		**4,607**	4,529
Income tax payable		**78,260**	76,712
		718,239	636,825
Net current liabilities		**(387,389)**	(501,948)
Total assets less current liabilities		**1,450,247**	1,055,057

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2011

	Notes	As at 30 June 2011 (Unaudited) HK$'000	As at 31 December 2010 (Audited) HK$'000
Non-current liabilities			
Bank and other borrowings	13	**650,884**	357,810
Promissory notes		**342,508**	331,629
Deferred tax liabilities		**132,052**	90,347
		1,125,444	779,786
Net assets		**324,803**	275,271
Capital and reserves			
Share capital	14	**79,387**	49,387
Reserves		**19,593**	38,530
Total equity attributable to owners of the Company		**98,980**	87,917
Non-controlling interests		**225,823**	187,354
Total equity		**324,803**	275,271

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2011

	Attributable to owners of the Company										
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Shareholders' contribution	Share options reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	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
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 foreign operations	—	—	—	—	—	—	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
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
At 1 January 2011 (audited)	49,387	1,080,247	945	2,215,409	664	—	82,143	(3,340,878)	87,917	187,354	275,271
Exchange differences on translating foreign operations	—	—	—	—	—	—	12,481	—	12,481	4,325	16,806
Other comprehensive income for the period	—	—	—	—	—	—	12,481	—	12,481	4,325	16,806
Loss for the period	—	—	—	—	—	—	—	(74,444)	(74,444)	34,144	(40,300)
Total comprehensive loss for the period	—	—	—	—	—	—	12,481	(74,444)	(61,963)	38,469	(23,494)
Issue of shares	30,000	45,000	—	—	—	—	—	—	75,000	—	75,000
Transaction costs related to issued of shares	—	(1,974)	—	—	—	—	—	—	(1,974)	—	(1,974)
At 30 June 2011 (unaudited)	79,387	1,123,273	945	2,215,409	664	—	94,624	(3,415,322)	98,980	225,823	324,803

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

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 2011

		For the six months ended 30 June	
		2011	2010
		(Unaudited)	(Unaudited)
	Notes	**HK$'000**	HK$'000
Net cash used in operating activities		**(123,964)**	(9,479)
Investing activities			
Payments for purchase of financial assets at fair value through profit or loss		**—**	(1,087)
Payments for purchases of property, plant and equipment	9	**(4,535)**	(5,640)
Payments for purchase of investment properties	10	**(72,957)**	(5,250)
Dividend received		**47**	102
Bank interest received		**245**	25
Bonds interest received		**—**	233
Net cash used in investing activities		**(77,200)**	(11,617)
Financing activities			
Proceeds from new bank and other borrowings		**367,324**	17,250
Repayments of bank and other borrowings		**(39,895)**	(2,875)
Net proceeds from issue of shares		**73,026**	58,370
Interest paid		**(21,103)**	(17,917)
Net cash generated from financing activities		**379,352**	54,828
Net increase in cash and cash equivalents		**178,188**	33,732
Cash and cash equivalents at 1 January		**81,539**	155,701
Effect of foreign exchange rate changes		**(23,389)**	1,399
Cash and cash equivalents at 30 June		**236,338**	190,832

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 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 approximately HK$74,444,000 for the six months ended 30 June 2011;

— the Group had consolidated net current liabilities of approximately HK$387,389,000 as at 30 June 2011;

— the Group had outstanding bank and other borrowings of approximately HK$857,250,000 (note 13), out of which an aggregate of approximately HK$206,366,000 due for repayment within the next twelve months after 30 June 2011.

The Directors 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 2011, the Company announced, that the Company proposed to raise gross proceeds of approximately HK$464,400,000, before expenses, by way of the rights issue (the "**Rights Issue**"). Pursuant to the Rights Issue, the Company shall allot and issue 2,381,597,550 rights shares (the "**Rights Shares**") at the subscription price (i.e. HK$0.195 per Rights Share), on the basis of thirty (30) Rights Shares for every one (1) adjusted share held at the Record Date. The estimated net proceeds of the Rights Issue will be approximately HK$452,200,000 and are intended to be applied as to approximately HK$200,000,000 for expansion of the Group's agricultural produce exchanges, approximately HK$150,000,000 for repayment of interest-bearing debts and the remaining balance of approximately HK$102,200,000 as general working capital of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

1. BASIS OF PREPARATION *(Continued)*

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

Going concern basis *(Continued)*

(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, 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 2010.

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 2011.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

HK(IFRIC)-Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC)-Int 19 will affect the required accounting. In particular, under HK(IFRIC)-Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

Standards and interpretations in issue but not yet effective

HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosures of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
HKAS 1 (Amendments)	Presentation of items of other comprehensive income[4]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (Revised 2011)	Separate financial statements[2]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[2]

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2013

[3] Effective for annual periods beginning on or after 1 January 2012

[4] Effective for annual periods beginning on or after 1 July 2012

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

Standards and interpretations in issue but not yet effective *(Continued)*

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 tiled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

Standards and interpretations in issue but not yet effective *(Continued)*

The amendments to HKAS 12 tilted Deferred Tax – Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on deferred tax recognised for investment properties that are measured using the fair value model. However, it is not practicable to provide a reasonable estimate of the effect until a detailed review has been completed.

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

3. SEGMENT REPORTING

The Group has two reportable segments, (i) revenue from 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 for the six months ended 30 June 2011 and 2010:

	Property rental		Restaurant operation		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Turnover						
External sales	**62,419**	44,254	**13,558**	13,904	**75,977**	58,158
Result						
Segment result	**74,430**	22,857	**(1,220)**	(632)	**73,210**	22,225
Unallocated corporate expenses					**(30,413)**	(20,344)
Impairment on intangible assets	**—**	(53,317)	**—**	—	**—**	(53,317)
Amortisation on intangible assets	**—**	(3,286)	**—**	—	**—**	(3,286)
Other income					**284**	427
Profit/(loss) from operations					**43,081**	(54,295)
Finance costs					**(41,382)**	(37,011)
Profit/(loss) before taxation					**1,699**	(91,306)
Income tax					**(41,999)**	12,588
Loss for the period					**(40,300)**	(78,718)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

3. SEGMENT REPORTING *(Continued)*

Segment assets and liabilities

An analysis of the Group assets and liabilities by reportable segment as at 30 June 2011 and 31 December 2010:

	Property rental		Restaurant operation		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Assets						
Segment assets	**2,001,909**	1,611,797	**15,320**	14,520	**2,017,229**	1,626,317
Unallocated corporate assets					**151,257**	65,565
Consolidated total assets					**2,168,486**	1,691,882
Liabilities						
Segment liabilities	**957,154**	868,086	**2,945**	1,143	**960,099**	869,229
Unallocated corporate liabilities					**883,584**	547,382
Consolidated total liabilities					**1,843,683**	1,416,611

4. FINANCE COSTS

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Interest on bank advances and other borrowings wholly repayable within five years	**21,103**	17,917
Imputed interest promissory notes	**20,279**	19,094
	41,382	37,011

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

5. LOSS FOR THE PERIOD

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Loss for the period has been arrived at after charging the following items:		
Amortisation of intangible assets	**—**	3,286
Depreciation	**2,676**	2,445
Impairment loss on intangible assets	**—**	53,317
Fair value loss on financial assets at fair value through profit or loss	**2,200**	1,075

6. INCOME TAX

Taxation in the Interim Financial Statements represents:

	For the six months ended 30 June	
	2011	2010
	HK$'000	HK$'000
Current tax – PRC enterprise income tax		
Current tax	**2,219**	1,563
Deferred tax		
Origination and reversal of temporary differences	**39,780**	(14,151)
	41,999	(12,588)

No provision for Hong Kong Profits Tax has been made in the Interim Financial Statements as the Group 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 2010: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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 approximately HK$74,444,000 (six months ended 30 June 2010: approximately HK$76,671,000) and the weighed average number of approximately 787,236,000 ordinary shares (period from 1 January 2010 to 30 June 2010: approximately 338,274,000 ordinary shares (restated)). The basic loss per share for 2010 had been adjusted for the effects of share consolidation approved on 3 November 2010.

Diluted loss per share for the periods ended 30 June 2011 and 2010 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$4,535,000 (six months ended 30 June 2010: approximately HK$5,640,000).

10. INVESTMENT PROPERTIES

During the period under review, the Group's addition of investment properties at cost and exchange realignment of approximately HK$72,957,000 and HK$46,301,000. The Group's investment properties were fair valued by valuers at 30 June 2011.

During the period under review, investment properties with carrying amount of approximately HK$629,029,000 (31 December 2010: approximately HK$595,561,000) 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$847,000 (31 December 2010: approximately HK$773,000) and their aged analysis at each reporting period is as follow:

	As at 30 June 2011 HK$'000	As at 31 December 2010 HK$'000
Less than 90 days	**797**	587
More than 90 days but less than 180 days	**32**	34
More than 180 days	**18**	152
Total trade receivables	**847**	773
Prepayment, deposits and other receivables	**82,442**	39,205
	83,289	39,978

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$2,919,000 (31 December 2010: approximately HK$1,274,000) and their aged analysis at the reporting period is as follows:

	As at 30 June 2011	As at 31 December 2010
	HK$'000	HK$'000
Within 90 days	**2,919**	1,274
After 90 days but within 180 days	**—**	—
Total trade payables	**2,919**	1,274
Deposit received, accruals and other payables	**426,087**	388,856
	429,006	390,130

13. BANK AND OTHER BORROWINGS

	As at 30 June 2011	As at 31 December 2010
	HK$'000	HK$'000
Secured bank borrowings	**394,190**	365,508
Unsecured other borrowings	**463,060**	157,756
	857,250	523,264
Carrying amount repayable:		
Within one year	**206,366**	165,454
More than one year, but not exceeding two years	**650,884**	357,810
	857,250	523,264
Less: amounts due within one year shown under current liabilities	**(206,366)**	(165,454)
	650,884	357,810

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. BANK AND OTHER BORROWINGS *(Continued)*

(a) Included in the above balances are bank borrowings with variable-rate borrowings of approximately HK$394,190,000 (31 December 2010: approximately HK$365,508,000) which carry interest adjustable for changes of borrowing rate offered by the PRC. The average rate charged by the banks during the period ranged from 5.9% to 8% (31 December 2010: 5.9% to 6.3% per annum) per annum. Interest is repriced every 30 days. The other borrowings of approximately HK$463,060,000 (31 December 2010: HK$157,756,000) were obtained from three (31 December 2010: two) independent third parties and carry interest fixed at 6.4% to 10% (31 December 2010: 6.4% 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 2011	As at 31 December 2010
	Per annum	Per annum
Effective interest rate:		
Fixed-rate borrowings	**6.4% to 10%**	6.4% to 10%
Variable-rate borrowings	**5.9% to 8%**	5.9% to 6.3%

(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$687,366,000 (31 December 2010: HK$595,561,000).

14. SHARE CAPITAL

		As at 30 June 2011		As at 31 December 2010	
		Number of shares	**Nominal value**	Number of shares	Nominal value
	Notes		**HK$'000**		HK$'000
Authorised:					
Ordinary shares of HK$0.10 each		**3,000,000,000**	**300,000**	3,000,000,000	300,000
Ordinary shares, issued and fully paid:					
At 1 January		**493,865,859**	**49,387**	2,918,658,596	29,187
Issue of shares upon placing	(i)	—	—	2,020,000,000	20,200
Share repurchased	(ii)	—	—	(6)	—
Share consolidated	(iii)	—	—	(4,444,792,731)	—
Issue of shares upon placing	(iv)	**300,000,000**	**30,000**	—	—
At 30 June/31 December		**793,865,859**	**79,387**	493,865,859	49,387

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. SHARE CAPITAL *(Continued)*

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) During the year, the Company issued the share upon placing as follow:

(a) On 3 February 2010, the Company entered into a placing agreement under which the Company conditionally agreed to place up to 2,300,000,000 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 of the Company held on 29 March 2010. Completion of the first tranche of the placing comprising 1,200,000,000 shares took place on 22 April 2010. Since the other conditions could not be fulfilled before the expiry of the three-month period, the balance of the placing lapsed. Net proceeds of approximately HK$58,343,000 were raised for expansion and further development of the Group's agricultural produce exchanges, repayment of interest-bearing debts and other general working capital requirement for the Group.

(b) On 19 August 2010, the Company successfully placed a total of 820,000,000 shares to independent third parties at a price of HK$0.05 per share, through a placing agent, on a best efforts basis, under the general mandate granted to the directors by the shareholders at the annual general meeting of the Company held on 8 June 2010. Aggregate net proceeds of approximately HK$39,878,000 were raised for repayment of interest-bearing debts and other general working capital requirement for the Group.

(ii) Six shares were repurchased on the Stock Exchange on 22 October 2010 with a view to cancel the fractional shares arising from the share consolidation (as detailed in 14(iii) below).

(iii) Pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 3 November 2010, every ten issued and unissued shares of HK$0.01 each in the share capital of the Company be consolidated into one share of HK$0.10 each.

(iv) On 9 November 2010, the Company entered into placing agreements to place a total of 300,000,000 shares, on a fully underwritten basis, and to place up to 300,000,000 shares, through a placing agent, on a best efforts basis, to independent third parties at a price of HK$0.25 per share under a specific mandate which the directors then sought and obtained from shareholders at a special general meeting of the Company held on 21 December 2010. Completion of the placing of all of the 300,000,000 fully underwritten shares took place on 5 January 2011 and net proceeds of approximately HK$73,026,000 were raised for repayment of loan and reduction of the Group's debt and gearing level and for expansion and further development of the Group's agricultural produce exchanges.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

15. COMMITMENTS

(a) Capital commitments outstanding at 30 June 2011 not provided for in the Interim Financial Statements were as follows:

	As at 30 June 2011	As at 31 December 2010
	HK$'000	HK$'000
Capital expenditure authorised and contracted for in respect of construction of:		
— investment properties	**5,166**	—

(b) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 30 June 2011	As at 31 December 2010
	HK$'000	HK$'000
Within one year	**3,131**	3,131
After one year but within five years	**7,767**	9,700

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 extensions options. None of the leases includes contingent rental.

16. LITIGATION

(A) Writ issued by Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. against the Company

(a) On 7 January 2011, the Company received a writ (the "**Writ**") issued by Ms. Wang Xiu Qun ("**Ms. Wang**") and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. ("**Tian Jiu**") (as plaintiffs) against the Company (as defendant) and filed with the Higher People's Court of Hubei Province, the PRC, together with the related court summons dated 4 January 2011 (the "**Summons**"). The Writ also joined Wuhan Baisazhou Agricultural By-product Grand Market Company Limited ("**Baisazhou Agricultural**") as third party to such civil proceeding.

Major allegations of Ms. Wang and Tian Jiu as set out in the Writ are as follows:

(1) it is alleged that Baisazhou Agricultural forged a share transfer agreement (the "**Contended Agreement**") in relation to the acquisition of Baisazhou Agricultural (the "**Acquisition**") wherein the consideration for the Acquisition was understated and the manner of settlement of the consideration was inaccurately described;

(2) it is alleged that Baisazhou Agricultural forged the related documentation for filing with the PRC Ministry of Commerce and the Hubei Province Administration of Industry and Commerce (the "**Hubei AIC**"), and that such documentation and the Contended Agreement involved forged signatures; and

(3) it is alleged that the PRC Ministry of Commerce and the Hubei AIC approved the Acquisition and processed the related filings on the basis of the above forged documents.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. LITIGATION *(Continued)*

(A) Writ issued by Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. against the Company *(Continued)*

(a) According to the Writ, Ms. Wang and Tian Jiu are seeking an order from the court that the Contended Agreement is void and invalid from the beginning and should be terminated, and claimed against the Company and Baisazhou Agricultural all relevant profits of Baisazhou Agricultural which were attributable to Ms. Wang and Tian Jiu, together with costs of the legal proceedings.

The existing members of the Board were not directors of the Company nor involved in the Group's management at the time when the Contended Agreement was signed and the Acquisition was completed. However, based on the documents reviewed by the Board and the legal advice obtained by the Company from its Hong Kong and the PRC legal advisers, the Board wishes to inform the Company's shareholders as follows:

(1) The Board had previously received letters from Ms. Wang and Tian Jiu through their legal representatives in the PRC and Hong Kong on 25 November 2010 and 14 December 2010 (the "**Letters**") respectively. The allegations set out in the Letters are substantially the same as those set out in the Writ.

(2) The Board, upon receipt of the Letters and again upon receipt of the Writ, sought legal advice from its PRC and Hong Kong legal advisers. The Company's legal advisers advised that:

(a) The PRC legal advisers previously retained by the Company for the purposes of the Acquisition had confirmed in their legal opinion dated 30 November 2007 that the Acquisition had been approved by the relevant PRC government authorities in accordance with PRC laws and regulations.

(b) The shareholding changes in Baisazhou Agricultural have been duly approved and registered with the relevant PRC government authorities.

(c) Subsequent to the registration of the above shareholding changes, Baisazhou Agricultural has obtained the necessary new business licence from the relevant PRC government authority.

(d) Accordingly, the Acquisition is legal and valid.

The Company will vigorously defend against the Writ and take such other necessary court action in the PRC as advised by its PRC legal advisers. Based on facts and circumstances known to the Board and subject to further legal advice and a detailed assessment of the business and financial implications, and taking into account the resumption by Baisazhou Agricultural's own management of the operation and management of the Baisazhou Exchange, the Board is of the opinion that the Writ has no material effect on the current operation of Baisazhou Agricultural or of the Group as a whole.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. LITIGATION *(Continued)*

(A) Writ issued by Ms. Wang Xiu Qun and Wuhan Tian Jiu Industrial and Commercial Development Co., Ltd. against the Company *(Continued)*

(a) *(Continued)*

According to the Summons, a court hearing will convened on 2 June 2011 in relation to the Writ but the High Court of Hubei Province adjourned the summons due to the Company requiring more time for studying the relevant information.

(b) The Company and Baisazhou Agriculture sought verbal legal advice from its PRC legal advisers and it has commenced court proceedings at the Higher People's Court of Hubei Province, the PRC against, inter alia, Ms. Wang and Tian Jiu in relation to the subject matter including but not limited to the Contended Agreement and will seek recovery of damages accordingly.

(B) Writ issued by Wuhan Long Xiang Trading Development Limited

(1) On 1 July 2011, Baishazhou Agricultural received a writ (the "**Long Xiang Writ**") issued by Wuhan Long Xiang Trading Development Limited ("**Long Xiang**") (as plaintiff) against Baishazhou Agricultural (as defendant) and filed with the Wuhan Intermediate People's Court, the PRC, together with the related court summons dated 20 June 2011 (the "**Long Xiang Summons**").

(2) It was alleged that Baishazhou Agricultural is obliged to make payment under a settlement agreement and a supplemental settlement agreement entered into between Long Xiang, Baishazhou Agricultural and another party known as Wubei Zhong An Enterprise Investment Company Limited on 16 August 2010 and 19 August 2010 respectively.

(3) According to the Long Xiang Summons, a court hearing was scheduled on 15 August 2011 and has been adjourned due to the court requiring more time for studying the relevant information. The Company and Baishazhou Agricultural are now investigating the matter and seeking legal advice from their PRC legal advisers. Baishazhou Agricultural will vigorously defend against the Long Xiang Writ and take such other necessary action(s) in the PRC as advised by their PRC legal advisers.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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	
	2011	2010
	HK$'000	HK$'000
Short-term employee benefits	**4,004**	1,809
Post-employment benefits	**28**	16
	4,032	1,825

18. EVENTS AFTER THE INTERIM PERIOD

(i) In the Company's announcement dated 9 June 2011 (the "**Announcement**"), the Company proposed to put forward to the Company shareholders a proposal to effect the capital reorganisation (the "**Capital Reorganisation**") comprising:

(1) the consolidation of share(s) in the issued share capital of Company whereby every ten shares of nominal value of HK$0.10 each in the issued share capital of the Company has been consolidated into one consolidated share of nominal value of HK$1.00 (the "**Consolidated Share**");

(2) the reduction of the Company's issued share capital whereby (a) the nominal value of all the issued Consolidated Shares was reduced from HK$1.00 each to HK$0.01 each (the "**Adjusted Shares**") and the issued share capital of the Company was accordingly be reduced to the extent of HK$0.99 per Consolidated Share in issue; and (b) any aggregated number of fractional Consolidated Shares in the issued share capital of the Company arising from the share consolidation be cancelled;

(3) the share subdivision whereby every one authorised but unissued Company's share of par value HK$0.10 was subdivided into ten Adjusted Shares of HK$0.01 each; and

(4) applying the credit arising from the capital reduction to set off the accumulated loss of the Company.

(ii) Upon the Capital Reorganisation becoming effective on 1 August 2011, the Company proposed to raise gross proceeds of approximately HK$464,400,000, before expenses, by way of the Rights Issue. Pursuant to the Rights Issue, the Company shall allot and issue 2,381,597,550 Rights Shares at subscription price (i.e. HK$0.195 per Rights Share), on the basis of thirty (30) Rights Shares for every one (1) Adjusted Share held on the record date. Details please refer to the Announcement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

19. COMPARATIVE FINANCIAL INFORMATION

Certain comparative figures have been restated to conform with current period's presentation.

20. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised to issue by the Board on 23 August 2011.