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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Sim Chew (Chairman)
Ms. Kam Yuen (Chief Executive Officer)
Mr. Kwok Wai, Wilfred
Mr. Leung Kwong Choi
Mr. Lo King Fat, Lawrence

Independent Non-executive Directors

Mr. Cheung Ngai Lam
Mr. Christopher David Thomas
Mr. Wong Kwai Sang

AUDIT AND REMUNERATION COMMITTEE

Mr. Cheung Ngai Lam (Chairman)
Mr. Christopher David Thomas
Mr. Wong Kwai Sang

COMPANY SECRETARY

Mr. Lo King Fat, Lawrence, CPA

AUDITORS

BDO Limited
Certified Public Accountants

HONG KONG OFFICE

Room 3501
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

REGISTERED OFFICE

Ugland House
South Church Street, P.O. Box 309
George Town, Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
Fort Street, P.O. Box 705
George Town
Grand Cayman
Cayman Islands

PRINCIPAL BANKERS

DBS Bank
Industrial and Commercial Bank of China
Agricultural Bank of China
The Hongkong and Shanghai Banking Corporation Limited

HONG KONG STOCK CODE

1130

SINGAPORE TRADING SYMBOL

BENE SP

WEBSITE

http://benefun.etnet.com.hk

Biographical Details of Directors

DIRECTORS

Executive Directors

Mr. TAN Sim Chew, aged 62, is the founder and Chairman of the Group which was established in 1986. Mr. Tan is responsible for the strategic planning of the Group. He has over 25 years of experience in the apparel distribution and manufacturing business.

Ms. KAM Yuen, aged 40, was appointed as Chief Executive Officer and Executive Director of the Company on 4 June, 2009. Ms. Kam is responsible for business development strategies and overall management of the Group. Ms. Kam was graduated in 1991 from the University of Hong Kong with a Bachelor Degree in Social Sciences (Economics) and subsequently received her MBA from the Hong Kong University of Science & Technology. She is also a holder of Bachelor of Laws (LLB) with the Manchester Metropolitan University and Chartered Financial Analysts. She has over 17 years working experience in selling and relationships management in various financial institutions such as Credit Suisse, Rabobank and Standard Chartered Bank. Having served the managerial positions in China market, Ms. Kam develops sophisticated management experiences and acquires extensive connections in China.

Mr. KWOK Wai, Wilfred, aged 36, was appointed as our Executive Director of the Company on 7 April 2009. Mr. Kwok possesses over 10-year frontier experiences in business and marketing in China. Mr. Kwok served the publicly listed Vertex group and introduced international media projects into China market in 2002. In 2003, Mr. Kwok partnered the publicly listed King Fook group to form exclusive Hong Kong company serving privileged airport ground services in major Chinese airports. Mr. Kwok has a decade of business development in organic fertilisers. With strong connection in China, he specialises in project merge and acquisition and negotiation with central government, local governments and corporations.

Mr. LEUNG Kwong Choi, aged 53, was appointed as an Executive Director of the Company on 6 October 2008. Mr.Leung holds a Bachelor of Social Science Degree from the Chinese University of Hong Kong. He had been working for 10 years in the marketing department of Hang Lung Development Ltd. since graduation. Mr. Leung had also served the positions of executive director of Top Glory Holdings Ltd., China Food Ltd. and Cheung Tai Hong Holdings Ltd., all of which are companies with shares listed on The Stock Exchange of Hong Kong Limited. Mr. Leung has over 28 years of real estate and business experience in Hong Kong and the PRC concentrating in property investment and development, acquisition and merger, deal marking and investment projects arrangement.

Mr. LO King Fat, Lawrence, aged 55, joined the Group in 1990 and is also the financial controller of the Company. He has over 25 years of experience in finance, auditing and accounting. Mr. Lo is an associate member of the Hong Kong Institute of Certified Public Accountants.

Biographical Details of Directors

Independent Non-Executive Directors

Mr. CHEUNG Ngai Lam, aged 40, was appointed as an Independent Non-executive Director of the Company on 4 July 2008. Mr. Cheung is a member of the American Institute of Certified Public Accountants and CPA Australia. Mr. Cheung obtained a Bachelor Degree in Social Sciences from the University of Hong Kong in 1991, a Master of Accounting Degree from Curtin University of Technology, Perth, Australia in 1997 and a Master of Science (Investment Management) Degree in Finance from the Hong Kong University of Science and Technology in 2001. He was an Independent Non-executive Director of Mascotte Holdings Limited (Stock Code: 136), a Hong Kong listed company, during the period from 9 March 2005 to 7 April 2008. Mr. Cheung currently works as the Corporate Development Director for Profound Heavy Industrial Limited before that he was engaged by Norstar Automobile Industrial Holding Limited. He is also an Independent Non-executive Director of Hong Long Holdings Limited (Stock Code: 1383), a Hong Kong listed company since January 2007. Mr. Cheung has extensive experience in accounting and capital markets; he served at Deloitte Touche from 1991 to 1994, and he was the Vice President and Executive Vice President of Daiwa Securities and Japan Asia Securities from 1994 to 2002 and 2002 to 2005 respectively. Mr. Cheung also worked as the Corporate Finance Director of Grant Thornton from 2005 to 2008.

Mr. WONG Kwai Sang, aged 57, appointed as an Independent Non-executive Director of the Company on 2 March 2009, is a property consultant. Mr. Wong had been an Independent Non-executive Director, member of audit committee and member of remuneration committee of the Company since 3 July 2002. He resigned on 4 July 2008 as he himself had a long term personal assignment stationed in Shanghai. Mr. Wong has now completed his assignment in Shanghai and returned to Hong Kong. He holds a Bachelor of Social Sciences degree from the University of Hong Kong. He is a fellow member of the Hong Kong Institute of Real Estate Administrators and the Australian Institute of Building respectively.

Mr. Christopher David THOMAS, aged 31, was appointed as an Independent Non-executive Director of the Company on 4 May 2009. Mr. Thomas graduated from Johns Hopkins University School of Advanced International Studies with a Master Degree in International Relations — Concentration in International Finance and Asian Studies. Mr. Thomas joined Deutsche Bank in 2001 to serve as the Analyst in Telecommunication Investment Banking. From 2002 to 2004, Mr. Thomas worked as an Analyst in Media and Technology Mergers and Acquisitions for Signal Hill Capital Group LLC, the boutique investment bank founded by former Global Head of Telecommunications at Deutsche Banc Alex. Brown, Inc. Mr. Thomas is currently the Regional Vice President (North America Division) of Snowland Tibetan Medicine Company which is a leading Tibetan medicine company in the herbal medicine market. Mr. Thomas has over 6 years experience in clientele development, sales and marketing to nationwide distributors and individual customers.

Statement of the Chief Executive Officer

On behalf of the Board of Directors (the "Directors"), I am pleased to present the Annual Report 2009 and the audited financial statements of Benefun International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2009.

BUSINESS AND OPERATION REVIEW

In view of the increasing competitiveness and rising cost in the fashion retail market, since early 2008 the management had taken measures to gradually scale down the garment business arm. As at 30 June 2009, the Group recorded no fashion retailing business in China, but the Group shall continue to explore garment business opportunities should a favorable condition arise.

On 21 May 2009, the Group disposed a property asset which comprised of a piece of land with a total area of 8,724 square meters and all buildings erected thereon located at 1-18 Xinhe Industrial Park, Dianqian, Huli, Xiamen City, Fujian Province, China. The property used to be self-occupied for the purpose of manufacturing and production of apparels and related products. As a result of the Group's reduction in its garment business, this asset disposal provided a good opportunity for the Group to realise some capital and strengthened its financial position.

For business diversification, the Group has been diligently exploiting new business opportunities. By the end of 2008, the Group completed the acquisition of an ecological plantation business in Shihezi City, Xinjiang Region, China. The forest plantation site covers 60,000 mu (Chinese Mu) is located about 150 kilometers West from Urumqi, the provincial capital, and transport wise is well connected to China's National Highway No. 312 and railways. The ecological plantation business includes the plantation of fast growing, high yield, renewable, sustainable and self-growing wood resource and seasonal crops. Wood resource from poplar trees provides the raw material for the wood produce industry, wood pulp for the paper making industry, construction industry, and last but not least building materials for infrastructure developments needed for the fast growing Chinese economy.

The Group has successfully developed an environmentally-friendly business in plantation, including manufacturing, sale and distribution of plantation products and materials. In the present fiscal year, the Group developed the waste-to-value business "O-Live Organic Waste Treatment System" ("O-Live System") which is an automated machine utilising high temperature micro-organisms technology for the treatment of animal waste from livestock farms. The O-Live System, within a 24-hour cycle, processes the animal wastes and kills animal related influenzas and common bacterial diseases, and converts the animal waste into raw materials for the production of microbial organic fertilisers.

By utilising the organic raw materials and seizing the market's demand for organic fertilisers, the Group developed a microbial application for the production of organic fertilisers. Originally, the production process was outsourced to an external contractor which produced organic fertilisers under Group's guidance, technology and standards. Since the 2nd quarter of 2009, the Group recorded sales of organic fertilisers totaling HK$43.12 million under this operational model, the Group decided to further strengthen its technological edge and planned to acquire the patents from Cathay Investment Fund Limited of which technology covered the technologies and processes in relation to the production of organic fertilisers.

Statement of the Chief Executive Officer

In July 2009, the Group's indirect wholly-owned subsidiary (Xinjiang Gold Vantage Forestry Limited) 新疆凱金林業有限公司 ("XJGV") entered into a co-operation agreement with The Agricultural No. 8 Division No. 142 Regiment of the Xinjiang Production and Construction Corps. ("XPCC") to promote the sale of the O-Live System and the sale of organic fertilisers in the region of Shihezi City. In October 2009, the Company advanced the cooperation with XPCC which manages 1.01 million mu area in Shihezi City. The Group entered into an agreement with XPCC to form a Joint Venture with total investment worth RMB36,000,000 based on a 70:30 equity ratio respectively for the purpose of production and sale of organic fertilisers in Shihezi City.

Xinjiang is China's largest autonomous region with total area of approximately 1,664,900 square kilometers. It is a major agricultural base and its primary industry accounted for 17.8% of its GDP in 2007. It is China's largest growing base for cotton, lavender and hop, and is one of the major sheep farming areas. Xinjiang's 11th Five-Year-Plan encourages the development of biotechnology and environmental protection industries. The Group's green business in the bio-conversion of livestock waste into organic fertilisers is directly in line with the agricultural, biotechnological and environmental policies of Xinjiang Government.

PROSPECTS

On 5 October 2009, an extraordinary general meeting was held and a special resolution was passed allowing the name of the Company to be changed to China Environmental Resources Group Limited. It signified a new chapter in the Group's green business in environmental, ecological and economical values. The Group will dedicate to developing renewable, sustainable and valuable green resources serving mankind and yet protecting the environment.

Environmental

According to Chinese Government's website, in 2008, China is the world's largest producer of meat, accounting for 72.8 million tons or 29% of world's total. The Group's O-Live System serves the environmental requirements of taking care of the waste produced by the booming livestock industry in China. Livestock farms begin migrating away from cities' vacinity for environmental, hygienic and costing reasons especially for those farms of sizable operation in order to achieve the economy of scale and to comply with new environmental regulations. Starting from the 3rd quarter of 2009, the Group began selling to livestock farms the O-Live System which provided an effective, economical and environmental solution for the treatment of animal waste. The farms will also receive additional financial income from the sale of the bio-treated waste as raw material for the production of organic fertilisers. This operational model changed the capital outlay of livestock farms from environmental expenses into a productive income.

Agricultural

According to DATAMONITOR, the Chinese agricultural products grew by 6.8% in 2007 to USD427.5 billion. By 2012, this value is forecast to reach USD621.6 billion, representing a 45.4% increase from 2007. As per Chinese official figures in 2008, export in agricultural products was USD40.5 billion with a negative growth rate from 17.9% to 9.4%. In contrast the import of agricultural products amounted to USD58.6 billion, representing a 42.8% growth during the same period.

For the past decades, in line with the prospering agricultural produce market, most of China's arable lands have been over-dozed by chemical fertilisers and pesticides. These chemicals resulted in environmental pollution, deteriorated soil productivity and decreased crops yield. Organic fertiliser, however, offers an effective, economical and sustainable solution for curing the chemically contaminated soil, thus increasing crops yield by cultivating organic food. According to China Agricultural Net, the amount of commercialised organic fertiliser recorded a 4-fold increase to 11 million tons in 2007 from 2.6 million in 2002.

Statement of the Chief Executive Officer

Focusing on the increasing demand in organic fertilisers, the Group continues to develop technological advancements for organic fertilisers in order to achieve a higher and sustainable crops yield. During the 2nd quarter of 2009, the Group outsourced the production process to an external contractor to accommodate the emerging demands for its organic fertiliser products. In the 3rd quarter of 2009, the Group began to establish self-operated production facilities to utilise the raw materials from its O-Live System, to satisfy increasing orders and to enhance operating profits. In order to propel the development of its newly established green business, the Group has engaged independent professionals in relation to systems setup, operation, production, financial, internal control and internationally certified standards for quality, environmental and corporate responsibilities.

Ecological Plantation

According to the Annual Review and Assessment of the World's Timber Situation 2007 conducted by the International Tropical Timber Organisation, the real gross domestic product in the emerging market and developing economies reached approximately 7.8% in 2007 (with China's real Gross Domestic Product growth at approximately 11.4% in 2007), which has outgrown that of the advanced economies of 2.6%. The demand for construction, housing and wood products in the China is expected to grow in the long run in view of the economic expansion, infrastructure developments and urbanisations in China. The ecological plantation business is expected to be on an upward trend due to their scarcity and increasing demand, particularly when China is now the world's biggest importer of industrial wood logs.

In light of the above, the Group will continue exploring opportunities in ecological plantation as a good source of recurring income. Taking advantage in its technological advancements, the Group will be biased towards technology-based operations such seedling/sapling technique, microbial application and organic fertilisation, whereas routine and mundane tasks such as laboring, watering, weeding, maintenance and logging will be outsourced to external contractors and governmental units.

Nationwide Development

The Group has successfully diversified into the green business, including but not limited to environmentally-friendly treatment of organic waste, production of organic fertiliser and ecological forest plantation. The Group's initial green establishment in Xinjiang Region served as an encouraging demonstration in "green cooperation model" between local government units and the Group. With the increasing awareness of ecological development and environmental protection, the Chinese Government is implementing supportive and encouraging measures to the environmental, agricultural and forestry industry. For example, in June 2009, the Group's Xinjiang subsidiary was approved for exemption in Value Added Tax on the sale of forestry products and organic fertiliser products. The fact that present governmental policy supports, subsidises and offers tax benefits to environmental, agricultural and forestry corporations would only further hasten the development of the green businesses.

As the Group plans for a leading role in the green business sector in China, it will duplicate and multiply the "green cooperation model" to a nationwide level covering various regions, cities and provinces in China. To cater for the increasing and high demands from environmental, agricultural and forest plantation sectors, the Group is confident in capitalising the green business opportunities created by the expanding market and supportive government policies.

Statement of the Chief Executive Officer

FINANCIAL REVIEW

For the year ended 30 June 2009, the Group recorded a consolidated turnover of approximately HK$128.61 million, representing a slight increase compared with the year ended 30 June 2008 (the "Previous Year"). The Group's profit from continuing operations amounted to approximately HK$118.79 million. After netting off the loss of approximate HK$22.78 million from discontinued operations, the Group's profit attributable to shareholders amounted to approximate HK$96 million, representing basic earnings per share of HK$2.26 cents (for the Previous Year: consolidated loss was HK$41.33 million, representing a basic loss per share of 2.30 cents).

In calculating the Group's consolidated net profit, the imputed finance costs of HK$15.90 million, mostly not related to operation in nature, can be split up into HK$7.52 million of promissory notes and HK$8.38 million of convertible notes.

During the period, the Group's Income Tax Expenses for Continuing Operations amounted to HK$27.82 million which was mainly attributable to Corporate Income Tax payable due to the sale of organic fertilisers and forestry products by XJGV. In June 2009, XJGV obtained approval from the relevant PRC governmental authority for the exemption of VAT on the sale of forestry products and organic fertiliser products. Meanwhile, the Group's subsidiary is also eligible for the exemption of Enterprises Income Tax, the application of which is now being processed.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2009, the Group's cash and bank balances, which were principally Renminbi and Hong Kong dollar denominated, amounted to approximately HK$9.52 million. The Group was not exposed to any substantial risk in foreign exchange fluctuations. In general, the Group mainly used its Renminbi income receipt for operating expenses in China and did not use any financial instruments for hedging purpose.

As at 30 June 2009, the Group has no borrowings (save and except for promissory notes and convertible notes liabilities). The Group generally finances its operation using internally generated resources.

As at 30 June 2009, the Group's current assets amounted to approximately HK$64.21 million and current liabilities amounted to approximately HK$85.92 million. The Group's net current liabilities, being its current assets deducting its current liabilities, amounted to HK$21.70 million.

Included in the current liabilities, there were trade and other payables of approximate HK$73.75 million incurred during the year ended 30 June 2009. As per the Annual Report 2008, due to the closure of shops and factories during the year 2008, it had been difficult in locating the underlying records of certain deemed payables amounting to approximately HK$30.63 million. The Group will be prudent and will only effect payments for these deemed payables as and when sufficient documentation and proof of debt can be produced and certified by the Group.

CHARGE ON THE GROUP'S ASSETS

The group did not have any pledged assets as at 30 June 2009 and 2008 to secure general banking facilities.

Statement of the Chief Executive Officer

CAPITAL RAISING AND EXPENDITURE

During the year ended 30 June 2009, the Group did not carry out any equity fund raising activities except for the conversion of convertible notes and exercise of share options.

EMPLOYEES AND RETIREMENT BENEFIT SCHEME

The Group had approximately 36 employees in Hong Kong and the PRC as at 30 June 2009. The Group implements remuneration policy, bonus and share options scheme to ensure that pay scales of its employees are rewarded on a performance-related basis within the general framework of the Group's remuneration strategy.

ACKNOWLEDGEMENTS

I would like to take this opportunity to extend my sincere appreciation to our shareholders for their continued support and to my fellow directors, the management and staff for their contributions and endeavor and hard work during the past year.

Kam Yuen
Chief Executive Officer

Hong Kong, 22 October 2009

Report of the Directors

The Directors have pleasure present their annual report together with the audited financial statements of the Group for the year ended 30 June 2009.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are in the green business of plantation, research and development of plantation related technologies, manufacture, sale and distribution of plantation products and materials manufacture, sale and distribution organic waste treatment system, manufacturing, retailing and distribution of apparel and property development.

RESULTS

The results of the Group for the year ended 30 June 2009 are set out in the consolidated income statement on page 26.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 30 June 2009 (2008: HK$Nil).

SEGMENTS INFORMATION

An analysis of the Group's revenue and contribution to results by business and geographical segments for the financial year is set out in Note 5 to the financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 31 to the financial statements.

RESERVES

Details of movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on Note 32.

PROPERTY, PLANT AND EQUIPMENT

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

PROPERTY UNDER DEVELOPMENT

A summary of property under development is set out on page 93.

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Tan Sim Chew (Chairman)	
Ms. Kam Yuen (Chief Executive Officer)	(appointed on 4 June 2009)
Mr. Kwok Wai, Wilfred	(appointed on 7 April 2009)
Mr. Leung Kwong Choi	(appointed on 6 October 2008)
Mr. Lo King Fat, Lawrence	
Mr. Zhong Ma Ming	(retired on 12 December 2008)
Mr. Fu Zi Cong	(retired on 12 December 2008)

Independent Non-Executive Directors

Mr. Cheung Ngai Lam	(appointed on 4 July 2008)
Mr. Wong Kwai Sang	(appointed on 2 March 2009)
Mr. Christopher David Thomas	(appointed on 4 May 2009)
Mr. Li Chun Ming	(resigned on 4 June 2009)
Mr. Tsang Chung Yu	(appointed on 16 August 2008 and resigned on 20 March 2009)
Mr. Tsang Chun Pong	(resigned on 16 August 2008)

In accordance with the Company's Articles of Association, Mr. Tan Sim Chew, Mr. Leung Kwong Choi and Mr. Cheung Ngai Lam shall retire at the forthcoming annual general meeting being eligible, offer themselves for re-election at the annual general meeting.

No director being proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Report of the Directors

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, the interests and short positions held by each director and chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations, if any, (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company

		Number of shares/underlying shares held in the Company			
Name of Directors	***Capacity in which interests are held***	***Interests in shares***	***Interests under equity derivatives***	***Total interests***	***Total interests as to % to the issued share capital of the Company as at 30 June 2009*** *(Note 1)*
Mr. Tan Sim Chew	Beneficial owner	248,505,226	—	248,505,226	3.98%
Ms. Kam Yuen	Deemed interest	1,408,020,000	2,031,250,000	3,439,270,000 *(Note 2)*	55.11%
Mr. Lo King Fat, Lawrence	Beneficial owner	3,700,000	—	3,700,000	0.06%

Notes:

1. The percentage of shareholding was calculated on the basis of the Company's issued share capital of 6,240,379,000 shares as at 30 June 2009.

2. These include deemed interest in (i) 1,408,020,000 shares held by Capital Master International Limited and (ii) convertible notes, giving rise to an interest in 2,031,250,000 underlying shares, held by Blackpool Stadium Limited which are beneficially owned by Ms. Kam's spouse.

Save as disclosed above, as at 30 June 2009, none of the Company's directors, chief executive or their respective associates had any other personal, family, corporate and other interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

The existing share option scheme of the Company was approved on 16 December 2005 (“Share Option Scheme”). The purpose of the Share Option Scheme is to provide the Group with a flexible means of giving incentive to, rewarding, remunerating, and/or providing benefits to the participant and to provide the participant with the opportunity to acquire a personal stake in the Group and to build common objectives of the Group and the participant for the betterment of business and profitability of the Group and its shareholders as a whole.

The Board may, at their discretion, invite any participant to take up options. An option is deemed to have been granted and accepted by the grantee upon his or her signing the duplicate letter comprising acceptance of the option and paying HK$1 by way of consideration for the grant thereof.

The subscription price for shares in the Company under the Share Option Scheme will be highest of (i) the closing price of the shares in the Company as stated in the Stock Exchange’s daily quotations sheet on the offer date (which date must be a business day), (ii) a price being the average of the closing prices of the shares in the Company as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date, and (iii) the nominal value of a share of the Company.

The total number of shares in the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in the Company in issue as at the date of approval of the Share Option Scheme. An option may be exercised during a period to be determined by the Directors in its absolute discretion and in any even such period shall not be longer than 10 years from the date upon which the option is granted.

The maximum entitlement for any one participant is that the total number of shares issued and to be issued upon exercise of the options granted to each participant under the Share Option Scheme in any 12-month period shall not exceed 1% of the total number of shares in issue of the Company. Any further grant of options in excess of the 1% limit shall be subject to shareholders’ approval in general meeting with such participant and his or her associates abstaining from voting. The Share Option Scheme will remain in force for a period of 10 years from 16 December 2005.

Movement of share options during the year ended 30 June 2009 was as follows:–

Directors	***No. of options outstanding at 1 July 2008***	***No. of options granted***	***No. of options exercised***	***No. of options outstanding at 30 June 2009***	***% of issued share capital at 30 June 2009***
Tan Sim Chew	16,000,000	—	16,000,000	—	0.26%
Lo King Fat, Lawrence	16,000,000	—	16,000,000	—	0.26%
Aggregate of employees	34,600,000	—	34,600,000	—	0.53%
	66,600,000	—	66,600,000	—	

Report of the Directors

The above options were granted on 25 January 2008 and exercisable at a subscription price of HK$0.0804 per share during the period from 26 July 2008 to 25 July 2011. Each option entitled its holder to subscribe for one share of HK$0.01 each in the Company.

The closing price of the shares immediately before the date on which the above options were granted was HK$0.08. During the year ended 30 June 2009, no share option was cancelled or lapsed during the year.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors or chief executive of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the following persons, other than a director or chief executive of the Company or any of its subsidiaries, were interested or had short positions in more than 5% of the shares and underlying shares of the Company or its subsidiaries according to the register required to be kept under section 336 of the SFO in the respective amounts as follows:

Long positions in shares and underlying shares of the Company

		Number of shares/underlying shares held in the Company			
Name of Shareholders	***Capacity in which interests are held***	***Interests in shares***	***Interests under equity derivatives***	***Total interests***	***Total interests as to % to the issued share capital of the Company as at 30 June 2009*** *(Note 1)*
Choy Ping Fai	Beneficial owner	1,408,020,000	2,031,250,000	3,439,270,000 *(Note 2)*	55.11%
Blackpool Stadium Limited	Beneficial owner	—	2,031,250,000	2,031,250,000 *(Note 2)*	32.55%
Capital Master International Limited	Beneficial owner	1,408,020,000	—	1,408,020,000 *(Note 2)*	22.56%
Leader Symbol Holdings Limited	Beneficial owner	732,090,000	—	732,090,000 *(Note 3)*	11.73%

Name of Shareholders	Capacity in which interests are held	Number of shares/underlying shares held in the Company: Interests in shares	Interests under equity derivatives	Total interests	Total interests as to % to the issued share capital of the Company as at 30 June 2009 *(Note 1)*
Rising Hero Limited	Beneficial owner	713,140,000	—	713,140,000 *(Note 4)*	11.43%
China Magic Enterprises Limited	Beneficial owner	468,750,000	—	468,750,000 *(Note 5 and 7)*	7.51%
Sure Rich Holdings Limited	Beneficial owner	468,875,000	—	468,875,000 *(Note 6)*	7.51%

Notes

1. The percentage of shareholding was calculated on the basis of the Company's issued share capital of 6,240,379,000 shares as at 30 June 2009

2. These include interest in (i) 1,408,020,000 shares held by Capital Master International Limited ("Capital Master") and (ii) convertible notes giving rise to 2,031,250,000 underlying shares, held Blackpool Stadium Limited ("Blackpool"). The holder of the convertible notes is entitled to convert shares of the Company at any time during the period from 19 November 2008 to 18 November 2011 (both days inclusive) for fully paid shares at a conversion price of HK$0.0604. The entire issued share capital of Capital Master and Blackpool are beneficially owned by Mr. Choy Ping Fai. Accordingly, Mr. Choy Ping Fai is deemed to have interests in the shares and underlying shares.

3. Leader Symbol Holdings Limited is beneficially owned by Ms. Ng Guek Keow. Ms. Ng is therefore deemed to have interests in the shares.

4. Rising Hero Limited is beneficially owned by Mr. Lai Yiu Keung. Mr. Lai is therefore deemed to have interests in the shares.

5. China Magic Enterprises Limited is beneficially owned by Mr. Sik Siu Kwan. Mr. Sik is therefore deemed to have interests in the shares.

6. Sure Rich Holdings Limited is beneficially owned by Mr. Cheung Wai Yin, Wilson. Mr. Cheung is therefore deemed to have interests in the shares.

7. The Company had noted disputes, inter alia, over the legal titles of the shares which is the subject matter of some legal proceedings in the High Court of the Hong Kong Special Administrative Region. In order to protect the interest of shareholders, the Company will act in accordance with the outcome of legal proceedings between the parties claiming ownership of the disputed shares.

Report of the Directors

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors are of the opinion that during the year ended 30 June 2009, the Directors of the Company had no interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the sales to the Group's five largest customers accounted for approximately 34% of the total sales for the year and the sales to the largest customer included therein amounted to 12%. Purchases from the Group's five largest suppliers accounted for approximately 86% of the total purchases for the year and the purchase from the largest supplier included therein amounted to 26%.

None of the directors of the Company, any of their associates or any substantial shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the companies law of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

EVENTS AFTER BALANCE SHEET DATE

Details of the significant events after balance sheet date are set out in Note 38 to the financial statements.

Report of the Directors

PUBLIC FLOAT

As at the date of this report, the Company has maintained a sufficient public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of its Directors.

AUDITORS

BDO McCabe Lo Limited has changed its name to BDO Limited. Accordingly the auditor's report is signed under the new name. A resolution will be proposed at the forthcoming annual general meeting to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board

Kam Yuen
Chief Executive Officer

Hong Kong, 22 October 2009

Corporate Governance Report

The Board of directors (the "Directors") of the Company (the "Board') is committed to maintain and ensure high standards of corporate governance practice. The Company stresses the importance of maintaining the quality of the Board by ensuring that the directors possess a wide range of expertise and the effective implementation of an accountability system, so as to ensure that business activities and decision making processes are regulated in a proper manner.

The Company has complied with all applicable code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the year ended 30 June 2009 except for deviation disclosed herein:

THE BOARD

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. Every Director is charged to act in the best interest of the Company and contribute to the Company with their expertise and knowledge. The Board decides on overall strategies and monitors the Group's performance on behalf of the shareholders.

BOARD COMPOSITION

The Board currently comprises eight Directors, with five Executive Directors and three Independent Non-Executive Directors.

During the year ended 30 June 2009, the Board held four regular board meetings and additional board meetings were held as and when necessary. The Directors participated in persons or through electronic means of communication . The attendance of each Director is set out as follows:

Name of Director		Number of Board meetings attended/eligible to attend
Executive Directors		
Mr. Tan Sim Chew	(Chairman)	19/24
Ms. Kam Yuen	(Chief Executive Officer, appointed on 4 June 2009)	2/2
Mr. Kwok Wai, Wilfred	(appointed on 7 April 2009)	6/7
Mr. Leung Kwong Choi	(appointed on 6 October 2008)	18/20
Mr. Lo King Fat Lawrence		24/24

Corporate Governance Report

Name of Director		Number of Board meetings attended/eligible to attend
Independent Non-Executive Directors		
Mr. Cheung Nga Lam	(appointed on 4 July 2008)	18/23
Mr. Wong Kwai Sang	(appointed on 2 March 2009)	11/12
Mr. Christopher David Thomas	(appointed on 4 May 2009)	4/6
Mr. Li Chun Ming, Raymond	(resigned on 4 June 2009)	13/21
Mr. Tsang Chung Yu	(appointed on 16 August 2008 and resigned on 20 March 2009)	4/12
Mr. Tsang Chun Pong	(resigned on 16 August 2008)	1/1

Directors are provided with relevant information to make informed decisions. The Board and each director have separate and independent access to the Company's management for information and making enquires if necessary. A director of the Company who considers it necessary to seek independent professional advice in order to perform his/her duties as a director of the Company may convene, or request the Company Secretary of the Company to convene, a meeting of the Board to approve the consultation of independent legal or other professional advisor for advice. For regular Board meetings, an agenda and accompanying board papers of the meeting are sent in full to all directors at least three days before the intended date of a meeting.

Every Director is entitled to have access to the advice and services of the Company Secretary with a view to ensure that the Board procedures, and all applicable rules and regulations, are complied with. All minutes are kept by the Company Secretary and are open for inspections by any Director during normal office hours by giving reasonably advance notice. Minutes of Board meetings and Board committees meetings record in sufficient details the matters considered in the meetings and decisions reached. Draft and final versions of minutes of Board meetings have been sent to all Directors for their comments and record respectively within a reasonable time after the relevant meeting was held.

If Director has a conflict of interest in a matter before the Board, the matter will be dealt with in accordance with applicable rules and regulations and, if appropriate, an independent board committee will be set up to deal with the matter.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer are segregated and not exercised by the same individual. The Board appointed Mr. Tan Sim Chew as Chairman of the Company and Ms. Kam Yuen as Chief Executive Officer of the Company. The Chairman is responsible for the strategic planning of the Group, while the Chief Executive Officer is responsible for formulation of corporate policies and overseeing day-to-day management of the Group's business. The Board is of the opinion that the segregation of the two roles enhances the balance of power within the Company's corporate governance structure.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

In accordance with the CG Code and the Company's Articles of Association, all Directors (including Independent Non-Executive Directors) are subject to retirement by rotation once every three years. Composition of the Board will be reviewed regularly to ensure that it covers a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Independent Non-Executive Directors are appointed for a specific term, subject to retirement by rotation under the Articles of Association of the Company. Mr. Cheung Ngai Lam, one of the Independent Non-Executive Directors has appropriate accounting or related financial management expertise as required under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-Executive Directors a written annual confirmation of their independence and is satisfied with their independence in accordance with the Listing Rules. The Company considers that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

AUDIT COMMITTEE

The Audit Committee currently comprises the three Independent Non-Executive Directors of the Company, namely, Mr. Cheung Ngai Lam, Mr. Wong Kwai Sang and Mr. Christopher David Thomas.

The Audit Committee shall meet at least twice a year. Four committee meetings were held during the year. The attendance of each member is set out as follows:

Committee member		**Number of Committee meetings attended/eligible to attend**
Mr. Cheung Ngai Lam	(appointed on 4 July 2008)	4/4
Mr. Wong Kwai Sang	(appointed on 2 March 2009)	3/3
Mr. Christopher David Thomas	(appointed on 4 May 2009)	1/2
Mr. Li Chun Ming, Raymond	(resigned on 4 June 2009)	2/2
Mr. Tsang Chung Yu	(appointed on 16 August 2008 and resigned on 20 March 2009)	1/1
Mr. Tsang Chun Pong	(resigned on 16 August 2008)	1/1

At a meeting of the Board held on 7 January 2009, certain terms of reference of the Audit Committee were amended to bring them in line with the amendments to the Listing Rules which took effect on 1 January 2009.

The primary duties of the Audit Committee are:

1. to recommend to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors;

2. to consider and discuss with the external auditors the nature and scope of each year's audit;

3. to review and monitor the external auditors' independence and objectivity;

4. to review the interim and annual financial statements before submission to the Board and to discuss any problem and reservation arising therefrom; and

5. to review the Group's financial controls, internal control and risk management systems.

During the year, the Audit Committee reviewed and discussed the financial reporting matters, including the review of the interim and annual financial statements.

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee, comprising three Independent Non-Executive Directors and Mr. Lo King Fat, Lawrence. The role and function of the Remuneration Committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors.

Set out below is the summary of work of the Remuneration Committee done for the year ended 30 June 2009

– to review of the remuneration policy for 2008/2009; and

– to review of the remuneration of the Directors.

The Remuneration Committee should meet at least once a year. During the year, one meeting was held by the Remuneration Committee and attended by all members.

Details of the Directors emoluments are set out in Note 10 to the financial statement of this annual report.

NOMINATION COMMITTEE

The Board of Directors has not established a nomination committee. According to the articles of association of the Company, the Board has the power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. In assessing nomination of new directors, the Board will take into consideration of the nominee's qualification, ability and potential contributions to the Company.

Corporate Governance Report

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code for securities transactions by Directors ("Code for Securities Transactions"). All Directors have confirmed, following specific enquiry by the Company, that they had complied with the Code for Securities Transaction for the year ended 31 December 2008.

At a meeting of the Board held on 7 January 2009, the Code for Securities Transactions was amended to bring them in line with the amendments to the Listing Rules which took effect on 1 January 2009.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for preparing, with the support from the finance department, taken charge by the qualified accountant of the Company, the consolidated financial statements for each financial year which give true and fair view of the state of affairs of the Group in presenting the interim and annual financial statements, and announcements to shareholders. The Directors aim to present a clear and understandable assessment of the Group's position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts. The Board acknowledges its responsibility to present a clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement and other financial disclosures required under the Listing Rules, and reports to the regulators.

The responsibility of the external auditors with respect to the financial reporting and the qualified opinion arising from limitation of audit scope are set out in the section "Independent Auditor's Report" on pages 24 to 25.

INTERNAL CONTROLS

The Board has, through the Audit Committee, conducted review of the effectiveness of the internal control system of the Group covering the financial, operational, procedural compliance and risk management functions. The internal control system is designed to provide reasonable but not absolute, assurance of no material misstatement or loss and to manage rather than eliminate risks of failure in operational systems and achievements of the Group's objectives.

CG CODE PROVISION C.2

Under the CG Code Provision C.2, the Board should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company 's assets. The Audit Committee acknowledged and the Board noted that the auditors have opined that the Group did not maintain sound and effective internal control systems regarding the trade receivables and other receivables arising from the sale and purchase of organic fertilisers. In view of the auditor's opinion and at the request of the Audit Committee, the Company has engaged an independent professional accounting firm to conduct a thorough review of the Group's internal control system with a view to improving its record keeping and bookkeeping procedures particularly for sale and purchase of organic fertilisers.

AUDITORS' REMUNERATION

During the year under review, the remuneration paid/payable to the Company's auditors, BDO Limited is set out as follows:

Services rendered	**Fee paid/payable HK$'000**
Audit services	640
Non-audit services	
– agreed-upon procedures on interim financial statements	138
– other services relating to circular	500
	1,278

COMMUNICATIONS WITH SHAREHOLDERS

The Board recognises the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's general meetings are valuable forum for the Board to communicate directly with the shareholders. Shareholders are encouraged to attend the general meetings of the Company.

An annual general meeting of the Company was held on 12 December 2008 ("2008 AGM"). A notice convening the 2008 AGM was despatched to the shareholders in the circular dated 31 October 2008 together with the 2008 Annual Report. All the resolutions proposed at the 2008 AGM were passed by way of show of hands.

An extraordinary general meeting ("EGM") was held on 20 October 2008 at which, inter alia, ordinary resolution in respect of the issuance of convertible notes as consideration of the acquisition of plantation business was proposed. A notice convening the EGM was despatched to the shareholders in the circular dated 30 September 2008. An ordinary resolution was put to the vote of the shareholders at the EGM and passed by way of show of hands.

An EGM was also held on 5 October 2009 at which, inter alia, an ordinary resolution in respect of the grant of share options to directors under the share option scheme and a special resolution in respect of the change of company name were proposed. A notice convening the EGM was despatched to the shareholders in the circular dated 3 September 2009. The resolutions was put to the vote of the shareholders at the EGM and passed by way of poll.

The forthcoming annual general meeting of the Company will be held on 7 December, 2009. A notice convening the annual general meeting will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at http://benefun.etnet.com.hk and despatched to shareholders of the Company on or around 31 October 2009.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF BENEFUN INTERNATIONAL HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Benefun International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 92, which comprise the consolidated and company balance sheets as at 30 June 2009 and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our 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.

Except as described in the basis for qualified opinion paragraph, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

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

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

Independent Auditor's Report

Basis for qualified opinion

In last year, we were unable to obtain any evidence to substantiate certain alleged purchase transactions of approximately HK$30.63 million and had qualified our opinion accordingly. Details of the qualification were more fully explained in 2008 audit report. Any adjustments found to be necessary in respect of these transactions would have a consequential effect on the Group's accumulated loss at the beginning of the year, results of the current year and net assets at 30 June 2009.

Included in the consolidated income statement for the year ended 30 June 2009, turnover of approximately HK$43.12 million and cost of sales of approximately HK$30.85 million in relation to the sale and purchase of organic fertilisers (the "Transactions"), were recorded in the last three months of the year. At 30 June 2009, the trade receivables and other receivables of approximately HK$17.36 million and HK$1.27 million respectively were in related to the Transactions. The production processes and operation of this new business were mainly handled by an external sub-contractor, who performed the production process and also collected sales proceeds directly from ultimate customers on the Group's behalf. However, there was no system of internal control maintained by either the sub-contractor or the Group over the Transactions that we could rely for the purpose of our audit. We have been unable either to obtain adequate reliable information, or to carry out alternative audit procedures to satisfy ourselves that the Transactions, the related taxes, trade receivables and other receivables were properly recorded. Any adjustments found to be necessary in relation to the Transactions would have a consequential effect on the Group's results and cash flows for the year and net assets at 30 June 2009.

Qualified opinion arising from limitation of audit scope

In our opinion, except for the possible effects of matters described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants

Lee Ka Leung Daniel
Practising Certificate Number P01220

Hong Kong, 22 October 2009

Consolidated Income Statement

For the year ended 30 June 2009

	Notes	**2009** **HK$'000**	2008 HK$'000 (Restated)
Continuing operations			
Turnover	6	**121,451**	—
Cost of sales		**(92,774)**	—
Gross profit		**28,677**	—
Gain from changes in fair value of biological assets less estimated point-of-sale costs	16	**81,188**	—
Other income and gains/(losses), net	7	**1,094**	(138)
Excess of fair value of net assets acquired over considerations	27	**72,745**	—
Distribution costs		**(3,223)**	(747)
Administrative and other operating expenses		**(17,963)**	(8,278)
Finance costs	12	**(15,907)**	(760)
Profit/(loss) before income tax expense		**146,611**	(9,923)
Income tax expense	13	**(27,821)**	(43)
Profit/(loss) for the year from continuing operations		**118,790**	(9,966)
Discontinued operations			
Loss for the year from discontinued operations	8(b)	**(22,782)**	(31,369)
Profit/(loss) for the year	8(a)	**96,008**	(41,335)
Profit/(loss) attributable to equity holders of the Company	14	**96,008**	(41,335)
Earnings/(loss) per share (cents) from continuing and discontinued operations			
– Basic	15	**2.26**	(2.30)
– Diluted	15	**1.90**	(2.30)
Earnings/(loss) per share (cents) from continuing operations			
– Basic	15	**2.80**	(0.56)
– Diluted	15	**2.32**	(0.56)

Consolidated Balance Sheet

As at 30 June 2009

	Notes	2009 HK$'000	2008 HK$'000
Assets			
Non-current assets			
Biological assets	16	**676,123**	—
Property, plant and equipment	17	**332**	1,092
Investment properties	18	**—**	54,379
Construction in progress	19	**1,322**	—
Deferred tax assets	30	**—**	203
Intangible assets	20	**144,894**	—
Total non-current assets		**822,671**	55,674
Current assets			
Inventories	22	**8,845**	62,239
Trade and other receivables	23	**45,699**	38,740
Tax recoverable		**151**	3,772
Cash and cash equivalents		**9,518**	28,199
Total current assets		**64,213**	132,950
Total assets		**886,884**	188,624
Liabilities			
Current liabilities			
Trade and other payables	24	**73,745**	90,637
Promissory notes	26	**—**	—
Provisions	29	**6,568**	6,598
Tax payable		**5,603**	—
Total current liabilities		**85,916**	97,235
Net current (liabilities)/assets		**(21,703)**	35,715
Total assets less current liabilities		**800,968**	91,389

Consolidated Balance Sheet

As at 30 June 2009

	Notes	2009 *HK$'000*	2008 *HK$'000*
Non-current liabilities			
Convertible notes	25	**124,910**	—
Deferred tax liabilities	30	**205,254**	5,514
Total non-current liabilities		**330,164**	5,514
Total liabilities		**416,080**	102,749
TOTAL NET ASSETS		**470,804**	85,875
Capital and reserves attributable to equity holders of the Company			
Share capital	31	**62,404**	19,550
Reserves	32	**408,400**	66,325
TOTAL EQUITY		**470,804**	85,875

On behalf of the Board

Kam Yuen
Director

Lo King Fat, Lawrence
Director

Balance Sheet

As at 30 June 2009

	Notes	2009 HK$'000	2008 HK$'000
Assets			
Non-current assets			
Investments in subsidiaries	21	**512,811**	12,552
Total non-current assets		**512,811**	12,552
Current assets			
Trade and other receivables	23	**1,717**	62,906
Cash and cash equivalents		**2,003**	1,496
Total current assets		**3,720**	64,402
Total assets		**516,531**	76,954
Liabilities			
Current liabilities			
Trade and other payables	24	**39,162**	3,593
Promissory notes	26	**—**	—
Total current liabilities		**39,162**	3,593
Net current (liabilities)/assets		**(35,442)**	60,809
Total assets less current liabilities		**477,369**	73,361
Non-current liabilities			
Convertible notes	25	**124,910**	—
TOTAL NET ASSETS		**352,459**	73,361
Capital and reserves attributable to equity holders of the Company			
Share capital	31	**62,404**	19,550
Reserves	32	**290,055**	53,811
TOTAL EQUITY		**352,459**	73,361

On behalf of the Board

Kam Yuen
Director

Lo King Fat, Lawrence
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Issued share capital	Share premium	Employee share-based compensation reserve	Convertible notes equity reserve	Legal reserve	Foreign exchange revaluation reserve	Revaluation reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2007	16,350	153,820	–	–	3,090	5,679	22,075	(105,596)	95,418
Change in fair value of buildings	–	–	–	–	–	–	944	–	944
Deferred tax arising from change in valuation of buildings	–	–	–	–	–	–	(236)	–	(236)
Translation differences on foreign operations	–	–	–	–	–	5,643	–	–	5,643
Net income recongised directly in equity	–	–	–	–	–	5,643	708	–	6,351
Loss for the year	–	–	–	–	–	–	–	(41,335)	(41,335)
Total recognised income and expenses for the year	–	–	–	–	–	5,643	708	(41,335)	(34,984)
Placing of new shares	3,200	–	–	–	–	–	–	–	3,200
Premium on placing of new shares	–	19,840	–	–	–	–	–	–	19,840
Employee share option benefits	–	–	2,401	–	–	–	–	–	2,401
	3,200	19,840	2,401	–	–	5,643	708	(41,335)	(9,543)
At 30 June 2008	**19,550**	**173,660**	**2,401**	**–**	**3,090**	**11,322**	**22,783**	**(146,931)**	**85,875**

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Issued share capital HK$'000	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Legal reserve HK$'000	Foreign exchange revaluation reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2008	19,550	173,660	2,401	–	3,090	11,322	22,783	(146,931)	85,875
Disposal of investment properties (previously classified as property, plant and equipment)	–	–	–	–	–	–	(22,783)	22,783	–
Translation differences on foreign operations	–	–	–	–	–	92	–	–	92
Profit for the year	–	–	–	–	–	–	–	96,008	96,008
Total recognised income and expenses for the year	–	–	–	–	–	92	(22,783)	118,791	96,100
Equity component of convertible notes	–	–	–	41,456	–	–	–	–	41,456
Conversion of convertible notes	42,188	227,813	–	(27,983)	–	–	–	–	242,018
Exercise of share options	666	7,090	(2,401)	–	–	–	–	–	5,355
Transfer to reserves	–	–	–	–	2,312	–	–	(2,312)	–
	42,854	234,903	(2,401)	13,473	2,312	92	(22,783)	116,479	384,929
At 30 June 2009	**62,404**	**408,563**	**–**	**13,473**	**5,402**	**11,414**	**–**	**(30,452)**	**470,804**

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Profit/(loss) before income tax expense		**146,611**	(9,923)
Loss before tax from discontinued operations	8(b)	**(28,093)**	(28,103)
		118,518	(38,026)
Adjustments for:			
Interest income		**(30)**	(277)
Interest expense		**168**	3,024
Employee share options benefits		**—**	2,401
Depreciation of property, plant and equipment		**622**	4,558
Fair value loss/(gain) on investment properties		**1,216**	(7,288)
Amortisation on interests in leasehold land held for own use under operating leases		**—**	5
Impairment loss on trade and other receivables		**4,125**	16,658
Reversal of impairment loss on trade and other receivables		**—**	(3,416)
Net loss on disposal of property, plant and equipment, construction in progress and investment property		**15,643**	14,520
Excess of fair value of net assets acquired over considerations		**(72,745)**	—
Amortisation of intangible assets		**3,064**	—
Gain from changes in fair value of biological assets less estimated point-of-sale costs		**(81,188)**	—
Harvested timber transferred from biological assets		**5,972**	—
Imputed interests on convertible notes and promissory notes		**15,905**	—
Operating profit/(loss) before working capital changes		**11,270**	(7,841)
Decrease/(increase) in inventories		**53,394**	(16,471)
(Increase)/decrease in trade and other receivables		**(12,130)**	2,775
Increase in provisions		**—**	6,598
(Decrease)/increase in trade and other payables		**(32,158)**	45,169
Cash generated from operations		**20,376**	30,230
Income tax paid outside Hong Kong		**(558)**	(3,290)
Net cash from operating activities carried forward		**19,818**	26,940

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Notes	2009 *HK$'000*	2008 *HK$'000*
Net cash from operating activities brought forward		**19,818**	26,940
Cash flows from investing activities			
Payments for purchases of property, plant and equipment		**(815)**	(333)
Payments for construction in progress		**(1,322)**	(1,679)
Acquisition of subsidiaries, net of cash acquired	27	**(1,887)**	—
Net proceeds from sale of property, plant and equipment		**—**	699
Net proceeds from sale of construction in progress		**—**	177
Interest received		**30**	277
Net cash used in investing activities		**(3,994)**	(859)
Cash flows from financing activities			
Repayment of bank borrowings		**—**	(40,041)
Repayment of promissory notes		**(41,070)**	—
Net proceeds from exercise of share options		**5,355**	—
Net proceeds from issuance of new shares		**—**	23,040
Interest paid		**(168)**	(3,024)
Net cash used in financing activities		**(35,883)**	(20,025)
Net (decrease)/ increase in cash and cash equivalents		**(20,059)**	6,056
Effect of exchange rate changes on cash and cash equivalents		**1,378**	1,727
Cash and cash equivalents at beginning of year		**28,199**	20,416
Cash and cash equivalents at end of year		**9,518**	28,199
Analysis of the balances of cash and cash equivalents:			
Cash at banks and in hand		**9,518**	28,199

Notes to the Financial Statements

1. GENERAL

Benefun International Holdings Limited (the "Company") is a public limited company incorporated in the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") and Singapore Exchange Limited. Its registered office is at Ugland House, South Church Street, P.O. Box 309, George Town, Grand Cayman, Cayman Islands, British West Indies and principal place of business is at No.11, 1/F., Yideyuan, Tianfumingcheng, Area 40 of Development Area, Shihezi, Xinjiang. The Company is an investment holding company. Its subsidiaries are engaged in the business of property development for sales, sales and distribution of plantation products and organic fertilisers.

During the year, the Group abandoned its operations in manufacturing, retailing and distribution of apparels and property investment for rental income.

2. ADOPTION OF AMENDMENTS AND NEW HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) In the current year, the Group has applied, for the first time, the following amendments and new interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period of the Group.

Amendments to HKAS 39 and HKFRS 7	Reclassification of Financial Assets
Amendments to HK(IFRIC) – Interpretation 9 and HKAS 39	Embedded Derivatives
HK(IFRIC) - Interpretation 12	Service Concession Arrangements
HK(IFRIC) - Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) - Interpretation 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the above amendment and new interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods and no prior period adjustment has been recognised.

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

(b) Potential impact arising on HKFRSs not yet effective

The Group has not yet applied the following new or revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [4]
Amendments to HKAS 32 and HKAS1	Puttable Financial Instruments and Obligations Arising on Liquidation [5]
Amendment to HKAS 39	Eligible Hedged Items [4]
Amendments to HKFRS 1 and HKAS 27	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [5]
Amendments to HKFRS 1	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters [3]
Amendments to HKFRS 2	Share-based Payment - Vesting Conditions and Cancellations [5]
Amendments to HKFRS 2	Share-based Payment - Group Cash-settled Share-based Payment Transactions [3]
Amendments to HKFRS 7	Improving Disclosures about Financial Instruments [5]
Amendments to HKAS 32	Classification of Rights Issues [8]
HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [4]
HKFRS 3 (Revised)	Business Combinations [4]
HKFRS 8	Operating Segments [5]
HK(IFRIC) - Interpretation 15	Agreements for the Construction of Real Estate [5]
HK(IFRIC) - Interpretation 16	Hedges of a Net Investment in a Foreign Operation [6]
HK(IFRIC) - Interpretation 17	Distributions of Non-cash Assets to Owners [4]
HK(IFRIC) - Interpretation 18	Transfers of Assets from Customers [7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods beginning on or after 1 January 2009
6 Effective for annual periods beginning on or after 1 October 2008
7 Effective for transfers of assets from customers received on or after 1 July 2009
8 Effective for annual periods beginning on or after 1 February 2010

Notes to the Financial Statements

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

(b) Potential impact arising on HKFRSs not yet effective *(Continued)*

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations and the directors of the Company so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and biological assets. The measurement basis of these items are explained in the respective accounting policies set out below.

The consolidated financial statements have been prepared on a going concern basis, despite to the fact that the Group had net current liabilities of HK$21,703,000 at the balance sheet date. The directors are of opinion that the Group's new businesses would generate sufficient cash to provide adequate financial resources to meet its financial obligations in full when they fall due. Accordingly, the directors are satisfied that it is appropriate to prepare the financial statements on the going concern basis.

(c) Use of estimate and judgements

The preparation of these consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 37.

(d) Functional and presentation currency

As the Company's subsidiaries have commenced and expanded rapidly in plantation related business in PRC, which are transacted principally in Reminbi, the directors reassessed and considered the Company's functional currency should be changed from Hong Kong dollars ("HK$") to Reminbi ("RMB"). The change of the Company's functional currency was applied prospectively and has no material effect on the Group's results and financial position. For the convenience of readers of the consolidated financial statements, the Group continues to present its financial statements in HK$ as the Company's shares are listed in Hong Kong.

4. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies are eliminated in full in preparing the consolidated financial statements.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate.

(b) Subsidiaries

A subsidiary is an entity over which the Company is able to exercise control. Control is achieved where the Company, directly or indirectly, has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

In the Company's balance sheet, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

(c) Goodwill

Goodwill arising from acquisition of subsidiaries or businesses represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as a separate asset and carried at cost less accumulated impairment losses.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, after reassessment, the excess is recognised in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired.

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(c) Goodwill *(Continued)*

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

(d) Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation and impairment losses. Amortisation is charged to profit or loss on a straight-line basis over the useful life.

(e) Biological assets

Biological assets comprise standing timber in PRC, which are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market. The fair value of biological assets is determined independently by professional valuers.

(f) Property, plant and equipment

The building component of owner-occupied leasehold properties are stated at valuation less accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date. Increases in valuation are credited to the revaluation reserve. Decreases in valuation are first offset against increases on earlier valuations in respect of the same property and thereafter charged to the income statement. Any subsequent increases are credited to the income statement up to the amount previously charged and thereafter to the revaluation reserve.

Upon disposal, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the revaluation reserve to retained earnings.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(f) Property, plant and equipment *(Continued)*

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date. The useful lives are as follows:

Buildings situated on leasehold land	The shorter of 20 years or the remaining terms of the leases
Leasehold improvements	3 to 5 years
Plant and machinery	10 years
Furniture, fixtures and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in the income statement on disposal.

(g) Investment properties

Investment properties are properties held for long-term rental yields or for capital appreciation and not occupied by the Group or held for sale in ordinary course of business. Investment properties are carried at fair value, representing market value determined by directors by reference to observable prices in an active market or recent market transactions on arm's length terms by reference to independent qualified valuer at each balance sheet date. Changes in fair value are recognised in income statement.

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as revaluation of properties, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement.

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Construction in progress

Construction in progress is stated at cost less accumulated impairment losses. Cost comprises direct costs of construction during the periods of construction and installation. Construction in progress is transferred to property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided in respect of construction in progress.

(i) Payments for leasehold land held for own use under operating leases

Payments for leasehold land held for own use under operating leases represent up-front payments to acquire long-term interests in lessee-occupied properties. These payments are stated at cost and are amortised over the period of the lease on a straight-line basis to the income statement.

(j) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense in the straight-line basis over the lease term.

The Group as lessee

The total rentals payable under operating lease are charged to the income statement on the straight-line basis over the lease term.

In the case of the operating rights and forestry management agreement, where the fulfillment of the agreement is dependent on the use of specific assets and the agreement conveys a right to use these assets, such agreement is accounting for as containing a lease.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(k) Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, which has been disposed of or is held for sale, or is a subsidiary acquired excessively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period.

(l) Financial instruments

(i) Financial assets

The Group classifies its financial assets as loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. At each balance sheet date subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

Objective evidence that the asset is impaired includes observable data that comes to the attention of the Group includes the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtors' financial difficulty; or
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

An impairment loss is recognised in the income statement when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Financial instruments *(Continued)*

(iii) Financial liabilities

The Group classifies its financial liabilities as financial liabilities at amortised cost depending on the purpose for which the liabilities incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable cost incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, promissory note payable and the debt element of convertible debt issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised within "finance costs" in the income statement.

Gains or losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

(iv) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(v) Convertible notes

Convertible notes issued by the Group that contain both liability and conversion option components are classified separately into their respective items on initial recognition. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity, is included in equity (convertible notes equity reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised in which case the balance stated in convertible notes equity reserve will be transferred to share premium. Where the option remains unexercised at the expiry dates, the balance stated in convertible notes equity reserve will be released to the retained earnings. No gain or loss is recognised in the income statement upon conversion or expiration of the option.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(l) Financial instruments *(Continued)*

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement".

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(m) Inventories

Apparel manufacturing

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

For self-manufactured inventories, cost includes the cost of materials computed using the standard costing basis and, in the case of work in progress and finished goods, direct labour and an appropriate portion of production overheads. Finished goods purchased are stated at cost computed on a weighted average basis.

Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date or to management estimates based on prevailing market conditions less estimated costs of completion and estimated costs necessary to make the sale.

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

Properties under development

Properties under development are stated at lower of cost and net realisable value. Development costs comprise land cost, construction costs, interest and other direct costs attributable to such properties. On completion, the properties are transferred to completed properties held for sale.

Net realisable value represents the estimated selling price in the ordinary course of business based on prevailing market conditions less the estimated costs to completion and estimated costs necessary to make the sale.

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(m) Inventories *(Continued)*

Organic fertilisers

Materials held for production of organic fertilisers are carried at costs. Organic fertilisers are carried at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Harvested biological assets

Agricultural produce harvested is measured at its fair value less estimated point-of-sale costs at the point of harvest.

(n) Revenue recognition

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

Sales of organic fertilisers

Revenue from sales of fertilisers is recognised on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

Sales of plantation products

Revenue for harvested sales of standing timber is recognised on transfer of risks and reward of ownership, which generally coincides with the time the standing timber are delivered to customers and title has passed or when the contract of sales is executed.

Sale of apparel

Revenue from sales of goods is recognised on transfer of risks and rewards of ownership, which generally is when the goods are delivered to customers and title is passed.

Sale of properties

Revenue arising from properties held for sale is recognised upon the signing of the sale and purchase agreements or the issue of an occupation permit by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under trade and other payables.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(n) Revenue recognition *(Continued)*

Rental income from operating leases

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

Sub-contracting fee income

Sub-contracting fee income is recognised in the income statement in the period in which services are rendered.

Interest income

Interest income is accrued on a time basis on the principal outstanding at the applicable interest rate.

(o) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax arises from temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes and is accounted for using the balance sheet liability method. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the balance sheet date.

Income taxes are recognised in the income statement except when they relate to items directly recognised to equity in which case the taxes are also directly recognised in equity.

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(p) Foreign currency

Transactions entered into by group entity in currencies other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in the income statement in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

On consolidation, the results of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of foreign operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to the foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the balance sheet date. Exchange differences arising are recognised in the foreign exchange reserve.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(q) Employee benefits

(i) Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

(ii) Defined contribution retirement plan

As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a specified percentage of the eligible employees' salaries. The Group has no other obligation for the payment of its employees' retirement and other post-retirement benefits other than contributions described above.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined contribution retirement plans as mentioned above. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000. The Group employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expenses in the income statement when services are rendered by the employees.

(iii) Termination benefits

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

Notes to the Financial Statements

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(r) Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period with a corresponding increase in the employee share based compensation reserve within equity. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods or services received unless the goods or services qualify for recognition as assets. A corresponding increase in equity is recognised. For each-settled share based payments, a liability is recognised at the fair value of the goods or services received.

(s) Impairment of other assets

At each balance sheet date, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- intangible assets; and
- investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that other HKFRS.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(t) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. Other borrowing costs are recognised as an expense when incur.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Company or Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

5. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purpose the Group is currently organised into five operating divisions - sales of organic fertilisers, sales of plantation products, apparel manufacturing, property rental and property development.

During the year, the operations in apparel manufacturing and property rental were abandoned and were presented as discontinued operations.

Notes to the Financial Statements

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the year ended 30 June 2009

	Continuing operations			Discontinued operations		
	Property development HK$'000	Sales of organic fertilisers HK$'000	Sales of plantation products HK$'000	Apparel manufacturing HK$'000	Property rental HK$'000	Consolidated HK$'000
Segment revenue:						
Turnover	70,963	43,121	7,367	328	6,833	128,612
Segment results before change in fair value of biological assets	10,046	8,101	(3,510)	(18,439)	6,565	2,763
Gain from change in fair value of biological assets less estimated point-of-sale costs	—	—	81,188	—	—	81,188
Segment results	10,046	8,101	77,678	(18,439)	6,565	83,951
Unallocated results						65,599
Interest and other unallocated income						(14,959)
Finance costs						(16,073)
Profit before income tax expense						118,518
Income tax expense						(22,510)
Profit for the year						96,008
Segment assets	22,132	29,308	826,816	2,321	57	880,634
Unallocated assets						6,250
Total assets						886,884
Segment liabilities	6,551	28,304	205,733	41,376	2,500	284,464
Unallocated liabilities						131,616
Total liabilities						416,080

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the year ended 30 June 2009

	Continuing operations			Discontinued operations		
	Property development *HK$'000*	Sales of organic fertilisers *HK$'000*	Sales of plantation products *HK$'000*	Apparel manufacturing *HK$'000*	Property rental *HK$'000*	Consolidated *HK$'000*
Other segment information:						
Depreciation and amortisation	21	78	3,064	523	—	3,686
Impairment loss on trade and other receivables recognised	1,186	—	—	2,939	—	4,125
Loss on disposal of property, plant and equipment, construction in process and investment property	—	—	—	—	15,643	15,643
Capital expenditure incurred during the year	—	1,584	—	553	—	2,137

Notes to the Financial Statements

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the year ended 30 June 2008

	Continuing operations			Discontinued operations		
	Property development *HK$'000*	Sales of organic fertilisers *HK$'000*	Sales of plantation products *HK$'000*	Apparel manufacturing *HK$'000*	Property rental *HK$'000*	Consolidated *HK$'000*
Segment revenue:						
Turnover	–	–	–	113,256	6,763	120,019
Segment results	1,367	–	–	(44,751)	13,443	(29,941)
Unallocated results						(20,818)
Interest and other unallocated income						15,757
Finance costs						(3,024)
Loss before income tax expense						(38,026)
Income tax expense						(3,309)
Loss for the year						(41,335)
Segment assets	93,756	–	–	32,404	54,379	180,539
Unallocated assets						8,085
Total assets						188,624
Segment liabilities	65,473	–	–	24,323	868	90,664
Unallocated liabilities						12,085
Total liabilities						102,749

5. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

For the year ended 30 June 2008

	Continuing operations			Discontinued operations		
	Property development *HK$'000*	Sales of organic fertilisers *HK$'000*	Sales of plantation products *HK$'000*	Apparel manufacturing *HK$'000*	Property rental *HK$'000*	Consolidated *HK$'000*
Other segment information:						
Depreciation and amortisation	82	–	–	4,476	–	4,558
Impairment loss on trade and other receivables recognised	–	–	–	16,658	–	16,658
Loss on disposal of property, plant and equipment, construction in process and investment property	331	–	–	14,189	–	14,520
Capital expenditure incurred during the year	–	–	–	1,813	199	2,012

Geographical segments

The Group comprises the following main geographic segments:

	Mainland China		Hong Kong		Unallocated		Consolidated	
	2009 **HK$'000**	2008 *HK$'000*	**2009** **HK$'000**	2008 *HK$'000*	**2009** **HK$'000**	2008 *HK$'000*	**2009** **HK$'000**	2008 *HK$'000*
Turnover from external customers	**128,612**	120,019	**–**	–	**–**	–	**128,612**	120,019
Segment assets	**881,635**	180,539	**5,249**	7,882	**–**	203	**886,884**	188,624
Capital expenditure								
- property, plant and equipment	**809**	333	**6**	–	**–**	–	**815**	333
- construction in progress	**1,322**	1,679	**–**	–	**–**	–	**1,322**	1,679
	2,131	2,012	**6**	–	**–**	–	**2,137**	2,012

Notes to the Financial Statements

6. TURNOVER

Turnover, which is also revenue, represents the sales value of goods supplied to customers, after allowances for goods returned and trade discounts and income from leasing of property earned by the Group. The amounts of each significant category of revenue during the year are as follows:

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations						
Sales of organic fertilisers	**43,121**	—	**—**	—	**43,121**	—
Sales of plantation products (Note a)	**7,367**	—	**—**	—	**7,367**	—
Property development	**70,963**	—	**—**	—	**70,963**	—
Discontinued operations						
Manufacturing, retailing and distribution of apparel	**—**	—	**328**	113,256	**328**	113,256
Rental income	**—**	—	**6,833**	6,763	**6,833**	6,763
	121,451	—	**7,161**	120,019	**128,612**	120,019

(a) During the year, a subsidiary of the Company signed a sales contract with a third party at a consideration of HK$ 57,823,000. The third party is allowed to harvest standing timber in a specific area of the plantation land designated in the sales contract within the next twelve months from the date of the sales contract. During the year ended 30 June 2009, amount recognised as revenue in the financial statements amounted to approximately HK$5,800,000 was related to this sale contract.

Notes to the Financial Statements

7. OTHER INCOME AND GAINS/(LOSSES), NET

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Technical service income	**1,020**	—	**—**	—	**1,020**	—
Interest income	**10**	100	**20**	177	**30**	277
Sub-contracting fees	**—**	—	**—**	1,382	**—**	1,382
Gain on disposal of trademark	**—**	—	**—**	21,617	**—**	21,617
Net loss on disposal of property, plant and equipment, construction in progress and investment properties	**—**	(331)	**(15,643)**	(14,189)	**(15,643)**	(14,520)
Gain on disposal of a subsidiary	**—**	—	**57**	—	**57**	—
Change in fair value of investment properties	**—**	—	**(1,216)**	7,288	**(1,216)**	7,288
Others	**64**	93	**729**	(380)	**793**	(287)
	1,094	(138)	**(16,053)**	15,895	**(14,959)**	15,757

Notes to the Financial Statements

8. PROFIT/(LOSS) FOR THE YEAR

(a) Profit/(loss) for the year is arrived at after charging/(crediting):

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (Note 9)	**2,654**	4,668	**2,036**	13,292	**4,690**	17,960
Depreciation of property, plant and equipment (Note 17)	**99**	55	**523**	4,503	**622**	4,558
Amortisation on interests in leasehold land held for own use under operating leases	**—**	—	**—**	5	**—**	5
Amortisation of intangible assets (Note 20)	**3,064**	—	**—**	—	**3,064**	—
Cost of inventories sold	**92,774**	—	**590**	90,349	**93,364**	90,349
Auditor's remuneration	**955**	488	**26**	485	**981**	973
Minimum lease payments under operating leases						
– Property rentals (including retail shops)	**716**	321	**619**	11,161	**1,335**	11,482
– Contingent rentals of retail shops	**—**	—	**—**	11,204	**—**	11,204
Net loss on disposal of property, plant and equipment, construction in progress and investment properties	**—**	331	**15,643**	14,189	**15,643**	14,520
Exchange differences, net	**(3)**	—	**(93)**	—	**(96)**	—
Direct operating expenses from investment property that generating rental income during the year	**—**	—	**268**	608	**268**	608
Impairment loss on trade and other receivables	**1,186**	—	**2,939**	16,658	**4,125**	16,658
Reversal of impairment loss on trade and other receivables	**—**	—	**—**	(3,416)	**—**	(3,416)

8. PROFIT/(LOSS) FOR THE YEAR *(Continued)*

(b) Discontinued operations

In May 2009, the Group had entered into sales agreements to dispose of certain assets in the operations in manufacturing, retailing and distributing of apparel and property investment for rental income. Since then, these two operations had been abandoned and were presented in the financial statements as discontinued operations.

The sales, results and cash flow of the discontinued operations were as follows. The comparative income statement and related notes have been re-presented as if the operations discontinued during the year had been discontinued at the beginning of the comparative period:

	12 months to 30 June 2009	12 months to 30 June 2008
	HK$'000	*HK$'000*
Turnover (Note 6)	**7,161**	120,019
Cost of sales	**(590)**	(90,349)
Gross profit	**6,571**	29,670
Other income and gains/(losses), net (Note 7)	**(16,053)**	15,895
Distribution costs	**(1,334)**	(47,804)
Administrative and other operating expenses	**(17,111)**	(23,600)
Loss from operations	**(27,927)**	(25,839)
Finance costs (Note 12)	**(166)**	(2,264)
Loss before income tax expense	**(28,093)**	(28,103)
Income tax credit/ (expense) (Note 13)	**5,311**	(3,266)
Loss for the year (Note 8(a))	**(22,782)**	(31,369)
Operating cash flows	**3,168**	47,937
Investing cash flows	**(533)**	543
Financing cash flows	**(166)**	(42,179)
Total net cash flows	**2,469**	6,301

Notes to the Financial Statements

9. STAFF COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Staff costs (including directors' remuneration) comprise:						
Salaries, wages and other benefits	**2,620**	2,233	**2,019**	13,223	**4,639**	15,456
Contributions to defined contribution retirement plans	**34**	34	**17**	69	**51**	103
Share based payments expense – equity settled	**—**	2,401	**—**	—	**—**	2,401
	2,654	4,668	**2,036**	13,292	**4,690**	17,960

10. DIRECTORS' REMUNERATION

The emoluments paid or payable to each of the thirteen (2008: Seven) directors were as follows:

Name of director	Fees HK$'000	Salary HK$'000	Share based payments HK$'000	Other benefits HK$'000	Employer's contribution to pension scheme HK$'000	Total 2009 HK$'000
Executive directors						
Tan Sim Chew	—	897	—	—	—	897
Fu Zi Cong	—	278	—	—	—	278
Lo King Fat	—	681	—	22	12	715
Zhong Ma Ming	—	193	—	—	—	193
Leung Kwong Choi	133	—	—	—	—	133
Kam Yuen	162	—	—	—	—	162
Kwok Wai, Wilfred	42	—	—	—	—	42
Independent non-executive directors						
Wong Kwai Sang	20	—	—	—	—	20
Tsang Chun Pong	8	—	—	—	—	8
Li Chun Ming	60	—	—	—	—	60
Cheung Ngai Lam, Martin	119	—	—	—	—	119
Tsang Chung Yu	45	—	—	—	—	45
Christopher David Thomas	10	—	—	—	—	10
	599	2,049	—	22	12	2,682

10. DIRECTORS' REMUNERATION *(Continued)*

Name of director	Fees	Salary	Share based payments	Other benefits	Employer's contribution to pension scheme	Total 2008
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors						
Tan Sim Chew	–	650	577	–	–	1,227
Fu Zi Cong	–	397	577	–	–	974
Lo King Fat	–	559	577	26	12	1,174
Zhong Ma Ming	–	416	577	–	–	993
Independent non-executive directors						
Wong Kwai Sang	60	–	–	–	–	60
Tsang Chun Pong	60	–	–	–	–	60
Li Chun Ming	60	–	–	–	–	60
	180	2,022	2,308	26	12	4,548

During both years, no emoluments were paid to directors as an inducement to join the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any emoluments during both years.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2008: Four) were directors of the Company, two (2008: Nil) were ex-directors of the Company and the remaining one (2008: One) is the staff of the Company. The total emoluments of those five individuals is as follows:

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Salaries and other emoluments	**1,322**	967	**1,526**	1,463	**2,848**	2,430
Share based payments	**—**	2,401	**—**	–	**—**	2,401
Retirement scheme contributions	**24**	24	**—**	–	**24**	24
	1,346	3,392	**1,526**	1,463	**2,872**	4,855

The emoluments fall within the following band:

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

Notes to the Financial Statements

12. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on banking borrowings wholly repayable within five years	**—**	760	**—**	2,264	**—**	3,024
Imputed interests on convertible notes (Note 25)	**8,383**	—	**—**	—	**8,383**	—
Imputed interests on promissory notes	**7,522**	—	**—**	—	**7,522**	—
Other finance charges	**2**	—	**166**	—	**168**	—
	15,907	760	**166**	2,264	**16,073**	3,024

13. INCOME TAX EXPENSE/(CREDIT)

The amount of taxation in the consolidated income statement represents:

	Continuing operations		Discontinued operations		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Current tax - overseas						
– tax for the year	**9,783**	—	**—**	—	**9,783**	—
Deferred tax (Note 30)						
– current year	**18,038**	43	**(5,311)**	1,952	**12,727**	1,995
– effect of change in tax rate	**—**	—	**—**	1,314	**—**	1,314
Income tax expense/(credit)	**27,821**	43	**(5,311)**	3,266	**22,510**	3,309

No provision for profit tax for group entities in the Cayman Islands or the British Virgin Islands has been made as these entities had no income assessable for the profit tax in these jurisdictions for current and prior years.

No provision for Hong Kong Profits Tax has been made in the financial statements (2008: HK$Nil) as the Group's Hong Kong operations sustained a loss for taxation purposes during the year.

Pursuant to the new PRC EIT Law promulgated on 16 March 2007, the EIT rate for foreign-invested enterprises will be unified at 25% effective from 1 January 2008.

Notes to the Financial Statements

13. INCOME TAX EXPENSE/(CREDIT) *(Continued)*

Xinjiang Gold Vantage Forestry Limited ("XJGV"), a wholly-owned subsidiary of the Group, operates in forestry business in PRC. It is subjected to corporate income tax rate of 25% as it has not yet applied for exemption of relevant preferential tax treatment.

The income tax expense/(credit) for the year can be reconciled to the profit/(loss) per the consolidated income as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit/(loss) before tax		
– from continuing operations	**146,611**	(9,923)
– from discontinued operations	**(28,093)**	(28,103)
	118,518	(38,026)
Tax calculated at applicable PRC tax rate of 25% (2008: 18-25%)	**29,629**	(9,507)
Effect of different tax rates of group companies operating in different jurisdictions	**940**	2,994
Tax effect of expenses not deductible for tax purpose	**15,630**	1,258
Tax effect of revenue not taxable for tax purpose	**(19,275)**	—
Effect on opening deferred tax balances resulting from an increase in applicable tax rate	**—**	1,314
Utilisation of tax loss previously not recognised	**(5,154)**	—
Tax effect of tax loss not recognised	**740**	7,250
Income tax expense	**22,510**	3,309

14. LOSS ATTRIBUTABLE TO SHAREHOLDERS

Loss attributable to shareholders includes an amount of HK$8,050,000 (2008: HK$4,261,000) which has been dealt with in the financial statements of the Company.

Notes to the Financial Statements

15. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on the consolidated profit attributable to shareholders of HK$96,008,000 (2008: Loss of HK$41,335,000) and the weighted average of 4,244,431,000 ordinary shares (2008:1,795,563,000 ordinary shares) in issue during the year.

For continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2009	2008
Earnings/(loss)	***HK$'000***	*HK$'000*
Earnings/(loss) for the purposes of basic earnings/(loss) per share	**96,008**	(41,335)
Effect of dilutive potential ordinary shares		
Interest on convertible notes	**8,383**	—
Earnings/(loss) for the purposes of diluted earnings/(loss) per share	**104,391**	(41,335)

	2009	2008
Number of share	***'000***	*'000*
Weighted average number of ordinary shares for the purposes of basis earnings/(loss) per share	**4,244,431**	1,795,563
Effect of dilutive potential ordinary shares:		
– convertible notes	**1,246,575**	—
Weighted average number of ordinary shares for the purposes of diluted earnings/(loss) per share	**5,491,006**	1,795,563

Notes to the Financial Statements

15. EARNINGS/(LOSS) PER SHARE *(Continued)*

From continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to the ordinary equity holders of the parent entity is based on the following data:

Earnings/(loss) figures are calculated as follows:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to equity holders of the parent	**96,008**	(41,335)
Less: Loss for the year from discontinued operations	**(22,782)**	(31,369)
Earnings/(loss) for the purposes of basic earnings/(loss) per share from continuing operations	**118,790**	(9,966)
Effect of dilutive potential ordinary shares		
Interest on convertible loan notes	**8,383**	—
Earnings/(loss) for the purposes of diluted earnings/(loss) per share from continuing operations	**127,173**	(9,966)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

Basic loss per share for the discontinued operations is HK$(0.54) cents per share (2008: HK$(1.74) cents per share) and diluted loss per share for the discontinued operations is HK$(0.42) cents per share (2008: HK$(1.74) cents per share), based on the loss for the year from the discontinued operations of HK$ 22,782,000 (2008:HK$31,369,000). The denominators detailed above for basic earnings and diluted earnings are 4,244,431,000 shares (2008: 1,795,563,000 shares) and 5,491,006,000 shares (2008: 1,795,563,000 shares) respectively.

Notes to the Financial Statements

16. BIOLOGICAL ASSETS

	Standing timber *HK$'000*
Acquisition through business combination at 19 November 2008 (Note 27)	**600,907**
Harvested timber transferred to inventories and sold	**(5,972)**
Gain from changes in fair value less estimated point-of-sale costs	**81,188**
At 30 June 2009	**676,123**

The Group's biological assets represent standing timber on plantation land of approximately 60,000 Chinese Mu with lease term of 30 years, expiring in 2038. Approximately 5,019 cubic meter timber, which had a fair value less estimated point-of-sale costs of approximately HK$5,972,000 was harvested and sold during the year.

16. BIOLOGICAL ASSETS *(Continued)*

The Group's standing timber at 19 November 2008 and 30 June 2009 were independently valued by Ascent Partners Transaction Service Limited ("Ascent Partners"). Ascent Partners has adopted market value approach for the valuation of standing timber. The method uses the present market value in terms of price per unit cubic meter of round logs and the total merchantable volume of timber in the forest at 19 November 2008 and 30 June 2009 as basis for coming up the fair value less estimated point-of-sale costs. The principal assumptions adopted are as follows:

1. no material changes in the existing political, legal, technological, fiscal, economic conditions, climate and any other natural condition;
2. poplar trees can grow to certain size and can be legally cut in 8 years and in 5 years with organic fertilisers added; and
3. the growth rate of the price of the timber, the setup fee and maintenance fee for tree plantation, and the new terms of the concession fee will increase as the price index of forestry product in China.

Nature risk

The Group's revenue depends significantly on the ability to harvest wood at adequate levels. The ability to harvest on wood on the plantation land and the growth of the trees on the plantation land may be affected by unfavourable local weather conditions and natural disasters. Weather conditions such as earthquakes, fire, disease, insect infestation and pests are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of trees available for harvesting on the plantation land, or otherwise impede the Group's logging operations or the growth of the trees in the plantations, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and a timely manner.

Notes to the Financial Statements

17. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation						
As at 1 July 2008	–	–	2,738	5,657	2,933	11,328
Exchange difference	–	–	–	(24)	(4)	(28)
Additions	–	–	256	519	40	815
Acquired through business combination	–	171	–	–	–	171
Disposals	–	(24)	(2,738)	(6,146)	(2,969)	(11,877)
As at 30 June 2009	–	147	256	6	–	409
Representing:						
Cost	–	147	256	6	–	409
Valuation						
- 1994	–	–	–	–	–	–
At 30 June 2009	–	147	256	6	–	409
Accumulated depreciation and impairment						
As at 1 July 2008	–	–	2,738	4,738	2,760	10,236
Exchange difference	–	–	–	(21)	(1)	(22)
Charge for the year	–	77	–	433	112	622
Disposals	–	(1)	(2,738)	(5,149)	(2,871)	(10,759)
As at 30 June 2009	–	76	–	1	–	77

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Group *(Continued)*

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost or valuation						
At 1 July 2007	7,742	24,947	15,133	10,574	9,722	68,118
Exchange difference	307	2,728	1,355	1,156	832	6,378
Additions	199	–	–	134	–	333
Disposals	–	(30,257)	(13,750)	(6,207)	(7,621)	(57,835)
Surplus on revaluation	944	–	–	–	–	944
Transfer to investment properties (Note 17(i))	(9,192)	–	–	–	–	(9,192)
Transfer from construction in progress (Note 19)	–	2,582	–	–	–	2,582
At 30 June 2008	–	–	2,738	5,657	2,933	11,328
Representing:						
Cost	–	–	2	5,657	821	6,480
Valuation						
- 1994	–	–	2,736	–	2,112	4,848
At 30 June 2008	–	–	2,738	5,657	2,933	11,328
Accumulated depreciation and impairment						
At 1 July 2007	3,432	19,535	9,008	7,915	8,077	47,967
Exchange difference	124	2,125	686	870	613	4,418
Charge for the year	204	2,114	347	972	921	4,558
Eliminated on disposals	–	(23,774)	(7,303)	(5,019)	(6,851)	(42,947)
Transfer to investment properties (Note 17(i))	(3,760)	–	–	–	–	(3,760)
At 30 June 2008	–	–	2,738	4,738	2,760	10,236
Net book value						
At 30 June 2009	–	71	256	5	–	332
At 30 June 2008	–	–	–	919	173	1,092

Notes to the Financial Statements

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(i) Buildings of the Group as at 30 June 2008 were valued by directors by reference to observable prices in an active market or recent market transactions on arm's length basis after taking into account a valuation report as at 31 March 2008 prepared by Xiamen Chengde Land and Property Valuation Consultant Company Limited, a firm of valuers registered in the PRC. The valuations are on the basis of open market value or depreciated replacement cost. Depreciated replacement cost is used where there is insufficient market data to arrive at market value by means of market-based evidence.

The carrying amount of the buildings with HK$5,432,000 was transferred to investment properties as at balance sheet date of 2008.

18. INVESTMENT PROPERTIES

	Group	
	2009	2008
	HK$'000	*HK$'000*
FAIR VALUE		
At 1 July	**54,379**	39,784
Exchange adjustments	**(191)**	1,753
Transfer from property, plant and equipment (Note 17)	**—**	5,432
Transfer from payment for leasehold land held for own use under operating leases	**—**	122
Change in fair value	**(1,216)**	7,288
Disposal	**(52,972)**	—
At 30 June	**—**	54,379

(a) The Group's investment properties were held under medium-term leases and outside Hong Kong. They were valued by directors by reference to observable prices in an active market or recent market transactions on arm's length terms after taking into account a valuation report prepared by RHL Appraisal Limited, independent professional valuers, on a market basis, which took into account comparable market transactions and the net income derived from existing tenancies with due allowance for reversionary income potential.

(b) Gross rental income from investment properties amounted to HK$6,833,000 (2008: HK$6,763,000).

(c) Loss on disposal of the Group's investment properties during the year amounted to HK$5,472,000 (2008: HK$Nil).

19. CONSTRUCTION IN PROGRESS

	Group	
	2009	2008
	HK$'000	*HK$'000*
At 1 July	**—**	1,272
Exchange adjustments	**—**	139
Additions	**1,322**	1,679
Transfer to property, plant and equipment (Note 17)	**—**	(2,582)
Disposal	**—**	(508)
At 30 June	**1,322**	—

20. INTANGIBLE ASSETS

Group

	HK$'000
Cost	
Acquisition through business combination at 19 November 2008 (Note 27)	**147,958**
At 30 June 2009	**147,958**
Accumulated amortisation and impairment	
Amortisation for the year	**(3,064)**
At 30 June 2009	**(3,064)**
Net carrying amount	
At 30 June 2009	**144,894**

The intangible assets relate to the favourable aspect of the right to use and operate the plantation land, which in substance is an operating lease (Note 34), acquired in the acquisition 100% equity interest of Ample Rich Enterprises Limited ("Ample Rich") and its subsidiaries (collectively referred to as the "Ample Rich Group") (Note 27), where the acquiree is the lessee. The fair value on acquisition was determined based on a valuation report prepared by an independent valuer using discount cash flows method at the date of acquisition and the estimated present value of payments due under the agreement entered into by Ample Rich Group. The intangible assets are amortised using straight-line method over the remaining lease term of 30 years.

Notes to the Financial Statements

21. INVESTMENTS IN SUBSIDIARIES

	Company 2009 HK$'000	Company 2008 HK$'000
Unlisted shares, at cost	**692,569**	192,310
Less: Impairment loss	**(179,758)**	(179,758)
	512,811	12,552

Details of the subsidiaries are as follows. The class of shares held is ordinary unless otherwise stated.

Name	Form of business structure	Place of incorporation/ registration	Particulars of issued/registered and paid up capital	Percentage ownership interest attributable to the Company Directly	Percentage ownership interest attributable to the Company Indirectly	Principal activity
Fun (Xiamen) Enterprise Corporation Limited *	Corporation	PRC	Singapore Dollar ("S$")15,300,000	–	100	Garment manufacturing and retailing
Benefun (BVI) Limited	Corporation	British Virgin Islands ("BVI")	1 share of US$1	100	–	Investment holding
Wylkeen Investment Limited	Corporation	BVI	1 share of US$1	100	–	Investment holding
Wingo Asia Limited	Corporation	BVI	1 share of US$1	–	100	Property investment
Zhangzhou Golden River Estate Development Company Limited *	Corporation	PRC	RMB13,300,000	100	–	Property development
Zhangzhou City Gao Hui Property Development Company Limited # ***	Corporation	PRC	RMB3,280,000	–	100	Property development
Top Ace Enterprises Limited	Corporation	Hong Kong ("HK")	2 shares of HK$1 each	–	100	Provision of management services
Sichuan Fun Garments Company Limited#	Corporation	PRC	RMB300,000	100	–	Dormant
Timar Investment Limited	Corporation	BVI	1 share of US$1	–	100	Provision of management services
State Chance Limited	Corporation	BVI	1 share of US$1	100	–	Provision of sales referral services

21. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Name	Form of business structure	Place of incorporation/ registration	Particulars of issued/registered and paid up capital	Percentage ownership interest attributable to the Company Directly	Indirectly	Principal activity
Ample Rich Enterprises Limited	Corporation	BVI	1 share of US$1	100	–	Investment holding
Capital Goal Trading Limited	Corporation	HK	1 share of HK$1	100	–	Dormant
Gold Vantage Enterprises Limited	Corporation	HK	1 share of HK$1	–	100	Investment holding
Xinjiang Gold Vantage Forestry Limited	Corporation	PRC	**	–	100	Sales and distribution of plantation products and organic fertilisers
Foshan Gold Vantage Forestry Limited	Corporation	PRC	HK$600,000	–	100	Plantation related business

* Companies registered as wholly-foreign owned enterprises with limited liability in the PRC.

** The registered capital of the indirectly held subsidiary remained unpaid as at 30 June 2009.

*** Zhangzhou City Gao Hui Property Development Company Limited was disposed to a third party as at 3 June 2009.

\# A company registered as a domestic enterprise with limited liability in the PRC.

22. INVENTORIES

	Group 2009 HK$'000	2008 HK$'000
Property development		
Completed properties/properties under development	**4,524**	62,239
Sales and distribution of organic fertilisers		
Raw materials	**4,321**	–
	8,845	62,239

Properties under development included construction cost and cost of land use right which is located in Zhangzhou City of PRC.

Notes to the Financial Statements

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade debtors	**45,277**	22,780	**—**	—
Prepayments, deposits and other receivables	**30,468**	38,453	**1,717**	112
Amounts due from related parties (Note b)	**—**	5,587	**—**	—
Amounts due from subsidiaries (Note c)	**—**	—	**—**	62,794
Less: Impairment loss on trade and other receivables	**(30,046)**	(28,080)	**—**	—
Total	**45,699**	38,740	**1,717**	62,906

(a) Trade and other receivables are expected to be recovered within one year. Their fair values approximate to their respective carrying amounts at the balance sheet date due to their short-term maturity.

(b) Details of amounts due from related parties disclosed pursuant Section 161B of the Hong Kong Companies Ordinances are as follows:

Name of related parties	**Tan Han San**	**Chen Hai Yan**	**Fan Yi Ru**	
Relationship with the Group	**General Manager and Son of the director, Tan Sim Chew**	**Cashier and Daughter-in-law of the director, Tan Sim Chew**	**Cashier and Daughter-in-law of the director, Tan Sim Chew**	**Total**
Balance of the relevant amounts	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 30 June 2009	–	–	–	–
At 1 July 2008	1,489	1,639	2,459	5,587
Maximum balance outstanding during the year	1,489	1,639	2,459	5,587

The amounts due from related parties were unsecured, interest-free and had been settled during the year.

(c) The amounts due from subsidiaries were unsecured, interest-free and had been settled during the year.

23. TRADE AND OTHER RECEIVABLES *(Continued)*

(c) *(Continued)*

Included in the trade and other receivables are trade debtors with the following ageing analysis as of the balance sheet date:

	Group	
	2009	2008
	HK$'000	*HK$'000*
Less than 1 month past due	**19,433**	64
1 to 3 months past due	**3,726**	424
More than 3 months but less than 12 months past due	**—**	2,068
More than 12 months past due	**875**	16
Amount past due at balance sheet date but not impaired (Note d)	**24,034**	2,572
Total trade debtors	**24,034**	2,572

(d) The balances that were past due but not impaired related to a number of customers that have a good repayment record with the Group. Based on the past experience, the management estimated that the carrying amounts could be fully recovered.

The Group generally allows a credit period of approximately 90 days to its trade customers and based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

The table below reconciled the impairment loss of trade and other receivables for the year:

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
At 1 July	**28,080**	20,913	**—**	—
Exchange difference	**(112)**	2,287	**—**	—
Impairment loss recognised	**4,125**	16,658	**—**	—
Recovery of impairment loss previously recognised	**—**	(3,416)	**—**	—
Bad debts written off	**(2,047)**	(8,362)	**—**	—
At 30 June (Note e)	**30,046**	28,080	**—**	—

(e) The Group and the Company recognised impairment loss on individual assessment based on the accounting policy stated in Note 4(l)(ii).

Notes to the Financial Statements

24. TRADE AND OTHER PAYABLES

	Group		Company	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Trade creditors	**21,805**	17,449	**—**	—
Property forward sales deposits and instalments received	**3,483**	66,581	**—**	—
Amounts due to directors (b)	**2,013**	1,935	**32**	1,935
Amounts due to fellow subsidiaries (c)	**—**	—	**35,333**	—
Amount due to a related party (d)	**3,895**	—	**954**	—
Other payable and accrued liabilities	**42,549**	4,672	**2,843**	1,658
	73,745	90,637	**39,162**	3,593

(a) Trade and other payables are expected to be settled within one year. The fair values approximate to their respective carrying amounts at the balance sheet date due to their short-term maturity.

(b) The amounts due to directors, Tan Sim Chew and Kam Yuen are unsecured, interest-free and have no fixed repayment terms.

(c) The amounts due are unsecured, interest-free and have no fixed repayment terms.

(d) The amount due to a related party Choy Ping Fai, who is the spouse of the Company's director Kam Yuen is unsecured, interest-free and has no fixed repayment term.

Included in the trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

	2009	2008
	HK$'000	*HK$'000*
Current or less than 1 month	**6,355**	8,047
1 to 3 months	**3,752**	7,696
More than 3 months but within 6 months	**767**	1,706
Over 6 months	**10,931**	—
Total trade creditors	**21,805**	17,449

Notes to the Financial Statements

25. CONVERTIBLE NOTES

The Company issued HK$ denominated, zero coupon convertible notes on 19 November 2008 with the principal amount of HK$400 million as part of the consideration to acquire Ample Rich Group (Note 27). The convertible notes mature in three years from the issue date at 125% of the nominal value or can be converted into ordinary shares of the Company at the holder's option at a conversion price of HK$0.064 per share at a fixed exchange rate.

The fair values of the liability component and the equity reserve component were determined at the issuance of the convertible notes. The fair value of the liability component, included in non-current financial liabilities, was calculated using a market interest rate for an equivalent non-convertible notes. The residual amount, representing the value of the equity reserve component, is included in shareholders' equity.

The movements of the liability component and equity reserve component of the convertible notes are as follows:

	Nominal value	Liability component	Equity reserve component	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Issue of convertible notes	**400,000**	**358,544**	**41,456**	**400,000**
Imputed interests expense (Note a)	**—**	**8,383**	**—**	**8,383**
Conversion of convertible notes	**(270,000)**	**(242,017)**	**(27,983)**	**(270,000)**
Carrying amount at 30 June 2009	**130,000**	**124,910**	**13,473**	**138,383**

(a) Interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate of 11.723% per annum to the liability component. The basis of the effective interest rate is determined by the director with reference to the market discount rate.

(b) The holder of the convertible notes, Blackpool Stadium Limited, agrees to put the convertible notes with the principal amount of HK$130 million as security to the Company and undertakes not to exercise the conversion rights attached to the convertible notes during the two-year profit guarantee period (Note 27).

26. PROMISSORY NOTES

The promissory notes with principal amount of HK$100 million was issued as part of the consideration for the acquisition of Ample Rich Group (Note 27). The promissory notes was interest free, repayable on 24 December 2009 and secured by the issued shares of subsidiaries, which held certain land and buildings in the PRC ("PRC Properties"). During the year, principal amount of approximately HK$45.80 million was repaid and on 21 May 2009, the PRC Properties were sold to the then promissory notes holder at a consideration of HK$50 million, as part of the settlement; the then outstanding balance of the promissory notes was discharged.

Notes to the Financial Statements

27. ACQUISITION DURING THE YEAR

On 19 November 2008, the Group acquired 100% equity interest of Ample Rich Group. Ample Rich Group's principal activity is engaged in the business of plantation, research and development on related plantation technologies, manufacture, sale and distribution of plantation products. The total consideration of HK$500 million is satisfied by the issuance of (i) HK$400 million convertible notes and (ii) $100 million promissory note.

The initial accounting for the above acquisition has been determined provisionally in the Group's interim financial statements for the six months period ended 31 December 2008. After finalisation of professional valuation in relation to certain underlying assets and liabilities of Ample Rich Group, there were changes in estimates. The changes are increase in other receivables, intangible asset and related deferred tax liabilities for the amounts of HK$475,000, HK$147,958,000 and HK$36,990,000 respectively.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and the excess of fair value of net assets acquired over considerations at date of acquisition are as follows:

	Pre-acquisition carrying amount	Fair value adjustments	Fair value
	HK$'000	*HK$'000*	*HK$'000*
Assets and liabilities acquired			
Property, plant and equipment	171	—	171
Other receivables	3,155	—	3,155
Biological assets (Note 16)	—	600,907	600,907
Intangible asset (Note 20)	—	147,958	147,958
Cash and cash equivalent	77	—	77
Amount due to a director	(4,226)	—	(4,226)
Trade and other payables	(74)	—	(74)
Deferred tax liabilities	—	(187,216)	(187,216)
Net identifiable assets and liabilities	(897)	561,649	560,752
Assignment of loan			1,705
			562,457
Fair value of the consideration for the acquisition			
Portion satisfied by the issue of convertible note			400,000
Portion satisfied by the issue of promissory note			87,748
Direct transaction cost			1,964
			489,712
Excess of fair value of net assets acquired over considerations			(72,745)
Purchase considerations settled in cash			(1,964)
Cash and cash equivalents acquired			77
Net cash outflow on acquisition			(1,887)

The main factor leading to excess of fair value of net assets acquired over considerations is a bargain purchase.

27. ACQUISITION DURING THE YEAR *(Continued)*

The acquisition was completed on 19 November 2008. Ample Rich Group contributed HK$7,367,000 revenue and HK$150,493,000 net profit before tax (including a gain from changes in fair value of biological assets less estimated point-of-sale costs of HK$81,188,000 and an excess of fair value of net assets acquired over considerations of HK$72,745,000) to the Group. Pursuant to the sale and purchase agreement, the purchase consideration was contingent on the results of Ample Rich Group where its guarantee profit for the year ended 30 June 2009 and 2010 should be no less than HK$60 million and HK$70 million respectively (the "Guarantee Profit"). In the event where the results of Ample Rich Group were less than the Guarantee Profit, the Group will be compensated on the shortfall by adjusting the purchase consideration.

In respect of the acquisition, the Group had commitment for future minimum lease payments under non-cancellable operating leases in respect of plantation land which fall due as follows:

	As at 30 June 2009 ***HK$'000***
Not later than one year	**45**
Later than one year but not later than five years	**4,625**
Later than five years	**77,279**
	81,949

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial assets of the Group include cash and cash equivalents and trade and other receivables. Financial liabilities of the Group are the trade and other payables and liabilities portion of convertible notes. The Company has not issued and does not hold any financial instruments for trading purposes at the balance sheet date.

The main financial risks faced by the Group are credit risk and liquidity risk.

The Group does not have any written financial risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to these risks. Generally, the Group introduces conservative strategies on its financial risk management. The directors review and agree policies for managing each of these risks and they are summarised as follows:

(a) Credit risk

The Group's exposure to credit risk arises through their trade and other receivables. Management has a formal credit policy in place and exposure to credit risk is monitored through regular reviews of receivables and follow-up enquiries on overdue accounts. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date, there is no significant concentration of credit risk in receivables. The maximum exposure to the credit risk of the Group is represented by the carrying amount of trade receivables presented in the consolidated balance sheet. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables is disclosed in Note 23 to the financial statements.

Cash and cash equivalents are normally placed with licensed banks in PRC and Hong Kong that have high credit ratings. Given their high credit ratings, management does not expect any licensed bank to fail to meet its obligations.

(b) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

The maturity profile of the Group's financial liabilities as at the balance sheet date, based on the contracted undiscounted payments is as follow:

	On demand	**Less than 3 months**	**3 to less than 12 months**	**More than 12 months**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2009					
Trade and other payables	**73,745**	**—**	**—**	**—**	**73,745**
Convertible notes	**—**	**—**	**—**	**124,910**	**124,910**
	73,745	**—**	**—**	**124,910**	**198,655**
2008					
Trade and other payables	24,056	—	66,581	—	90,637

29. PROVISIONS

Group

	Onerous Contracts HK$'000
At 1 July 2008	6,598
Exchange difference	(30)
At 30 June 2009	6,568

Provision are made for obligations under onerous contracts, principally relate to tenancy agreements, where the net unavoidable costs of meeting the obligations exceed the economic benefits expected to be received.

Notes to the Financial Statements

30. DEFERRED TAX

Group

Details of the deferred tax assets and liabilities recognised and movements during the current and prior years:

Deferred tax assets/(liabilities)	Revaluation of properties	Provision for inventories and receivables	Accelerated (depreciation allowances)/ accounting depreciation	Biological assets	Intangible assets	Other temporary differences	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 July 2007	(3,898)	4,872	967	–	–	(3,707)	(1,766)
Effect of change in tax rate	(2,599)	3,248	715	–	–	(2,678)	(1,314)
(Charged)/credited to income statement	(1,820)	(6,612)	2,586	–	–	3,851	(1,995)
(Charged) to equity	(236)	–	–	–	–	–	(236)
As at 30 June 2008	**(8,553)**	**1,508**	**4,268**	**—**	**—**	**(2,534)**	**(5,311)**
(Charged)/credited to income statement	**8,553**	**(1,508)**	**(4,268)**	**(18,804)**	**766**	**2,534**	**(12,727)**
Acquired through business combination	**—**	**—**	**—**	**(150,226)**	**(36,990)**	**—**	**(187,216)**
As at 30 June 2009	**—**	**—**	**—**	**(169,030)**	**(36,224)**	**—**	**(205,254)**

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2009	2008
	HK$'000	*HK$'000*
Net deferred tax asset recognised on the balance sheet	**—**	203
Net deferred tax liability recognised on the balance sheet	**(205,254)**	(5,514)
	(205,254)	(5,311)

30. DEFERRED TAX *(Continued)*

At the balance sheet date, the Group has unused tax losses of HK$19,664,000 (2008: HK$56,092,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses can be carried forward for a period of five years, which will be expiring on:

	2009	2008
	HK$'000	*HK$'000*
1 January 2009	**—**	16,057
1 January 2010	**—**	4,176
1 January 2011	**—**	—
1 January 2012	**—**	2,707
1 January 2013	**19,664**	33,152
1 January 2014	**—**	—
	19,664	56,092

31. SHARE CAPITAL

(a) Authorised and issued share capital

	2009		2008	
	Number	***HK$'000***	*Number*	*HK$'000*
Authorised				
Ordinary shares of HK$0.01 each	**10,000,000,000**	**100,000**	10,000,000,000	100,000
Ordinary shares of HK$0.01 each issued and fully paid:				
At beginning of year	**1,955,029,000**	**19,550**	1,635,029,000	16,350
Issue of new shares	**4,285,350,000**	**42,854**	320,000,000	3,200
At end of the year	**6,240,379,000**	**62,404**	1,955,029,000	19,550

Issue of new shares

Conversion of convertible notes

HK$400 million convertible notes were issued as part of the consideration to acquire Ample Rich Group (Note 27). During the year, 4,218,750,000 ordinary shares with par value of HK$42,187,500 were converted.

Notes to the Financial Statements

31. SHARE CAPITAL *(Continued)*

(a) Authorised and issued share capital *(Continued)*

Issue of new shares *(Continued)*

Exercise of employee's option

On 25 January 2008, the Company granted 66,600,000 share options to four executive directors and one employee at an exercise price of HK$0.0804 each. These options were fully exercised during the year. During the year, 66,600,000 ordinary shares with par value of HK$666,000 were issued.

(b) Capital management policy

The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

32. RESERVES

(a) Group

	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Legal reserve HK$'000	Foreign exchange revaluation reserve HK$'000	Revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2007	153,820	–	–	3,090	5,679	22,075	(105,596)	79,068
Premium on placing of new shares	19,840	–	–	–	–	–	–	19,840
Translation differences on foreign operations	–	–	–	–	5,643	–	–	5,643
Change in fair value of buildings	–	–	–	–	–	944	–	944
Employee share option benefits	–	2,401	–	–	–	–	–	2,401
Deferred tax arising from change in valuation of buildings	–	–	–	–	–	(236)	–	(236)
Loss for the year	–	–	–	–	–	–	(41,335)	(41,335)
At 30 June 2008	173,660	2,401	–	3,090	11,322	22,783	(146,931)	66,325
Translation differences on foreign operations	–	–	–	–	92	–	–	92
Equity component of convertible notes	–	–	41,456	–	–	–	–	41,456
Conversion of convertible notes	227,813	–	(27,983)	–	–	–	–	199,830
Exercise of shares options	7,090	(2,401)	–	–	–	–	–	4,689
Disposal of investment properties	–	–	–	–	–	(22,783)	22,783	–
Profit for the year	–	–	–	–	–	–	96,008	96,008
Transfer to reserves	–	–	–	2,312	–	–	(2,312)	–
At 30 June 2009	408,563	–	13,473	5,402	11,414	–	(30,452)	408,400

Notes to the Financial Statements

32. RESERVES *(Continued)*

(b) Company

	Share premium HK$'000	Employee share-based compensation reserve HK$'000	Convertible notes equity reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2007	153,820	–	–	65,261	(158,966)	60,115
Premium on placing of new shares	19,840	–	–	–	–	19,840
Employee share option benefits	–	2,401	–	–	–	2,401
Loss for the year	–	–	–	–	(28,545)	(28,545)
At 30 June 2008	**173,660**	**2,401**	**—**	**65,261**	**(187,511)**	**53,811**
Equity component of convertible notes	**—**	**—**	**41,456**	**—**	**—**	**41,456**
Conversion of convertible notes	**227,813**	**—**	**(27,983)**	**—**	**—**	**199,830**
Exercise of shares options	**7,090**	**(2,401)**	**—**	**—**	**—**	**4,689**
Loss for the year	**—**	**—**	**—**	**—**	**(9,731)**	**(9,731)**
At 30 June 2009	**408,563**	**—**	**13,473**	**65,261**	**(197,242)**	**290,055**

32. RESERVES *(Continued)*

The following describes the nature and purpose of each reserve within owners' equity.

Reserve	Description and purpose
(i) Share premium	Amount subscribed for share capital in excess of nominal value. Under the Bye-Laws of the Company, the amount is distributable subject to certain restrictions.
(ii) Employee share-based compensation reserve	Cumulative expenses recognised on the granting and in writing off the fair value of share options granted to the employees over the vesting period.
(iii) Convertible notes equity reserve	Amount of proceeds on issue of convertible notes relating to the equity component (i.e. option to convert the debt into share capital)
(iv) Legal reserve	According to the relevant enterprises regulations in the PRC, certain subsidiaries which are foreign investment enterprises are required to transfer at least 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC, to the legal reserve until the balance reaches 50% of their registered capital. The legal reserve can be used to make good losses and to increase the capital of the subsidiaries.
(v) Foreign exchange revaluation reserve	The foreign exchange revaluation reserve has been set up and dealt with in accordance with the accounting policies adopted for the revaluation of property, plant and equipment and translation of the financial statements of foreign subsidiaries as set out in Note 17. The transfer from revaluation reserve to accumulated loss in income statement represents the reserve realised on the retirement or disposal of the revalued assets and the additional depreciation made during the year.
(vi) Contributed surplus	The excess value of the shares in the subsidiaries acquired pursuant to the Group reorganisation scheme over the nominal value of the shares in the Company issued in exchange of HK$65,261,000 was credited to the contributed surplus account. Under the Bye-Laws of the Company, contributed surplus is distributable subject to certain restrictions.
(vii) Revaluation reserve	Revaluation reserve comprised increase in fair value, net of income tax, of property, plant and equipment that were previously carried at revalued amount before transfer to investment properties as a result of change in use.
(viii) Retained earnings/ (accumulated losses)	Cumulative net gains and losses recognised in the consolidated income statement.

Notes to the Financial Statements

33. SHARE-BASED PAYMENTS

Share option scheme

On 25 January 2008, the Company granted in total 66,600,000 share options without option premium to four executive directors and one employee at an exercise price of HK$0.0804 per share under the share option scheme. All these share options are exercisable on or after 25 July 2008 and will expire on 24 February 2011.

On 8 June 2009, all share options were exercised and no option is outstanding at 30 June 2009.

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

	2009		2008	
	Weighted average exercise price *HK$*	**Number of options** *('000)*	Weighted average exercise price *HK$*	Number of options *('000)*
Outstanding at the beginning of year		**66,600**		—
Granted during the year	**—**	**—**	0.0804	66,600
Exercised during the year	**0.0804**	**(66,600)**	—	—
Cancelled during the year		**—**		—
Exercisable at the end of the year		**—**		66,600

66,600,000 share options were exercised with an exercise price of HK$0.0804 during the year (2008: Nil share options)

The following information is relevant in the determination of the fair value of options granted during the year under the equity-settled share based remuneration schemes operated by the Group.

	2008
Equity-settled	
Option pricing model used	Black-Scholes
Fair value at measurement date	HK$0.036
Weighted average share price at grant date	HK$0.08
Exercise price	HK$0.0804
Weighted average contractual life	3 years
Expected volatility	108.34%
Risk-free interest rate	1.45%

33. SHARE-BASED PAYMENTS *(Continued)*

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years.

The Group did not enter into any share-based payment transactions with parties other than employees during the current or previous period.

34. LEASES

(a) Operating leases - lessor

The Group leased out certain properties under operating leases. The leases typically run for an initial period of one to two years. None of the leases includes contingent rentals.

As at 21 May 2009, the Group disposed all previously leased out properties.

The minimum rent receivables under non-cancellable operating leases are as follows:

	2009	2008
	HK$'000	*HK$'000*
Not later than one year	**—**	3,539
Later than one year but not later than five years	**—**	—
	—	3,539

(b) Operating leases - lessee

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to six years, with an option to renew the lease when all terms are renegotiated. Lease payments are usually fixed with a few of them increased annually to reflect market rentals. Certain of these leases include contingent rentals which are determined based on percentage of sales. In addition, one of the subsidiaries has contracted to use and operate certain plantation land, which is accounted for as an operating lease (Note 20).

Notes to the Financial Statements

34. LEASES *(Continued)*

(b) Operating leases - lessee *(Continued)*

The total future of minimum lease payments are due as follows:

	2009	2008
	HK$'000	*HK$'000*
Not later than one year	**205**	4,546
Later than one year but not later than five years	**4,658**	2,261
Later than five years	**77,279**	—
	82,142	6,807

35. CAPITAL COMMITMENTS

The Group's capital commitments outstanding at the balance sheet date were as follows:

	2009	2008
	HK$'000	*HK$'000*
Contracted for but not provided	**25,773**	33,063

36. RELATED PARTY TRANSACTIONS

Remuneration for key management personnel represents amounts paid to the Company's directors as disclosed in Note 10. Other related party transactions and balances are disclosed in Note 23 and 24 to the financial statements.

37. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determining whether an arrangement contains a lease

One of the subsidiaries entered into a concession agreement for the right to use and operate 60,000 Chinese mu plantation land for 30 years at a total consideration of RMB81.32 million payable by instalments over the operating period. The Group has adopted HK(IFRIC)-Int 4"Determining whether an arrangement contains a lease", which prescribes that the determination of whether an arrangement contains a lease shall be based on the substance of the arrangement. It requires an assessment of whether the fulfilment of the arrangement is dependent on the use of specific assets and the arrangement conveys a right to use such assets. The right to use and operate the plantation land is classified as an operating lease. The application of HK(IFRIC)-Int 4 has resulted in lease accounting being applied, a number of judgments have been made in accordance with the minimum lease payments, implicit interest rates, the residual value of the assets at the end of the contract period.

Fair values of biological assets

Management estimates the current market prices less estimated point-of-sale costs of biological assets of standing timber at balance sheet date, with reference to market prices and professional valuations.

Management considers that there are presently an absence of effective financial instruments for hedging against the pricing risks with the underlying agricultural produce. Un-anticipated volatile changes in market prices of the underlying agricultural produce could significantly affect the fair values of these biological assets in future accounting periods.

The Group's plantation business is subject to the usual agricultural hazards from fire, wind and insects. Forces of nature such as temperature and rainfall may also affect harvest efficiency. Management considers adequate preventive measures are in place and the relevant legislation under forestry laws in the PRC will assist in minimizing exposure. Nevertheless, to the extent that un-anticipated factors affecting harvestable agricultural produce may result in re-measurement or harvest losses in future accounting periods.

37. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Determination of fair values of identifiable intangible assets arising from the business combination (Note 27)

The acquired identifiable assets and liabilities and contingent liabilities assumed had to be measured at their respective fair values as at the date of acquisition. The difference between the cost of acquisition and the fair value of the Group's share of net assets so acquired should be recognised as goodwill on the balance sheet date or recognised in the income statement. In the absence of an active market for the business combination/acquisition transactions undertaken by the Group, in order to determine the fair values of assets acquired and liabilities assumed, the directors of the Company had made their estimates according to valuation results produced by external valuers.

Impairment on trade and other receivables

The policy for impairment of trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of the trade receivables and on management's judgment for certain other receivables. A considerable amount of judgment is required in assessing the ultimate realisation of these trade and other receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Impairment of investments in subsidiaries

The Company assesses whether there are any indicators of impairment for investments in subsidiaries at each reporting date. Investments in subsidiaries are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations are undertaken, management, must estimate the expected future cash flows from the subsidiaries and choose a suitable discount rate in order to calculate the present value of those cash flow.

Estimates of current tax

The Group is subject to taxation in various jurisdictions. Significant judgement is required in determining the amount of provision for taxation and the timing of payment of the related taxation. Where the final tax outcome is different from the amount that was initially recorded, such differences would impact the income tax provisions in the period in which such determination were made.

Provision for properties for development

The Group assesses the carrying amounts of properties for development according to their net realise value based on the realisability of these properties, taking into account costs to completion based on past experience and net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised.

38. EVENTS AFTER BALANCE SHEET DATE

Acquisition of Triple Harvest Holdings Limited

On 31 July 2009, the Company entered into a letter of intent with Cathay Investment Fund Limited ("Cathay"), for the proposed acquisition of 100% shareholding in a target company, Triple Harvest Holdings Limited. Upon the completion of reorganisation, the target company will indirectly hold 100% of the equity interest of a wholly foreign-owned enterprise, which in turn will hold the patents. The consideration for the proposed acquisition will not exceed HK$114 million which will be satisfied by the Company's issuing new shares to Cathay at a preliminary agreed issue price of HK$0.08 per share.

Disposal of subsidiaries

On 24 September 2009, the Company entered into a letter of intent with an independent third party for the proposed disposal of Fun (Xiamen) Enterprise Corporation Limited, Top Ace Enterprises Limited, Timar Investment Limited, Wingo Asia Limited, and Zhangzhou Golden River Estate Development Company Limited via disposing all shares of Benefun (BVI) Limited and Wylkeen Investment Limited. Before the disposal takes place, the Group will restructure and make Zhangzhou Golden River Estate Development Company Limited directly owned by Benefun (BVI) Limited. In accordance with the letter of intent, the consideration of the disposal shall be the higher of the book value of all the companies to be taken over or HK$ 1 million.

Formation of a Joint Venture Company

On 15 October 2009, the Company's indirectly wholly-owned subsidiary, Rich Goal Enterprises Limited, which is newly incorporated after year end, entered into an agreement with The Agricultural No. 8 Division No. 142 Regiment of the Xinjiang Production and Construction Corps ("XPCC") under which both parties have agreed to form a Joint Venture in Shihezi, Xinjiang Region, the PRC, to engage principally in the production and sale of organic fertilisers.

Notes to the Financial Statements

39. LITIGATIONS

At 30 June 2009, the Group had the following litigations:

Hero Rich Writ

(i) On 2 June 2009, the Company was informed by Computershare Hong Kong Investors Services Limited that Hero Rich International Limited ("Hero Rich") lodged a request to transfer 234,375,000 shares ("Shares Transfer") of the Company to HKSCC Nominees Limited ("HKSCC"). Pursuant to Article 40 of the Company's Memorandum and Articles of Association ("M&A"), the Company has two months to consider the matter. The Company engaged a solicitor to represent the Company and to send the formal reply to HKSCC to hold any action in relation to the Shares Transfer.

(ii) On 22 June 2009, the Company and its current directors (the "Concerned Directors") received a writ of summons from Hero Rich ("Hero Rich Writ"), among other things, in respect of the failure to register the transfer of 234,375,000 ordinary shares ("Shares A") of the Company and claiming against the Company and the Concerned Directors for the sum of HK$31,227,896.94 and all costs, interests and damages.

(iii) On 24 September 2009, the Company and the Concerned Directors received an amended Hero Rich Writ. Hero Rich deleted, inter alia, (a) its allegation that Hero Rich has fully paid up the value of the Shares; (b) its claim for HK$ 31,227,896.94 being loss and damages; and (c) its claim for specific performance against the Concerned Directors. Amongst other things, Hero Rich amended its claim against the Company and the Concerned Directors by decreasing the original claimed sum of HK$31,227,896.94 to the sum of HK$1,891,386.19 and including its claim for the realisable value of the Shares A at the time Hero Rich can sell the Shares A. Hero Rich also claimed for an order that the Company and the Concerned Directors do forthwith register the Shares Transfer and they do indemnify Hero Rich from all loss and damage caused or occasioned by the failure to register the Shares Transfer.

China Magic Summons

(iv) On 23 June 2009, the Company received an Originating Summons from China Magic Enterprises Limited ("China Magic") seeking a declaration that the decline by the Company to register the transfer of 468,750,000 ordinary shares of the Company ("Shares B") from China Magic to HKSCC was not made in accordance with the M&A and hence unlawful and a declaration to declare that China Magic was legitimately entitled to have transfer of the Shares B from China Magic to HKSCC.

The Company had noted disputes, inter alia, over the legal titles of total 703,125,000 ordinary shares, that are the aggregate of Shares A and Shares B (the "Disputed Shares") which are the subject matter of some legal proceedings in the High Court of the Hong Kong Special Administrative Region. In order to protect the interest of shareholders, the Company will act in accordance with the outcome of legal proceedings between the parties claiming ownership of the Disputed Shares.

The Directors consider that the above legal cases should have no material adverse effect on the financial position of the Group.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on pages 26 to 92 were approved and authorised for issue by the Board of Directors on 22 October 2009.

Property under Development

Particulars of property under development held by the Group as at 30 June 2009 are set out below:

Project	Location	Intended use	Stage of completion	Expected date of completion	Site area *(sq. m)*	Gross floor area *(sq. m)*	Group's interest *(%)*
Silver River Square	Zhang Hua Lu/ Dan Xia Lu, Zhangzhou City, Fujian	Commercial & residential	20%	December 2010 for the First phase	26,428	100,000	100

Five Year Summary

(Expressed in Hong Kong dollars)

	2005	2006	2007	2008	**2009**
	HK$'M	*HK$'M*	*HK$'M*	*HK$'M*	***HK$'M***
Results					
Turnover	206.9	219.4	153.7	120.0	**128.6**
Profit/(loss) before income tax expense	9.7	(5.1)	(38.7)	(38.0)	**118.5**
Income tax (expense)/credit	(3.7)	(1.0)	0.5	(3.3)	**(22.5)**
Profit/(loss) attributable to shareholders	6.0	(6.1)	(38.2)	(41.3)	**96**
Assets and liabilities					
Biological assets	—	—	—	—	**676.1**
Properties, plant and equipment	58.8	59.8	20.1	1.1	**0.3**
Investment properties	—	—	39.8	54.4	**—**
Construction in progress	3.0	1.1	1.3	—	**1.3**
Payment for leasehold land held for own use under operating leases	1.2	1.2	0.1	—	**—**
Deferred tax assets	0.1	0.1	0.1	0.2	**—**
Intangible assets	—	—	—	—	**144.9**
Net current assets/(liabilities)	41.0	44.6	35.8	35.7	**(21.7)**
Total assets less current liabilities	104.1	106.8	97.2	91.4	**800.9**
Non-current liabilities					
Other financial liabilities	—	5.8	—	—	**124.9**
Deferred tax liabilities	1.4	1.5	1.8	5.5	**205.2**
Net assets	102.7	99.5	95.4	85.9	**470.8**
Share capital	13.3	13.3	16.3	19.6	**62.4**
Reserves	89.4	86.2	79.1	66.3	**408.4**
Total equity	102.7	99.5	95.4	85.9	**470.8**
Earnings/(loss) per share					
Basic	0.47 cents	(0.46) cents	(2.66) cents	(2.30) cents	**2.26 cents**