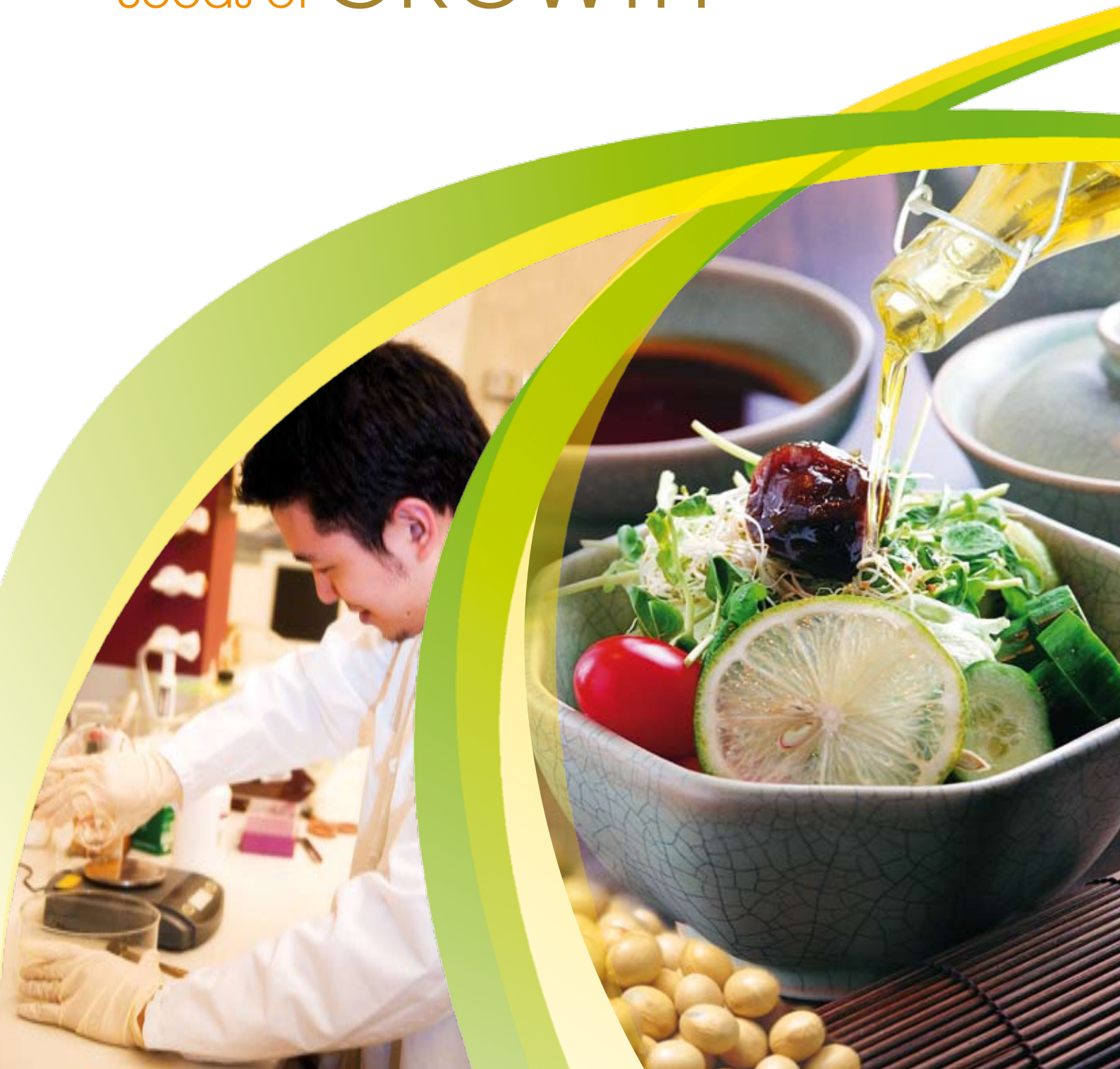




United Food Holdings Limited
Annual Report 2009

Seeds of GROWTH



At United Food, we maximise our resources to achieve sustainable development. Going forward, we will focus on our soybean processing segment while enhancing our other business divisions. We will **cultivate new opportunities and nurture our capabilities**, seeing soybeans as seeds of growth that will allow us to grow our company even further.

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Our CORE BUSINESS

UNITED FOOD HOLDINGS LIMITED engages in the production and supply of soybean products, animal feeds and pigs of quality breeds in the People's Republic of China.

As a responsible corporate citizen, we endeavour to promote healthy environment practices in our area of operations.



CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of United Food Holdings Limited, it is my pleasure, to present to you, the Annual Report together with the Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2009.

PERFORMANCE REVIEW

Discontinued Operations

The disposal of the suspended divisions (discontinued operations) is now history. Nevertheless, the Board owes it to shareholders to comment on this decision for the 2009 financial year.

The following adverse factors affecting the "discontinued operations" throughout the previous years recurred in 2009:

- **Outbreak of diseases**

The recurring outbreak of diseases such as the foot & mouth diseases in the southern region of China has crushed the confidence of the pig breeders. Likewise, in the northern region of China, due to the rapid change of weather conditions, the high mortality rate on piglets has caused instability of supply of live pigs to the market.

- **Breeders' Adversity To The Threat of Diseases**

Breeders continue to remain cautious against threat of diseases. To minimize the risk, breeders have reduced the production of livestock. This has indirectly affected the demand for animal feed.

- **Sluggish Export Market**

Unfavorable export condition compounded with high unemployment rate in the United States have resulted an adverse impact on Group's export of health-care supplements.

If the Group were to resume the operation of the suspended businesses, based on Management's estimates (assuming running at full capacity), the Group would incur significant losses for 2009. Furthermore, from the Management point of view, we decided not to invest further in the pork-related business (based on the previous years' losses) given the unpromising future. This explained the Board's decision on the disposal.

Continuing Operations

The remaining businesses of pig rearing and animal feed production were consolidated into Linyi Shengquan Grease Co., Ltd. The Group will have a more straight forward Corporate Structure from Soybean Processing to Animal Feed Production and Pig Rearing Activities.

The consolidation has allowed the Group to commence the year on a clean slate. We also believe that the challenging environment provides us a suitable opportunity for organic expansion to better align our business. As a result, the Group has increased the registered capital of Linyi Shengquan Grease Co., Ltd. to launch the expansion of the phase II soybean processing plant.

Despite the continued adverse impact of global financial crisis, the soybean division managed to rebound rapidly in the 2nd half of 2009 and recorded a profit of RMB17.8 million compared to a loss of 529.35 million in the 2nd half of 2008.

The Group's high cost of inventories in the first 2 quarters were charged fully against the cost of sales leading to heavy losses for the first half of 2009. As the sign of stabilization in soybean prices became more prominent in the 2nd half of 2009, the Group managed to record improved performance with consistent production capacity.

The decision to preserve the resources of the Group from depletion and loss making operations puts us in good stead and we believe the phase II soybean processing plant will allow the Group to have the competitive advantage and synergies as one of the major producers of edible oil and soybean meal in the North Eastern Region of China. With the additional 720,000 tons of production capacity (phase II), both the phase II and phase I will compliment one another to achieve new heights.

I also wish to assure shareholders that the Board is mindful of the need to further optimize the return to shareholders funds.

With a credible shareholders' fund of approximately RMB1.70 billion, the Group is in a strong position to consider its next step.

In the Management Discussion and Analysis caption, the Group has provided a detailed review on the prospect of the soybean processing industry. It includes the following discussion points:

- Soybean Processing Industry Overview;
- Soybean Products Introduction;
- Soybean Market Development;
- Supply Of Raw Materials;
- Group's Competitive Edge;
- Group's Future Plans;
- Working Capital Requirement;
- Risk Profile Analysis; and
- Risk Mitigating Measures

DIVIDEND

The Board of Directors does not recommend any dividend for the year under review as the Board is of the opinion that the Group needs to conserve these financial resources to:

- Meet its working capital requirement for the overall Group' operation and
- Expansion of phase II soybean processing plant.

PROSPECTS

Despite the unfavorable industry outlook in the near term, we will continue to explore for long-term growth opportunities anchored on our soybean processing division. We will continue to remain vigilant on cost, further improve our operational efficiencies through operational initiatives.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend our heartfelt gratitude to the management team and employees of the Group for their undivided loyalty, unstinting commitment to propel the Group forward in a year marked by reengineering and consolidation.

We would like also to take this opportunity to register our profound appreciation to our shareholders, valued customers, business partners and all relevant authorities for their confidence, patience and continued support and co-operation rendered during the year.

Last but not least, I would like to thank my fellow Board members for their wise counsel, unfailing guidance and tremendous support.

David Yip Wai Sun

Non-executive Chairman

DISTRIBUTION NETWORK





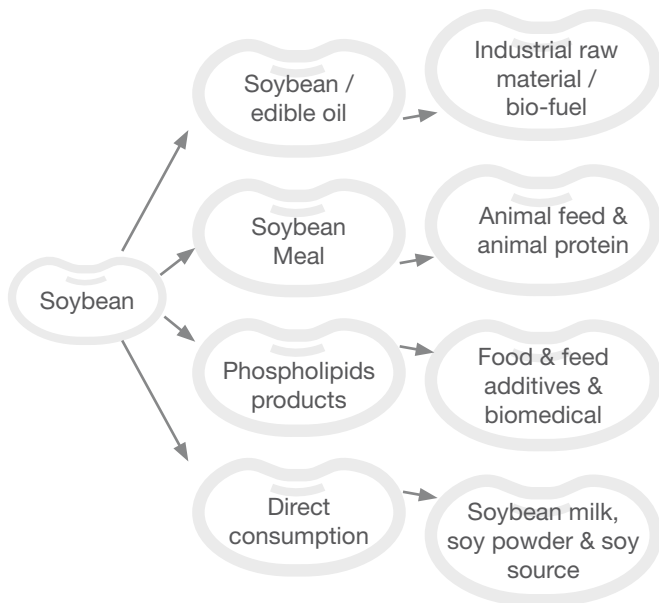
CULTIVATING NEW OPPORTUNITIES

As we are poised to diversify our business, we will maintain a cautious stance in evaluating the market and identify new investment opportunities that the Group can enter with soybean as a platform

MANAGEMENT DISCUSSION AND ANALYSIS

1. Soybean Division
 1.1 Industry Overview
 1.1.1 Soybean Products

Soybean is the main ingredient for vegetable protein and edible oil. The processed products of soybean are:



1.1.2 Soybean Market Development

China is one of the world's largest soybean producing countries. In the early 90's, China used to be the world's soybean exporter. China's robust economy growth, ever increasing population and improved standards of livings are some of the factors that resulted in the increase in demand for edible oil, vegetable fats, feed and animal protein.

Despite the fact that China has produced more than 16m tons of soybean in 2009, it has imported approximately 42.55m tons of soybean and 2.39m tons of soybean oil respectively from overseas to meet the domestic market demand. This has made China the world's largest importer of soybean nowadays.

Given the increase in demand of soybean, the soybean processing industry springs up in the North Eastern region of China, East and South of China including the Bohai area. The soybean processing industry has undergone rapid re-engineering and consolidation to meet the ever increasing market demand. The technology advancement applied in the soybean processing industry in China has reached world class standards.

Soybean Oil

Soybean oil is the main ingredient for edible oil and occupies approximately 40% of China's vegetable oil consumptions.

China has demonstrated a trend of steady growth in edible oil consumption in recent years. Based on the following table, China consumed only 1/2 of the edible oil and 1/3 of the soybean oil compared to the average consumption in the developed countries, ie the United States. However, there is a consumption growth of 6.2% and 9.1% in the edible oil and soybean oil respectively in 2009 over 2008.

In 2009	Edible Oil	Soybean Oil
Consumption per head (China)	19.1kg	7.6kg
Consumption per head (US)	37.5kg	21.2kg

Soybean Meal

Soybean meal is an important raw material for feed, being the main source of animal protein. It occupies approximately 60% of China's feed industrial protein (as raw materials).



Based on the estimated statistics published by the Feed Association of China, the overall sales of industrial feed in 2009 would likely to reach 140m tons, an annual growth of 2.4% over 2008. From 2004 to 2009, there was a cumulative growth of 9.0% in the production of industrial feed in China.

China's massive population base and escalating consumption power has provided the soybean processing industry with a stable market growth opportunity.

More value added product such as enhanced animal protein, higher value food additives coupled with the improved practices in the animal husbandry industry and healthier animal feed consumption will provide ample growth opportunities for product development.

1.1.3 Raw Material Supply

The Group mainly sources its soybean from the world's existing soybean exporter, namely: Argentina, Brazil and United States. Based on the statistics published, the following table depicts the world's major exporters of soybean over years:

	2004	2009	Growth
	Soybean Exports (Tons)	Soybean Export (Tons)	(%)
Countries:			
Argentina	39m	53m	35
Brazil	53m	65m	22
United States	85m	91m	8.2

Group's Soybean Related Products

The Group only manufactures 2 major categories of products from soybean:

- Soybean oil
- Soybean meal

Ufood does not manufacture any phospholipids currently.

1.2 Group's Competitive Edge Enlarged Production Scale

Given the existing phase I production capacity, the Group was not able to distinguish itself from other competitors that were of similar size around the coastal region of Shandong Province.

However, with the expansion into phase II project, the Group will be regarded as one of the top 10 players (in terms of operation size and scale) in the north eastern region of China.

Continuing Investment Advantage

With the initial investment of phase I processing plant in 2003, the infrastructure invested had paved the route for the continual investment of phase II. In addition, the 100,000 tons of storage tank (silo) also provided sufficient buffer for the Group's conversion cycle.

Cost Savings / Synergies From Investment

The phase I infrastructure was built with phase II in mind. Hence, there was a cost savings in capex and production efficiency. The assets that can be commonly shared for daily operation would be the 360mu of land, 100,000 tons of silos, 25,000 tons of oil storage tanks, office buildings, staffs quarters and canteen.

Soybean processing plants is regarded as a less labor intensive industry. Hence, the Group will be able to minimize the relevant labor costs and achieve the cost savings objective in the long run.

Technology Advancement

Following the establishment of phase I Belgian technology, the Group has adopted the US technology for phase II. The 2 phases are fully integrated, computerized and automated with relevant inspection equipments and apparatus. This would further enhance the end-product quality.

Rights to Import Soybean

Compared to other domestic market participants, the Group has, since establishment of the phase I soybean processing plant, obtained the license to import soybean directly from overseas. This has allowed the Group to stand a stronger competitive edge in securing the necessary soybean for daily operation. Hence, the Group will not be over reliant on other domestic participants (middle-man) for the supply of soybean. The shortage of supply of soybean back in 2004 has forced some of the soybean crushers to cease operation or even being phased out from the soybean processing industries.

MANAGEMENT DISCUSSION AND ANALYSIS

Expansion of Distribution Network

Apart from the North Eastern Region of China, the Group's sales team has been aggressively securing new client base to expand its current market share. The Group has plans to explore new market in the middle region of China. In addition, sales centers and warehouses will be established in the Sichuan, Hunan and Anhui Provinces.

Government Incentives

All the plant & machinery that the Group acquired / invested enjoys relevant government's incentives.

Source of Fund

The phase II investment costs were all financed by internal resources.

1.3 Group's Future Plan

Group's plan for the future will be as follows:

- Provide superior quality soybean related products to our valued customers via total quality management with streamlining cost structures.
- Apart from the North Eastern region of China, the Group will actively penetrate new market in the middle region of China, such as the Sichuan, Hunan & Anhui Provinces.

Group's action plans would include:

- Fully utilize the existing capacity and fine-tune the purchasing, asset cash conversion cycle (including stocking of raw materials and finished products) and sales cycles (including collections).
- Close monitoring of soybean price movement.
- Keep abreast with the market development to increase the flexibility and strength of distribution channels.
- Expedite the completion of phase II soybean processing plant.

The phase II soybean processing plant (with a maximum production capacity of 720,000 tons of soybean per annum) is targeted to be completed in the 4th quarter of 2010. The plant will go through a trial run for one to two months.

1.4 Working Capital Requirement

In order to ensure the healthy development of the Group and the smooth completion of phase II soybean processing plant, the working capital requirement will increase substantially. The Group will attempt to cope with this increase requirement via shortening the asset cash conversion cycle by:

- Optimum utilization of stocks level;
- Optimum utilization of production process;
- Optimum management of finished products;
- Enhance collections; and
- Efficient sourcing.

1.5 Risk Profile Analysis

Supply of Soybean

Due to the agricultural land restriction for soybean, China's own existing production of soybean is not sufficient to meet the ever increasing domestic market demand. In recent years, China has imported over 50% of the globally exported soybean to meet domestic demand. The over reliance on the global soybean supply will post risk of severe shortage of supply in the event of natural disasters / abnormal weather conditions, outbreak of war or even speculative trade activities. This may cause the supply chain to break down and lead to massive fluctuation of soybean prices.



Market Risk

- **Increased Market Competition**

The increase in market demand has attracted various domestic and international competitors to participate in the soybean processing industry.

- **Threat of Diseases**

The demand for industrial feed may be reduced due to the outbreak of diseases. This will indirectly affect the demand for soybean meal.

- **Commodity**

Soybean, as a commodity is subject to international price volatility. Although, hedging is a useful tool to mitigate price fluctuation risks under normal market conditions, it may eventually cause an entity to incur more losses, at an even greater extent during a global financial crisis.

Financial Risk

- **Foreign Exchange**

Imports of soybean will expose the Group to foreign exchange risks (RMB vs USD).

1.6 Measures Taken To Mitigate Risks

Measures to Mitigate Shortage of Supply

The Group has adopted stringent supplier selection policies for overseas suppliers. The Group will purchase soybeans from reputable suppliers with good track record and build long term business relationship / partnership with its suppliers.

The Group does not solely rely on one country to fulfill its soybean requirement. Its main sources of supply include global exporters from Argentina, Brazil and the United States. At times, the Group also sources its soybean from the domestic suppliers.

Measures to Mitigate Market Risk

To overcome the stiff market competition, the Group's brand name "Jiangquan" has obtained market recognition in the north eastern region of China. The Group's frontline sales team will aggressively secure new customer base and establish additional distribution centers in the middle region of China, especially at the Sichuan, Hunan and Anhui Provinces.

Group's Information Collection Department will closely monitor the market condition and feedback to the Management and sales teams to provide up-to-date market information.

With the global financial crisis left behind us, the soybean processing industry began to sense a glimpse of light in the 2nd half of 2009. The high cost of soybean and the sluggish soybean end products prices in the 1st half of 2009 were the contributing factors to the overall losses for 2009. With the steady and gradual upward movement of selling prices of soybean end products, the Group began to record a stronger profit level in Q4 of 2009.

The Group will continue to capitalize on its 100,000 storage tank (silo) as a "natural hedge" against the short term market volatility (inflationary impact). The Group has not adopted any hedging policies via financial instruments. The Group is of the opinion that "hedging" does not really work during global financial crisis as evidenced by significant losses incurred by some multinationals companies during the financial crisis.

The Group will maintain its vigilance on the price volatility.

Measures to Mitigate Financial Risk

To ensure a healthy cash flow, the Group has implemented stringent policies on inventory conversion (stocks turnover), trade receivables collections and working capital application. This is augmented by additional bank trade facilities to increase Group's financial flexibility and resources.

With the steady appreciation of RMB, the Group is in a stronger bargaining position to control its exposure on foreign exchange risk.

2. Animal Feed

The animal feed division recorded lower revenue of RMB159.16 million in 2009, compared to RMB253.65 million in 2008, a decrease of 37.26%. The decrease in revenue for this division was due to:

- Lower average selling prices for animal feed in 2009 (approximately 11%), compared to 2008; and
- Less quantity of animal feed was sold in 2009 (approximately 10%), compared to 2008. This was mainly due to breeders' action:

MANAGEMENT DISCUSSION AND ANALYSIS

- (i) To continue to stabilize the live pig / chicken prices in the 2009 by controlling the production of live pigs / chicken in the market.
- (ii) To control the number of live stocks to reduce risk of high mortality rate from threat of diseases.

In terms of profitability, the sluggish demand from the breeding industry had resulted in low capacity utilization for this division and indirectly affected the profit margin of the division.

Incommensurate increases in raw material prices (corn) compared to the rise in selling prices had contributed to the division's loss of RMB 0.11m in 2009, compared to a profit of RMB3.44m in 2008.

3. Pig Rearing

Despite the preferential policies granted by the Central Government to encourage the breeding industry (given the severe shortage in the market in the prior years), the high mortality rate (due to the swine fever / blue aural disease) and high feed costs have been a tremendous burden to the breeders. With the increase in supply of live pigs in the market, live pig prices have seen decreases by approximately 20.00% from 2008 to 2009. Given that the market selling prices of live pigs have fallen below the average breeding cost, breeders would incur losses. Apart from commanding higher return of live hogs sold to offset the industry risk, the breeders are rather cautious in expanding their breeding program. This has contributed to the decrease in the demand for our pedigree pigs. As a result, the division recorded lower revenue of RMB61.91m in 2009, compared to RMB72.14m in 2008, representing a decrease of 14.18%

The division's pre-tax profit has declined by 48.07% due to high feed costs.

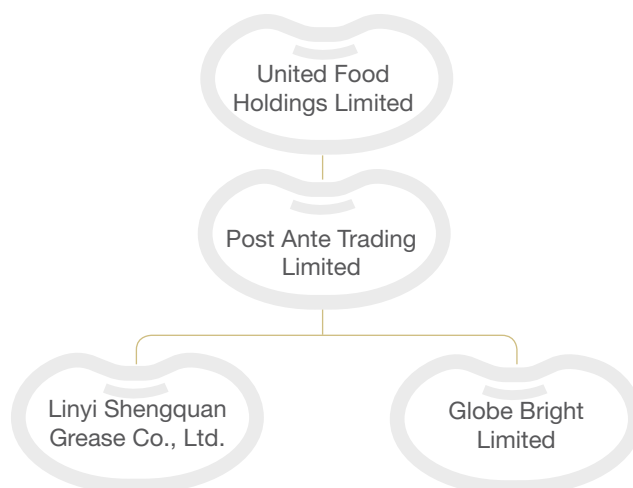
4. Disposal of Suspended Divisions and Its Related Subsidiaries

On 2 February 2010, the Group announced the disposal of the suspended divisions. The disposal realized a gain of approximately RMB4.51m which was recognized in 2009 as it was substantially completed then, save and except for some formalities.

The animal feed division and pig rearing division which were managed by Linyi Jiangquan Meat Products Co., Ltd. and Linyi

Shengquan Meat Products Co., Ltd. respectively in the prior years were consolidated / transferred to Shengquan Grease Co., Ltd..

Corporate Structure After Consolidation:



Cost of Sales

Despite the current volatile economic condition, the Group managed to reduce the losses incurred from RMB498.44 million in 2008 to RMB80.46 million in 2009. This was mainly attributable to the stabilization of soybean prices.

Depreciation charges in 2009 increased by approximately 8.48% over 2008 as more fittings were added in Q209.

Prepayment for construction in progress represents the prepayment of machineries related to the phase II soybean processing plant which is not subject to any depreciation charges. For the partial completed phase 2 soybean processing plant, we have recategorised as construction-in-progress, which forms part of the property, plant & equipment. They are also not subject to any depreciation charges until production commences.

Other Income and Gains

Other income and gains comprised mainly of:

Interest income earned in 2009, amounted to approximately RMB700,000 (2008: RMB2,583,000).

Gain from disposal of subsidiaries was approximately RMB4.51m.

There was no unrealized gain (gain in fair value less estimated point of sales costs, in relation to biological assets) in the current years as the price of progeny pig fell below the cost as at balance sheet date. An unrealized loss of approximately RMB3.41m (2008: RMB1.35m) had been included in the “other expenses” caption.

Selling and Distribution Costs

The Group incurred lower selling and distribution costs of 72.74% in 2009 as compared to 2008. As a percentage of sales, the selling and distribution costs had decreased by 68.92% from 0.74% in 2008 to 0.23% in 2009. The decrease was in line with the drop in sales revenue in the traditional businesses (other than soybean related products), where sales rebates were applicable.

Administrative Expenses

The increase in administrative expenses in 2009 was due to the reclassification of urban real estate taxes and land use fees (attributable to the land use rights of Linyi Jiangquan Co., Ltd., now consolidated into Linyi Shengquan Grease Co., Ltd.) into the general administrative expenses. These expenses were classified as part of discontinued operations in 2008.

Other Expenses

The increase in other expenses was due mainly to decrease in fair value less estimated point-of-sale cost of biological assets held as at balance sheet date of approximately RMB3.14 million.

Income Tax Expense

Tax has not been provided by the Group as it did not derive any assessable profit during 2009.

Linyi Shengquan Grease Co. Ltd. is subject to corporate income tax rate of 12.5% on its assessable profits for 2009 (2008: 12.5%).

Inventories

The decrease in inventories was due mainly to the delay in shipment of the bulk order and the continued consumption of the existing soybean reserve. However, the Group had

committed into an unutilized letter of credit to procure a supply of soybean amounting to approximately RMB122m in 2009.

Trade Receivables

Receivables decreased due to prompt collection efforts. Management had assessed the credit default system for 2009 and noted that the trade receivables balances were within credit terms. Therefore, no provision has been made for bad and doubtful debts.

Prepayment, Deposits and Other Receivables

The increase in prepayment, deposits and other receivables was mainly due to prepayment made to soybean suppliers for the procurement of soybean.

Trade Payables

Trade payables balance in 2009 remained comparable with 2008. This was mainly due to Group policy to fully utilize the credit terms provided its suppliers.

Cash and Restricted Bank Balances

Group's restricted bank deposits were pledged as security for issuance of letters of credits to suppliers.

The decrease in the cash & bank balances was due to the investment in phase 2 soybean processing plant.

Shareholders Equity

Group's shareholders equity decreased from RMB1.79 billion in 2008 to RMB1.70 billion in 2009 due mainly to losses incurred during the year.

Cash Flow Position and Liquidity

The Group continued to operate under a debt-free capital structure with strong liquidity position, ending the year under review, with a cash reserve of RMB225.01 million (2008: RMB294.79 million) representing a net cash per share of RMB0.20 (2008: RMB0.27).

Contingent Liability

The Group had no contingent liabilities for the year ended FY2009.

FINANCIAL HIGHLIGHTS

	2009 RMB million	2008 RMB million	Change %
Revenue	1,983	2,520	-21.31
Gross Loss	(38)	(303)	87.46
Loss from Operations	(69)	(330)	79.10
Loss Before Tax	(69)	(330)	79.10
Loss After Tax	(69)	(330)	79.10
Loss Attributable to Shareholders	(80)	(498)	83.94
Shareholders' Fund	1,705	1,785	-4.48
Total Assets	1,757	1,839	-4.46
Total Liabilities	52	54	-3.7

Profitability Ratios	2009	2008	Change %
Gross Margin*	-1.92%	-12.02%	84.03
Operating Margin*	-3.48%	-13.10%	73.44
Return on Revenue* (net loss margin)	-4.03%	-19.76%	79.61
Return on Average Equity	-4.58%	-24.38%	81.21
Return on Average Assets	-4.45%	-23.74%	81.26

*Continuing Operations

Per Share Data (Notes)	2009	2008	Change %
a. Net Tangible Assets (cents)	153.32	160.55	-4.50
b. Loss (cents)	-7.24	-44.83	83.85

Notes:

- The net assets per ordinary share was calculated based on 1,111,953,740 shares (2008: 1,111,953,740 shares) in issue as at 31 December 2009.
- The basic loss per share was calculated based on 1,111,953,740 shares (2008: 1,111,953,740 shares) in issue as at 31 December 2009.

Five Years Financial Summary

The results, assets and capital and reserves of the Group for the last five financial years are as follows:
Year Ended 31 December

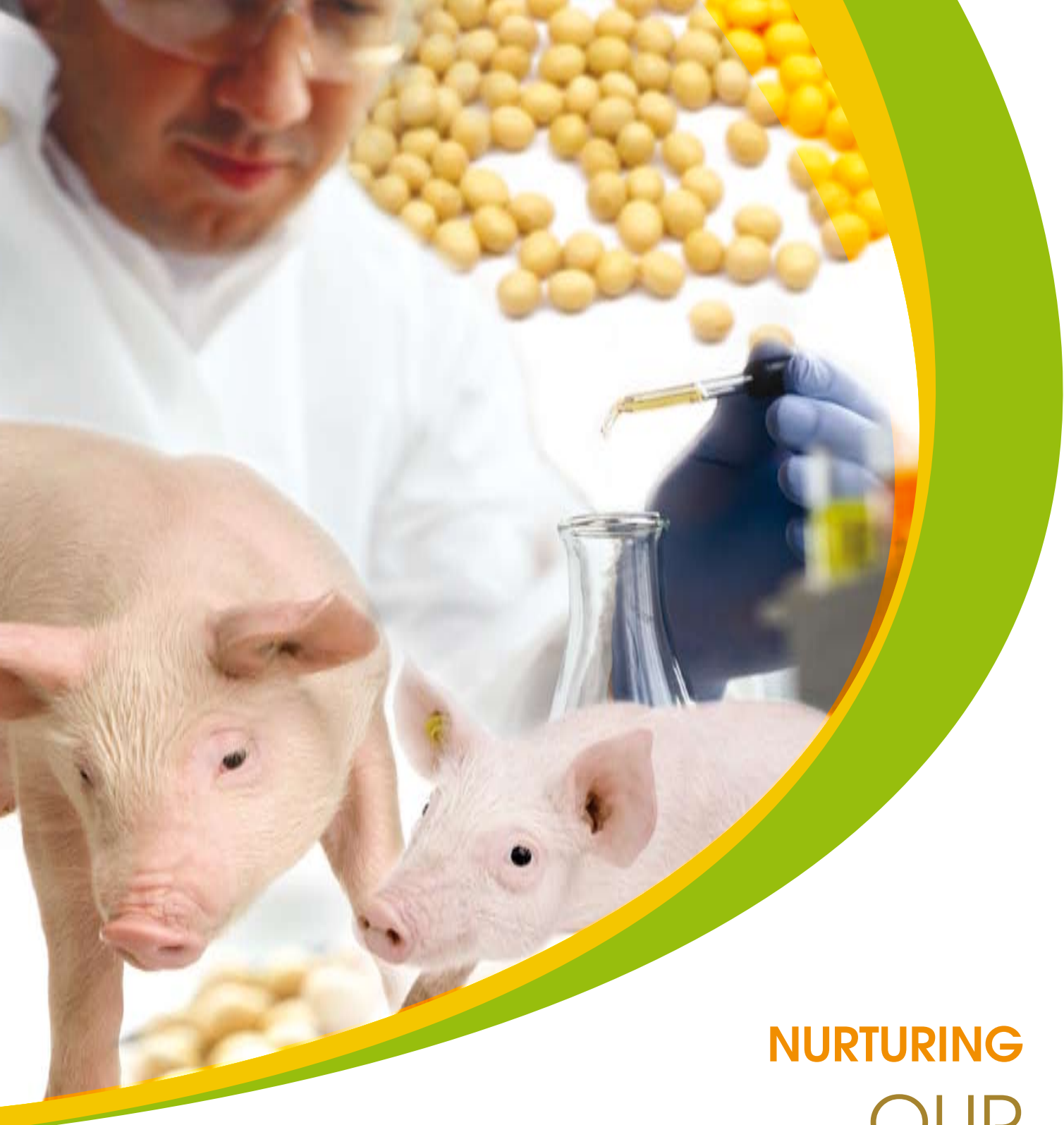
Condensed Consolidated Statements of Financial Position

	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant & equipment	629,280	268,140	328,103	400,343	517,097
Land use rights	107,677	155,207	260,950	273,645	118,279
Prepayment for construction in progress	71,807	-	-	-	-
Net current assets	896,072	1,361,950	1,711,361	1,574,518	1,525,686
Capital and reserves	1,704,836	1,785,297	2,300,414	2,248,506	2,161,062

Condensed Consolidated Income Statements

	2009	2008	2007	2006	2005
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue*	1,983,167	2,810,845	3,026,167	3,249,130	3,304,891
Net (Loss) / Profit from ordinary activities attributable to shareholders	(80,461)	(498,438)	83,043	154,161	196,127

*For comparison purpose, the revenue from continuing operations has been combined with the revenue from discontinued operations.



NURTURING OUR CAPABILITIES

We will continue building on our strengths, relying on our strong foundation to enhance our business performance despite the challenging operating environment

BOARD OF DIRECTORS

David Yip Wai Sun

Non-executive Chairman

Mr David Yip is one of the 3 founders of the Group. He was first appointed to the Board on 30 August 2000. As non-executive Chairman, Mr David Yip is responsible for the Group's overall corporate policies and implementation of business strategies. He is an entrepreneur with considerable experience in the manufacturing and trading sectors specializing in metal products and international trade as well as investments. He obtained his Bachelor's degree in International Trade from the University of International Economics and Business in Beijing, China. Prior to his appointment, Mr David Yip held several senior management positions in companies incorporated in Hong Kong.

Mr David Yip is also a member of the Audit and Nominating Committees.

Wang Tingbao

Executive Vice Chairman

Mr Wang Tingbao is a co-founder of the Group. He was first appointed to the Board on 30 August 2000. As Executive Vice Chairman and Chief Executive Officer, Mr Wang Tingbao charts the corporate directions and strategies as well as oversees the Groups' day-to-day operations.

Mr Wang Tingbao graduated from the Yishui Medical College and had practised as a medical physician in the Coal Mining Hospital at Linyi, Province of Shandong, China. Mr Wang obtained his Master's degree in Economic Management from the Beijing Industry and Commerce University in 1999.

Mr Wang Tingbao has considerable industrial and commercial experience in the manufacturing of ceramics. Prior to his appointment, Mr Wang Tingbao held the managerial position in the Luozhuang Ceramic Factory overseeing the entire production planning, purchasing, human resources and capital budgeting for the firm.

Mr. Wang was, in the preceding 5 years, also a director of Shandong Jiangquan Industry Stocks Co. Ltd., a public company listed on the Shanghai Stock Exchange, and resigned in 2007.

Besides serving as the Executive Vice Chairman for Group, Mr Wang also serves as a member of the Remuneration Committee.

Ho Wah Onn

Non-Executive Independent Director

Mr Ho Wah Onn was appointed as a non-executive independent director since the listing of the Company in December 2000. He graduated with a LLB (Honours) degree from the University of Singapore. He has experience in corporate finance, corporate planning, investment strategies and merger and acquisition. He started his career in investment banking, in 1963, with an affiliate of the Chase and UOB Group in Singapore. Subsequently, Mr Ho Wah Onn became a strategic corporate planner for an international conglomerate listed in Singapore with its headquarters located in the United Kingdom. Mr Ho was admitted as Advocate and Solicitor in 1978. Mr Ho was a founder of the legal firm, Harridas Ho & Partners and specialised in fields relating to banking and corporate finance as well as real estate and property matters. He is no longer associated with the firm and is now managing his own investments in China. He is also presently a non-executive independent director of several public listed companies including SC Global Developments Ltd, 8 Telecom Intl. Holdings Co. Ltd and Sunshine Holdings Limited. Mr. Ho was, in the preceding 5 years, also a director of Jade Technologies Singapore Limited and retired in 2007.

Mr Ho is the Chairman for both the Audit Committee and the Remuneration Committee. He is also a member of the Nominating Committee.

Sitoh Yih Pin

Non-executive independent director

Mr Sitoh Yih Pin, aged 46, was appointed as an Independent Director of the Company on 15 January 2001. Mr Sitoh is a Certified Public Accountant and a director of Nexia TS Public Accounting Corporation. Currently, Mr Sitoh is the Advisor to Potong Pasir Grassroots Organisations. He is also presently a director of several publicly listed companies comprising Chinasing Investment Holdings Limited, Lian Beng Group Ltd, Meiban Group Ltd, Nera Telecommunications Ltd, PNE Micron Holdings Ltd and Allied Technologies Limited. Mr Sitoh was also the director of several publicly listed companies in the preceding 5 years including Van Der Horst Energy Limited, Labroy Marine Pte Ltd and Middle East Development Singapore Ltd.

Mr Sitoh holds a Bachelor of Accountancy (Honours) degree from the National University of Singapore and is an Associate Member of the Institute of Chartered Accountants in Australia.

Fu Qiang

Non-executive independent director

Mr Fu Qiang was appointed as the Group's third non executive independent director on the 28 May 2004. He is currently the General Manager of Shandong Linyi Light Industry Company Limited. Mr Fu Qiang is also an instructor for the local companies in share composition restructuring and consultant to the local companies in assets restructuring and matters related to the capital markets.

Mr Fu Qiang graduated from the Chinese Language Faculty, Linyi Teaching College in 1985. He further pursued his Corporate Management Degree from the Shandong Economics College in 1994. He attained his Graduate Research Study specialised in Business Administration from the University of Science and Technology China in 2002. In 1998, Mr Fu was awarded the title of Senior Economist by the Shandong Economic Bureau.

Prior to his appointment, Mr. Fu Qiang served as the secretary of the Local Economics Committee from 1980-1986. He then served as a member of the System Development and Reform Committee, Linyi City in 1987-1998.

Mr Fu Qiang is a member of the Audit Committee.

KEY EXECUTIVES

Li Jianren

Resigned on 31 August 2009

Chief Operating Officer

Prior to joining the Group, Mr. Li was in charge of industrial planning for the Shandong local Luozhuang government. He was also the senior economic consultant for the Shandong Hua Sheng Group of Companies and participated in the Group's production and strategic planning. In 1997, he served as the chief executive for the Foreign Trade and Economic committee of the Luozhuang area, Linyi City. His main duty was to encourage economic development and attract foreign investment. He also served as the senior economic consultant for the Jiangquan Group of Companies. With his vast industrial experience, his contribution ranged from production management, sales and marketing, strategic corporate planning and development to the preparation of Initial Public Offering.

He was appointed Group Assistant Chief Operating Officer in 2001. In 2002, he was promoted to Group Chief Operating Officer.

Li Ai

Appointed on 1 September 2009

Chief Operating Officer

Prior to joining the Group, Ms Li served as an account executive at the Linyi Woven & Textile Company. She was appointed the Group's chief accountant based in China since 1993. In the middle of 2008, she was promoted to be the Assistant Chief Operating Officer, assisting Mr. Li Jian Ren in running various aspect of daily operation routine. Ms Li Ai was promoted further as the successor of Mr. Li Jian Ren, Group's Chief Operating Officer in September 2009.

Apart from her tertiary education, Ms. Li is also a qualified accountant in China.

Chin Hon Siang

Resigned on 1 March 2010

Chief Financial Officer

Mr Chin joined the Group in 2002 and is in charge of the Group's financial management and operations. Prior to joining the Group, he held managerial positions in several international accounting firms. His past experience included auditing for public listed companies, corporate tax planning, participation in initial public offering for multinational corporations located in the People's Republic of China and corporate finance. He holds a Bachelor of Commerce degree from the Monash University and is a member of the Australian Society of Certified Accountants (ASCPA).

Hung Chung Wah, George

Appointed on 1 March 2010

Chief Financial Officer

Mr Hung joined the Group on 1 March 2010 and is in charge of the Group's financial management and operations. Prior to joining the Group, he held managerial positions, qualified accountant and company secretary in several public listed companies in Hong Kong. His past experience included auditing for public listed companies, participation in initial public offering for multinational corporations located in the People's Republic of China and merger and acquisition. He holds a BBA (Hons) Accountancy degree from the City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a fellow member of Association of Chartered Certified Accountants (ACCA).

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) and Management of United Food Holdings Limited (the “Company”) strives to maintain high standards of corporate governance to ensure greater transparency and to protect the interests of shareholders. The Board’s commitment to good corporate governance practices is essential for Directors in discharging their corporate and fiduciary responsibilities and, fundamental for enhancement of long-term shareholders’ value.

The Company has adopted the recommendations of the Code of Corporate Governance 2005 (“the Code”). This report describes the Group’s corporate governance practices with specific reference to each of the principles of the Code. Other than deviations which are explained in this report, the Company has generally complied with the principles of the Code.

(A) BOARD MATTERS

Board’s Conduct of its Affairs

Principle 1: *Every Group should be headed by an effective Board to lead and control the Group. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

The Board is responsible for the overall performance of the Group. It sets the Group’s strategic direction and vision and Directors the Group’s overall strategy, policies, business plans, as well as, stewardship and allocation of the Group’s resources.

The principal functions of the Board include, but are not limited to the following:

- Reviewing and approving board policies, strategies and financial objectives for the Group and monitoring the performance of Management;
- Overseeing the processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance requirements;
- Approving major funding proposals, investment and divestment proposals including merger and acquisition transactions;
- Approving quarterly and full year results announcements;
- Recommending the declaration of dividends;
- Approving the nomination of directors and appointment of key personnel;
- Setting of the Group’s value and standards, and ensuring that obligation to shareholders and others are understood and met; and
- Assuming responsibility for corporate governance.

The Board is supported by Board Committees including, the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”). These committees function within clearly defined terms of reference and operating procedures.

The Board has scheduled to conduct at least 4 meetings a year. Additional meetings are convened to deal with specific matters, whenever required. Directors’ attendances at Board and Board Committee meetings in FY2009, as well as the frequency of such meetings, are set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nominating Committee Meetings
Total meetings held during FY2009	4	4	1	1
Wang Tingbao	4	–	1	–
David Yip Wai Sun	4	4	–	1
Ho Wah Onn	4	4	1	1
Sitoh Yih Pin	4	4	1	1
Fu Qiang	3	3	–	–

CORPORATE GOVERNANCE

The Company's Bye-laws provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

The Group provides appropriate training programs for Directors to equip themselves with the relevant knowledge to discharge their responsibilities in an effective and efficient manner, when required. The Group has an Orientation program that serves to familiarize new Directors with the Group's business activities, strategic direction and the regulatory environment, in which the Group operates, as well as their statutory and other duties and responsibilities as Directors. The Board is updated on amendments/requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), and other statutory and regulatory requirements and key changes in financial reporting standard from time to time.

Directors are provided with extensive background information on the Group's history, industry-specific knowledge, mission, and values. Directors and key executives are also given the opportunities to visit the Group's operational facilities and to interact with Management to gain a better insight of the Group's business operations.

Board Composition and Balance

Principle 2: *There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from the management. No individual or small group of individuals should be allowed to dominate the Board's decision making.*

The Board comprises 5 members, of whom 1 is Non-Executive Chairman, 1 is Executive Director and 3 are Non-Executive Independent Directors:

Non-Executive Director:

Mr David Yip Wai Sun (Chairman)

Executive Director:

Mr Wang Tingbao (Vice Chairman)

Non-Executive Independent Directors:

Mr Ho Wah Onn

Mr Sitoh Yih Pin

Mr Fu Qiang

The Board comprises Directors from diverse business, industry, management, financial and legal backgrounds. The Directors bring with them a wide spectrum of skills, experience, expertise and objective perspective to effectively lead and direct the Group.

The Board comprises more than one-third independent Directors who offer alternative view to the Group's business and corporate activities and, bring independent judgement to bear on business activities as well as, transactions involving conflicts of interest and other complexities.

To ensure a balance on the Board, the Directors have given due consideration to the size and composition of the Board. The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective and informed decision-making. The Board considers the present Board size appropriate and effective, taking into the account the size, scope and nature of the Group's operations.

The NC also reviews the independence of each director annually by adopting the Code's definition of "independent director" and is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The non-executive directors communicate regularly to discuss matters such as Group's financial performance, corporate governance initiatives and organise informal meeting session without the presence of the Management.

CORPORATE GOVERNANCE

Chairman and Chief Executive Officer

Principle 3: *There should be a clear division of responsibilities at the top of the Group – the working of the Board and the executive responsibility of the Group’s business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.*

Mr David Yip Wai Sun is the Group’s non-executive Chairman whereas Mr Wang Tingbao, the Group’s executive Vice Chairman, effectively functions as the Chief Executive Officer. They are not related to each other and each performs separate functions to ensure an appropriate balance of power and authority and for independent decision-making to permeate within the Board.

The Chairman is responsible for the implementation of corporate policies and executive decision-making. He also ensures that Board meetings are held when necessary, sets Board meeting agendas and reviews Board papers before they are presented to the Board to ensure that Board members are provided with complete and timely information. He also played an instrumental role in encouraging constructive discussion and sharing of views among the board members.

The Vice Chairman is mainly responsible for the financial & operation performance of the Group, including reviewing and charting the Group’s corporate directions and strategies, financial planning and related investment activities. He ensures that stipulated corporate policies are properly complied with and works closely with the Chairman to review corporate and other business issues.

This division of responsibilities ensures that there are checks and balances on their individual power and authority within the Group.

Board Membership

Principle 4: *There should be a formal and transparent process for the appointment of new directors to the Board. As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals.*

The NC which is regulated by a set of written terms of reference, comprises a majority, including Chairman and Independent Directors. Members of the NC are:

Mr Sitoh Yih Pin (Chairman)
Mr Ho Wah Onn
Mr David Yip Wai Sun

The NC Chairman is not associated in any manner with a substantial shareholder of the Company.

The role of NC is to develop and maintain a transparent and formal process for the appointment of new Directors, the recommendation/nomination of Directors for re-election at the annual general meeting and, evaluate the performance of the Board as a whole. The NC had conducted an assessment of the Board’s performance as a whole for FY2009.

To fulfill its role, the NC is responsible for the following:

- To identify candidates and review all nominations for the appointment or re-appointment to the Board, various Board committees and senior management and, to submit such nominations to the Board for consideration;
- To review the board structure, size and composition;
- To review, on an annual basis, the independence of directors;
- To determine the criteria for identifying candidates and reviewing nominations for appointments, having regard to the mix of skills and experience which the Directors should bring to the Board;
- To consider and recommend nomination of directors retiring by rotation;
- To decide how the Board’s performance may be evaluated and propose objective performance criteria for the Board’s approval; and
- To assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board.

A formal process for selection of new directors, provides the procedures for identification of potential candidates’ skills, knowledge and experience, assessment of candidates’ suitability and recommendation for nomination to the Board.

CORPORATE GOVERNANCE

In accordance with the provisions of the Company's Bye-Laws, one-third of the directors retire from the office by rotation and submit themselves for re-nomination and re-election at every Annual General Meeting ("AGM"). New Directors, who are appointed during the financial year, will submit themselves for re-election at the next AGM.

Pursuant to Bye-laws 86(1) of the Company's Bye-laws, Mr Wang Tingbao and Mr Fu Qiang will be retiring by rotation at the forthcoming AGM. The NC has recommended the nomination of Mr Wang and Mr Fu for re-appointment at the forthcoming AGM.

In making its recommendation, the NC had considered each of their contribution including attendance and participation at Board and Board committee meetings and the time and effort accorded to the Group's business and affairs.

The NC had also reviewed the independence of the Board members with reference to the guidelines set out in the Code and, is of the opinion, that Mr Fu Qiang, Mr Ho Wah Onn and Mr Sitoh Yin Pin are independent. Notwithstanding the multiple board representations of some Directors, the NC is satisfied that sufficient time and attention have been accorded by the Directors to the affairs of the Company.

The Directors and the last dates of their re-election are as follows:

<u>Directors</u>	<u>Date of last re-election</u>
David Yip Wai Sun	N/A
Wang Tingbao	23 April 2008
Ho Wah Onn	27 April 2009
Sitoh Yih Pin	23 April 2008
Fu Qiang	26 April 2007

Key information on the Directors has been disclosed on the Director's Profile section of this Annual Report.

Board Performance

Principle 5: *There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.*

The NC had initiated a Board performance evaluation to assess the effectiveness of the Board as a whole by having the Directors complete a questionnaire. The findings were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board.

The NC, in assessing the contribution of each director in FY2009, had taken into consideration his attendance and participation at Board and Board committee meetings, his qualification, experience and expertise and the time and effort dedicated to the Group's business and affairs including Management's access to individual Directors for guidance or exchange of views, as and when necessary.

Access to Information

Principles 6: *In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on going basis.*

The Board is furnished with detailed information concerning the Group to enable them to be fully apprised of conditions and other factors affecting the Group's operations and to understand the decisions and actions of Management. All Directors have unrestricted access to the Group's Management, records and information. From time to time, Independent Directors meet with Management and conduct ad-hoc discussions on the Group's business and operational matters. Management staff are invited to attend Board Meetings, as and when appropriate, to provide additional insight to matters discussed.

Management provides Board members with detailed Board papers containing complete and timely information before each meeting. Such Board papers and any other relevant documents are circulated to all Board members before the meetings. Management also provides periodic financial and corporate information, performance of the individual divisions within each business segment and management proposals to enable the Directors to make informed decisions on issues to be considered at Board meetings.

The Company Secretary attends all Board and Board committee meetings and is responsible for keeping the Board updated on legislative and other relevant regulatory changes. The Company Secretary also ensures that established procedures, all relevant rules, and regulations that are applicable to the Group are complied with.

CORPORATE GOVERNANCE

The Board has separate and independent access to Management and the Company Secretary at all times. Directors are aware that they may seek independent legal and other professional advice concerning any aspect of the Group's operations and undertakings, at the Company's expense, as and when necessary.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principles 7: *There should be a formal and transparent procedure for fixing the remuneration packages of individual directors. No directors should be involved in deciding his own remuneration.*

The RC is made up by majority of independent Directors and is chaired by an Independent Director. Members of the RC are:

Mr Ho Wah Onn (Chairman)
Mr Sitoh Yih Pin
Mr Wang Tingbao

The RC had decided to retain Mr Wang Tingbao, an Executive Director, as member of the RC, after taking into account the nature and scope of the Company's operations and the size of the Board. The RC is of the view that Mr Wang Tingbao is able to contribute to the effectiveness of the RC, with his knowledge of the Group's operations and the business and operational environment in which the different business segment of the Group operates.

The role of the RC is to review and approve recommendations on remuneration policies and packages for Executive Directors, Non-Executive Directors, and employees related to Directors and Controlling Shareholders.

To fulfill its role, the RC is responsible for the following:

- Recommend to the Board remuneration structure and packages;
- Approve the structure of the compensation package for Directors and Senior Management; and
- Review Directors and Senior Management's compensation annually and determine appropriate adjustments.

The review covers all aspects of remuneration, including but not limited to Directors' Fees, salaries, allowances, bonuses, and benefits-in-kind. The remuneration packages take into consideration the long-term interests of the Group, industry standards, and ensure that the interests of the Executive Directors align with that of shareholders.

The RC also reviews the Executive Directors' Service Agreement and Senior Management Employment Contracts annually. The RC has access to expert advice in the field of executive compensation outside the Group where required.

Level and Mix of Remuneration

Principle 8: *The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the Group successfully but companies should avoid paying more for this purpose. A proportion of the remuneration, especially that of executive directors, should be linked to performance.*

The Group offers a competitive remuneration and benefits package to all employees, linked to individual performance of the employee and performance of the Group.

The non-executive independent Directors are paid Directors' Fees based on their efforts and responsibilities on the Board and Board Committees. Directors' Fees are subject to shareholders' approval at the AGM.

CORPORATE GOVERNANCE

DISCLOSURE ON REMUNERATION

Principle 9: Each Group should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration, in the Group's annual report.

The following table sets out Directors' Remuneration for the financial year ended 31 December 2009:

Name of Directors	Fees %	Salary %	Total %
Below SGD250,000 per annum			
Wang Tingbao	–	100	100
David Yip Wai Sun	100	–	100
Ho Wah Onn	100	–	100
Sitoh Yih Pin	100	–	100
Fu Qiang	100	–	100

Executive Directors' Service Agreements are for an initial period of 3 years, commencing 1 February 2001 and, are renewable for successive periods of one year each, unless terminated by not less than 3 months' notice in writing by either party.

Gross remuneration of the Group's key executives for the financial year ended 31 December 2009 is set out below:

Name of Executives	Salary %
Below SGD250,000 per annum	
Li Ai	100
Li Jian Ren	100
Chin Hon Siang	100

Ms Wang Yu, the Admin Manager of Globe Bright Limited is the niece of Mr Wang Tingbao, Director and substantial shareholder of the Company. Her aggregate remuneration (salary, bonus and benefits-in-kind) did not exceed SGD150,000 for FY2009.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board is accountable to the shareholders while the management is accountable to the Board.

In presenting the annual financial statements and quarterly and full-year announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis, explanation and assessment of the Group's financial position and prospects. Management also recognizes the importance of providing the Board with a continuous flow of relevant and accurate information on a timely basis in order that it may effectively discharge its duties.

Audit Committee

Principle 11: The Board should establish an AC with written terms of reference which clearly set out its authority and duties.

The AC comprises of all Non-Executive Directors and they are independent of Management. The members of the AC are as follows:

Ho Wah Onn (Chairman)
Sitoh Yih Pin
David Yip Wai Sun
Fu Qiang

The Board is of the opinion that the AC members are appropriately qualified and have the necessary business, accounting or related financial management expertise and experience to carry out their duties.

CORPORATE GOVERNANCE

The AC works under clear defined terms of reference adopted by the Board. The principal responsibilities of the AC are:

- Review with Management the Company's general policies, procedures and controls in relation to management accounting, financial reporting, risk management and ethics;
- Review significant financial reporting issues and judgments to ensure the integrity of the financial statements;
- Review any formal announcement relating to the Group's financial performance;
- Review the independence and objectivity of the external auditors, their audit plans and the related audit findings;
- Review the external auditors' management letter and management's responses;
- Review the assistance provided by Management to the external auditors;
- Review the nature and extent of non-audit services performed by the external auditors;
- Review the adequacy of the scope, functions and resources of the internal audit department and that it has the necessary authority to carry out its duties;
- Recommend the re-appointment of the external auditors; approve the compensation of the external auditors; and review of the scope and results of the audit and its cost-effectiveness;
- Review the internal audit program and the Group's internal accounting control system as well as the results of the internal audit program and where necessary to ensure that appropriate action is taken to implement the recommendations made;
- Review legal and regulatory matters that may have a material impact on the financial statements;
- Review the Group's transactions with related parties and interested persons and situations where a conflict of interest may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
- Review arrangements by which staff of the Group may in confidence, raise concerns about possible improprieties in financial reporting or, other matters.

The AC has explicit authority to investigate any matters within its terms of reference, full access to and cooperation by Management and full discretion to invite any Director or Executive Officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. The AC also generally undertakes such other functions and duties as may be required by statute or the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

The AC had met with the external auditors without the presence of Management and had established that the external auditors have had the full co-operation of Management in carrying out the audit for FY2009. In addition, the AC had reviewed the non-audit service performed by the external auditors, who confirmed that no non-audit services had been rendered to the Group in FY2009.

The AC had recommended the re-appointment of Ernst & Young as external auditors at the forthcoming AGM.

The Company has in place a "Whistle-Blowing" Programme whereby, employees of the Group may, in confidence, raise concerns about possible corporate and financial improprieties and other reporting matters to the Independent Directors.

Internal Controls/Internal Audit

Principle 12: *The Board should ensure that the management maintains a sound system of internal controls to safeguard the shareholders' investments and the Group's assets.*

Principal 13: *The Group should establish an internal audit function that is independent of the activities it audits.*

With the establishment of the in-house internal audit function, a risk management framework was implemented within the Group. The risk management process and system of internal controls are designed to manage, rather than eliminate, the risk of failure to achieve the Group's strategic objectives. The Board recognized that such systems could only provide reasonable but not absolute assurance against material misstatement or loss.

The internal control system stipulates a series of procedures and policies, which the Board believes, plays an important role in assisting the Board and Management with respect to risk management. In FY2009, the AC had reviewed the Internal Audit Plan prepared by the in-house internal audit department and is satisfied that the risk management processes and internal controls are adequate to meet the needs of the Group in its business environment.

CORPORATE GOVERNANCE

The Group's internal audit function is based at the Group's headquarters in Linyi, PRC. The in-house internal audit department is responsible for the review of the effectiveness of internal control system and procedures and reports to the AC. The AC met separately with the internal audit team in Linyi to review its audit findings. During the year, the in-house internal audit department adopted a risk-based auditing approach that focuses on material internal controls, including financial, operational and compliance controls as well as risk management procedures. The Internal Audit Reports in respect of FY2009 was submitted to the AC with relevant audit findings and recommendations. Any material non-compliance and weakness in internal controls and recommendation for improvements are reported to the AC. The AC also reviews the effectiveness of actions taken by Management on the recommendations made by the internal auditor.

The AC reviews the adequacy of the internal audit function annually. The AC also requested the external auditor to comment on the internal control weakness, if any & their respective recommendation. The AC is satisfied that the Group's internal audit function is adequately resourced and has appropriate standing within the Group.

(D) COMMUNICATION WITH SHAREHOLDERS

Communication with Shareholders/Greater Shareholder Participation

Principle 14: *Companies should engage in regular, effective and fair communication with shareholders.*

Principle 15: *Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the Group.*

The Group recognizes the importance of maintaining a constructive and effective communication channel with all shareholders, stakeholders, investors and the public in general. The Group does not practice selective disclosure. In line with continuous disclosure obligations of the SGX-ST's Listing Manual and the Bermuda Companies Act, the Board's policy is that all shareholders should be equally and timely informed of all major developments that impact the Group. Information is communicated to shareholders on a timely basis through:-

- Annual reports that are prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report contains all relevant information about the Group, including future developments and other disclosures required by the Bermuda Companies Act and International Financial Reporting Standards ("IFRS");
- Quarterly and full-year results announcements containing a summary of the financial information and affairs of the Group for the period are disseminated through SGXNET and news releases;
- Notice of and explanatory memorandums for annual general meetings and special general meetings;
- The Group's website at www.unitedfood.com.sg at which shareholders can access information on the Group. The website provides, inter alia, corporate announcements, press releases, annual reports, and profiles of the Group.

In addition, the Group has adopted the following key investor relation activities to update investors on its business and financial objectives and to solicit feedback from investors:

- Meeting with financial analysts and institutional fund managers;
- Having teleconferences with investors and research analysts.

The Board embraces openness and transparency in the conduct of the Group's affairs, whilst preserving public interest in the Group. In FY2009, the Group conducted one-to-one meetings with existing and potential local investors / analysts and teleconference meetings with foreign investors / analysts.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The AGM is the principal forum for dialogue with shareholders. All shareholders of the Company will receive the Annual Report and Notice of AGM within the mandatory period. The Notice of AGM is also advertised in a local newspaper in Singapore.

The Chairmen of the AC, NC and RC are present to address questions at the AGM. It has always been the practice for the Chairman and Vice Chairman to provide reasonable time for shareholders to raise questions, make comments or suggestions at the AGM.

CORPORATE GOVERNANCE

(E) INTERESTED PERSON TRANSACTIONS

Other than transactions with Jiang Quan Hotel, there were no transactions with other Interested Persons for the financial year ended 31 December 2009. The transactions with Jiang Quan Hotel are disclosed in the audited financial statements.

(F) MATERIAL CONTRACTS

Since the end of the previous financial year, the Group did not enter into any material contracts involving the interest of the Chief Executive Officer, Directors or Controlling Shareholders and no such material contracts subsists at the end of the financial year.

(G) DEALINGS IN SECURITIES

The Group has adopted a Code of Best Practices for Securities Transactions (the “Securities Code”) which sets out the Group’s policy governing dealings in the securities of the Company and implications of insider trading. Directors and key employees of the Group, who have accessed to price-sensitive and confidential information are not permitted to deal in securities of the Company during the periods at least 2 weeks and one month before the announcement of the Group’s quarterly and full-year results respectively and ending on the date of the announcement of such results, or when they are in possession of unpublished price-sensitive information on the Group.

(H) RISK MANAGEMENT POLICIES AND PROCESSES

The Board regularly reviews the Group’s business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks as follows:

Fluctuation in Raw Material Prices

The prices of raw materials are not only affected by the market’s supply and demand but also the global economic condition that had a significant impact on the commodity market. Management had constantly monitored the prices of raw materials, especially the soybean and capitalized on the 100,000 tons storage tank (silo) and warehouses to maintain sufficient buffer stocks to act as natural hedge / “cushion” against mild price volatility.

Threat of Outbreak of Epidemics

The Group’s policy of not breeding all the piglets by itself is in fact a measure to mitigate the threat of outbreak of epidemics. In the event of outbreak, the Group has series of measures to ensure that the livestock are well protected. This would include the disinfecting of all the incoming motor vehicles which are required to drive through the chemical pathway and segregation of potential infected livestock from those healthy ones.

Environment Friendliness

Our production processes are fully in compliance with the local environmental protection and safety standards in the PRC. Our waste-water recycling treatment plant has been appraised by the Local Environmental Authority to be the model for other enterprises to promote a hygienic and healthy environment.

Fire & Other Calamity That Will Disrupt Production

To prevent fire or other calamity that may disrupt our production, we have implemented safety measures at all our production facilities and office buildings. We have established safety procedures and regular drills are conducted to ensure that employees familiarize themselves with the basic safety protocol. The Group has sufficient fire insurance coverage against possible losses in respect of damages to our property, inventory and plant & machinery.

CORPORATE GOVERNANCE

Change In Political, Economic And Legal Environment In The PRC

As the PRC economy is undergoing various developments, the Government will continue to refine its legal system and various economic policies to maintain and encourage foreign investment. We endeavor to adapt to the various changes and we will seek formal consultation with the relevant legislative authorities to ensure that the Group is in compliance with the relevant rules and regulations.

The Group's financial risk and management is discussed under the Notes to Financial Statements of the Annual Report.

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Financial Calendar

RESULT ANNOUNCEMENT:

First Quarter	30 April 2009
Second Quarter and Half-Yearly	5 August 2009
Third Quarter	4 November 2009
Fourth Quarter and Full Year	26 February 2010
Financial Year End	31 December 2009
Despatch of Annual Report to Shareholders	3 April 2010
Annual General Meeting	20 April 2010

REPORT OF THE DIRECTORS

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

Principal activities

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 12 to the financial statements. Pursuant to the Sales and Purchase Agreement dated 18 December 2009, the Company disposed of its entire interests in Linyi Jiangquan Meat Products Co., Ltd. and Linyi Shengquan Meat Products Co., Ltd. (the "Disposed Subsidiaries"). The Disposed Subsidiaries were engaged in production and sale of processed meat products, fresh, chilled and frozen pork products and biochemical products. As at 31 December 2009, no assets or liabilities of the Group were attributable to these discontinued operations.

Results and dividends

The Group's loss for the year ended 31 December 2009 and the state of affair of the Company and the Group at that date are set out in the financial statements on pages 32 to 65. The directors do not recommend the payment of a final dividend in respect of the year ended 31 December 2009 (2008: Nil).

Directors

The directors of the Company in office during the year and up to the date of this report were:

Executive director:

Wang Tingbao

Non-executive director:

David Yip Wai Sun (Chairman)

Independent non-executive directors:

Ho Wah Onn

Sitoh Yih Pin

Fu Qiang

In accordance with bye-law 86(1) of the Company's bye-laws, the directors of the Company, including the independent non-executive directors, are subject to retirement by rotation and re-election at the forthcoming annual general meeting.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of the year nor at any time during the year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

REPORT OF THE DIRECTORS

Directors' interests in shares and debentures

According to the register of directors' shareholdings, the following directors, who held office as at the end of the year, had interests in shares of the Company and related corporations as stated below:

	Direct interests	Deemed interests
Ordinary shares of the Company of HK\$0.25 each at 1 January 2009:		
David Yip Wai Sun	–	483,304,620
Wang Tingbao	50,000,000	483,304,844
	<u>50,000,000</u>	<u>483,304,844</u>
Ordinary shares of the Company of HK\$0.25 each at 31 December 2009:		
David Yip Wai Sun	–	483,304,620
Wang Tingbao	50,000,000	485,304,844
	<u>50,000,000</u>	<u>485,304,844</u>

There were no changes in any of the above mentioned interests between the end of the financial year and 21 January 2010.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Options

There are presently no option schemes on unissued shares of the Company.

Audit committee, nominating committee and remuneration committee

Details of the Company's audit committee, nominating committee and remuneration committee are set out in the Corporate Governance Report on pages 17 to 26 of this annual report.

Directors' interests in contracts

Except for the transactions disclosed in note 5 to the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest.

Auditors

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD OF DIRECTORS

David Yip Wai Sun
Chairman

Wang Tingbao
Director

8 March 2010

STATEMENT BY THE DIRECTORS

We, David Yip Wai Sun and Wang Tingbao, being two of the directors of United Food Holdings Limited (the "Company"), do hereby state that, in the opinion of the directors,

- (i) the accompanying consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of financial position of the Company, together with the notes thereto, as set out on pages 32 to 65, are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and of the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

ON BEHALF OF THE BOARD OF DIRECTORS

David Yip Wai Sun
Chairman

Wang Tingbao
Director

8 March 2010

INDEPENDENT AUDITORS' REPORT

To the shareholders of United Food Holdings Limited (Incorporated in Bermuda with limited liability)

We have audited the financial statements of United Food Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 65, which comprise the consolidated and company statements of financial position as at 31 December 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 auditors' 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 auditors consider internal control relevant to the entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and of the Group as at 31 December 2009, and of the Group's financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young
Certified Public Accountants

18th Floor, Two International Finance Centre
8 Finance Street, Central
Hong Kong

8 March 2010

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	Notes	Group	
		2009 RMB'000	2008 RMB'000 (Restated)
CONTINUING OPERATIONS			
REVENUE	6	1,983,167	2,520,190
Cost of sales		(2,021,073)	(2,823,152)
Gross loss		(37,906)	(302,962)
Other income and gains	6	2,226	1,529
Selling and distribution costs		(4,635)	(5,058)
Administrative expenses		(22,999)	(20,405)
Other expenses, net		(5,280)	(2,849)
LOSS BEFORE TAX FROM CONTINUING OPERATIONS	7	(68,594)	(329,745)
Income tax expense	8	-	-
LOSS FOR THE YEAR FROM CONTINUING OPERATIONS		(68,594)	(329,745)
DISCONTINUED OPERATIONS			
Loss for the year from discontinued operations	9	(11,867)	(168,693)
LOSS FOR THE YEAR		(80,461)	(498,438)
Attributable to:			
Owners of the Company	10	(80,461)	(498,438)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic and diluted:			
For loss for the year		(RMB0.07)	(RMB0.45)
For loss from continuing operations		(RMB0.06)	(RMB0.30)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2009

	Notes	Group	
		2009 RMB'000	2008 RMB'000
LOSS FOR THE YEAR	6	<u>(80,461)</u>	<u>(498,438)</u>
OTHER COMPREHENSIVE EXPENSE		-	-
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(80,461)</u>	<u>(498,438)</u>
Attributable to:			
Owners of the Company	10	<u>(80,461)</u>	<u>(498,438)</u>

CONSOLIDATED AND COMPANY STATEMENTS OF FINANCIAL POSITION

31 December 2009

	Notes	Group		Company	
		2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
NON-CURRENT ASSETS					
Investments in subsidiaries	12	–	–	223,738	223,738
Property, plant and equipment	13	629,280	268,140	–	–
Land use rights	14	107,677	155,207	–	–
Prepayment for construction in progress	15	71,807	–	–	–
Total non-current assets		808,764	423,347	223,738	223,738
CURRENT ASSETS					
Inventories	16	475,836	612,905	–	–
Biological assets	17	34,802	28,121	–	–
Trade receivables	18	156,327	435,164	–	–
Amounts due from subsidiaries	12	–	–	570,956	578,634
Prepayments, deposits and other receivables	19	55,972	45,137	–	–
Restricted bank deposits	20	163,297	165,483	–	–
Cash and bank balances	20	61,714	129,308	–	–
Total current assets		947,948	1,416,118	570,956	578,634
CURRENT LIABILITIES					
Trade payables	21	11,225	10,007	–	–
Other payables, deposits received and accruals	22	40,651	44,161	2,147	2,542
Total current liabilities		51,876	54,168	2,147	2,542
NET CURRENT ASSETS					
		896,072	1,361,950	568,809	576,092
Net assets		1,704,836	1,785,297	792,547	799,830
EQUITY					
Equity attributable to owners of the Company					
Issued capital	23	297,447	297,447	297,447	297,447
Reserves	24	1,407,389	1,487,850	495,100	502,383
Total equity		1,704,836	1,785,297	792,547	799,830

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2009

Group

	Attributable to owners of the Company					Total RMB'000
	Issued share capital RMB'000 (note 23)	Proposed final dividend RMB'000	Retained profits RMB'000	Statutory reserve RMB'000 (note 24(a))	Share premium account RMB'000 (note 24(b))	
At 1 January 2008	297,447	16,679	1,377,798	98,456	510,034	2,300,414
Final 2007 dividend declared	–	(16,679)	–	–	–	(16,679)
Loss for the year	–	–	(498,438)	–	–	(498,438)
At 31 December 2008	297,447	–	879,360*	98,456*	510,034*	1,785,297
At 31 December 2008 and 1 January 2009	297,447	–	879,360	98,456	510,034	1,785,297
Transfer to retained profits (note 24(a))	–	–	79,025	(79,025)	–	–
Loss for the year	–	–	(80,461)	–	–	(80,461)
At 31 December 2009	297,447	–	877,924*	19,431*	510,034*	1,704,836

* These reserve accounts comprise the consolidated reserves of RMB1,407,389,000 (2008: RMB1,487,850,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 31 December 2009

	Notes	2009 RMB'000	2008 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax			
From continuing operations		(68,594)	(329,745)
From discontinued operations		(11,867)	(168,693)
Adjustments for:			
Depreciation	7	52,046	47,979
Amortisation of land use rights	7	12,808	13,333
Impairment of land use rights	7	–	92,410
Release of impairment allowances for trade receivables	7	–	(1,003)
(Reversal of write-down)/write-down of inventories to net realisable value	7	(90,415)	90,415
(Release)/provision of inventory obsolescence	16	(20,943)	18,046
Bank interest income	6	(700)	(2,583)
Gain on disposal of subsidiaries	26	(4,509)	–
		(132,174)	(239,841)
Decrease/(increase) in inventories		248,427	(54,392)
Increase in biological assets		(6,681)	(2,229)
Decrease in trade receivables		278,837	31,482
(Increase)/decrease in prepayments, deposits and other receivables		(10,835)	213,032
Increase in trade payables		1,218	1,855
Decrease in other payables, deposits received and accruals		(3,510)	(776)
		375,282	(50,869)
Tax paid		–	(16,630)
Interest received	6	700	2,583
Net cash flows from/(used in) operating activities		375,982	(64,916)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(434,842)	(2,907)
Increase in prepayment for construction in progress	15	(71,807)	–
Proceeds from disposal of items of property, plant and equipment	13	–	14,891
Proceeds from disposal of subsidiaries	26	60,887	–
Decrease/(increase) in restricted bank deposits	20	2,186	(55,611)
Net cash flows used in investing activities		(443,576)	(43,627)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividend paid		–	(16,679)
Net cash flows used in financing activity		–	(16,679)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(67,594)	(125,222)
Cash and bank balances at beginning of year		129,308	254,530
CASH AND BANK BALANCES AT END OF YEAR	20	61,714	129,308

NOTES TO FINANCIAL STATEMENTS

31 December 2009

1. CORPORATE INFORMATION

United Food Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 12 to the financial statements.

During the year, the Group disposed of and discontinued its operations of manufacture and sale of processed meat products, fresh, chilled and frozen pork products and biochemical products. Further details regarding the discontinued operations are set out in note 9 to the financial statements.

2.1 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The following new interpreted and amended International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations), which are applicable to the Group, are effective for the first time for the current year’s financial statements. Except for in certain cases, giving rise to new interpreted and amended accounting policies and additional disclosures, the adoption of these new interpretations and amendments has had no significant effect on these financial statements.

● IFRS 1 and IAS 27 Amendments	Amendments to IFRS 1 <i>First-time Adoption of IFRSs</i> and IAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
● IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
● IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosure – Improving Disclosures about Financial Instruments</i>
● IFRS 8	<i>Operating Segments</i>
● IAS 1 (Revised)	<i>Presentation of Financial Statements</i>
● IAS 23 (Revised)	<i>Borrowing Costs</i>
● IAS 32 and IAS 1 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation</i> and IAS 1 <i>Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
● IFRIC 9 and IAS 39	Amendments to IFRIC 9 <i>Reassessment of Embedded Derivatives</i> and IAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
● IFRIC 13	<i>Customer Loyalty Programs</i>
● IFRIC 15	<i>Agreements for the Construction of Real Estate</i>
● IFRIC 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
● IFRIC 18	<i>Transfers of Assets from Customers (adopted from 1 July 2009)</i>
● Improvements to IFRSs (October 2008)	Amendments to a number of IFRSs

The principal effects of adopting these new and revised IFRSs are as follows:

Amendments to IFRS 1 *First-time Adoption of IFRSs* and IAS 27 *Consolidated and Separate Financial Statements – Cost of an investment in a Subsidiary, Jointly Controlled or Associate*

The IAS 27 Amendment requires all dividends from subsidiaries, associates or jointly-controlled entities to be recognised in the income statement in the parent’s separate financial statements. The distinction between pre and post acquisition profits is no longer required. However, the payment of such dividends requires the Company to consider whether there is an indicator of impairment. The amendment is applied prospectively. IAS 27 has also been amended to deal with the measurement of the cost of investments where a parent reorganises the structure of its group by establishing a new entity as its parent. The IFRS 1 Amendment allows a first-time adopter of IFRSs to measure its investment in subsidiaries, associates or jointly-controlled entities using a deemed cost. As the Group is not a first-time adopter of IFRSs, the IFRS 1 Amendment is not applicable to the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.1 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRS 2 Share-based Payment – Vesting Conditions and Cancellations

The IFRS 2 Amendments clarify that vesting conditions are service conditions and performance conditions only. Any other conditions are non-vesting conditions. Where an award does not vest as a result of a failure to meet a non-vesting condition that is within the control of either the entity or the counterparty, this is accounted for as a cancellation. As the Group currently has no such transactions, the amendments have had no impact on the financial position or results of operations of the Group.

Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The Group does not have any financial instruments measured at fair value, and therefore the disclosures of fair value measurement are not present. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 29 to the financial statements.

IFRS 8 Operating Segments

IFRS 8, which replaces IAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with IFRS 8 are the same as the business segments previously identified under IAS 14. These revised disclosures, including the related revised comparative information, are shown in note 4 to the financial statements.

IAS 1 (Revised) Presentation of Financial Statements

IAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

IAS 23 (Revised) Borrowing Costs

IAS 23 has been revised to require capitalisation of borrowing costs when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. As the Group's current policy for borrowing costs aligns with the requirements of the revised standard, the revised standard is unlikely to have any financial impact on the Group.

Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

The IAS 32 Amendments provide a limited scope exception for puttable financial instruments and instruments that impose specified obligations arising on liquidation to be classified as equity if they fulfil a number of specified features. The IAS 1 Amendments require disclosure of certain information relating to these puttable financial instruments and obligations classified as equity. As the Group currently has no such financial instruments or obligations, the amendments have had no impact on the financial position or the performance of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.1 IMPACT OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Amendments to IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments: Recognition and Measurement – Embedded Derivatives

The amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. This assessment is to be made based on circumstances that existed on a later of the date the entity first became a party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 has been revised to state that if an embedded derivative cannot be separately measured, the entire hybrid instrument must remain classified as fair value through profit or loss in its entirety. The adoption of the amendments has had no impact on the financial position or results of operations of the Group.

IFRIC 13 Customer Loyalty Programmes

IFRIC 13 requires that loyalty award credits granted to customers as part of a sales transaction are accounted for as a separate component of the sales transaction. The consideration received in the sales transaction is allocated between the loyalty awards credits and the other components of the sale. The amount allocated to the loyalty award credits is determined by reference to their fair value and is deferred until the awards are redeemed or the liability is otherwise extinguished. As the Group has no such transactions, the interpretation has had no impact on the financial position or the performance of the Group.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 clarifies when and how an agreement for the construction of real estate should be accounted for as a construction contract in accordance with IAS 11 *Construction Contracts* or an agreement for the sale of goods or services in accordance with IAS 18 *Revenue*. As the Group is not involved in any construction of real estate, the interpretation has had no impact on the financial position or results of operations of the Group.

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

IFRIC 16 provides guidance on the accounting for a hedge of a net investment in a foreign operation. This includes clarification that (i) hedge accounting may be applied only to the foreign exchange differences arising between the functional currencies of the foreign operation and the parent entity; (ii) a hedging instrument may be held by any entities within a group; and (iii) on disposal of a foreign operation, the cumulative gain or loss relating to both the net investment and the hedging instrument that was determined to be an effective hedge should be reclassified to the income statement as a reclassification adjustment. As the Group currently has no transactions, the interpretation has had no impact on the financial position or the performance of the Group.

IFRIC 18 Transfers of Assets from Customers (adopted from 1 July 2009)

IFRIC 18 provides guidance on accounting by recipients that receive from customers items of property, plant and equipment or cash for the acquisition or construction of such items, provided that these assets must then be used to connect customers to networks or to provide ongoing access to a supply of goods or services, or both. As the Group currently has no such transactions, the interpretation has had no impact on the financial position or the performance of the Group.

In May 2008, the IASB issued its *first Improvement to IFRSs* which sets out amendments to a number of IFRSs. Except for the amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in subsidiaries* which are effective for annual periods beginning on or after 1 July 2009, the Group adopted all the amendments from 1 January 2009. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact to the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

2.2 IMPACT OF ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective in these financial statements.

● IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards¹</i>
● IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters²</i>
● IFRS 2 Amendments	Amendments to IFRS 2 <i>Share-based Payment – Group Cash-settled Share Payment Arrangements²</i>
● IFRS 3 (Revised)	<i>Business Combinations¹</i>
● IFRS 9	<i>Financial Instruments⁶</i>
● IAS 24 (Revised)	<i>Related Party Disclosures⁵</i>
● IAS 27 (Revised)	<i>Combined and Separate Financial Statements¹</i>
● IAS 32 Amendment	Amendment to IAS 32 <i>Financial Instruments: Presentation – Classification of Rights Issues³</i>
● IAS 39 Amendment	Amendment to IAS 39 <i>Financial Instruments: Recognition and Measurement – Eligible Hedged Items¹</i>
● IFRIC 14	Amendments to IFRIC 14 <i>Prepayments of a Minimum Funding Requirement⁵</i>
● IFRIC 17	<i>Distribution of Non-cash Assets to Owners¹</i>
● IFRIC 19	<i>Extinguishing Financial Liabilities with Equity Instruments⁴</i>
● Amendments to IFRS 5 included in Improvements to IFRSs issued in May 2008	Amendments to IFRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary¹</i>

Apart from the above, the IASB has issued *Improvements to IFRSs 2009* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 38 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

- 1 Effective for annual periods beginning on or after 1 July 2009
- 2 Effective for annual periods beginning on or after 1 January 2010
- 3 Effective for annual periods beginning on or after 1 February 2010
- 4 Effective for annual periods beginning on or after 1 July 2010
- 5 Effective for annual periods beginning on or after 1 January 2011
- 6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, it has concluded that while the adoption of IFRS 3 (Revised), IAS 27 (Revised) may result in changes in accounting policies, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with IFRSs. They have been prepared under the historical cost convention, except for the biological assets which are stated at fair value as explained below. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2009. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continues to be consolidated until the date that such control ceases. All income, expenses and intercompany unrealised gains and losses resulting from intercompany transactions and balances are eliminated on consolidation in full.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's investments in subsidiaries are stated at cost less any impairment losses. The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable.

Discontinued operations

In the consolidated income statement of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from income and expenses from continuing activities, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after tax) is reported separately in the income statement.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over the following estimated useful lives:

Buildings	10 years or over the lease terms, whichever is shorter
Leasehold improvements	10 years or over the lease terms, whichever is shorter
Plant and machinery	5 to 10 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a soybean processing plant under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost mainly comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, biological assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Amortisation is calculated on the straight-line basis to write off the cost of the land use rights over the lease terms ranging from 30 to 50 years.

Financial assets

Financial assets within the scope of IAS 39 are classified as loans and receivables. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

The Group's financial assets include cash and bank balances, restricted bank deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, is as follows:

Loans and receivables

After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Impairment of financial assets (continued)*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss increases or the decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the income statement.

Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowances for obsolete or slow-moving items. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of manufacturing overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Biological assets

Biological assets represent pure-bred and cross-bred live pigs which are measured principally at fair value on initial recognition and at the end of each reporting period less estimated costs to sell, except where the fair value cannot be measured reliably, in which case they are stated at cost. The fair values of the pure-bred and cross-bred live pigs are determined based on the most recent market transaction prices. Change in fair value less estimated costs to sell of a biological asset is included in the income statement for the period in which it arises.

Provisions

A provision is recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold; and
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases are charged to the income statement on the straight-line basis over the lease terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Dividend

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

Retirement benefits

Pursuant to the relevant regulations of the government of the People's Republic of China (the "PRC"), the subsidiaries in Mainland China have each participated in a local municipal government retirement benefit scheme (the "Scheme"), pursuant to which the subsidiaries in Mainland China are required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefit. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group's subsidiaries in Mainland China. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the income statement as incurred. There are no provisions under the Scheme whereby forfeited contributions may be used to reduce future contributions.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Foreign currencies

These financial statements are presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain companies comprising the Group are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

For the purpose of the consolidated statement of cash flows, the cash flows of certain subsidiaries comprising the Group are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of certain companies comprising the Group which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

Research and development costs

All research costs are charged to the income statement as incurred.

NOTES TO FINANCIAL STATEMENTS

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3.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)Related parties

A party is considered to be related to the Group if:

- (a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Company that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group;
- (e) the party is a close member of the family of any individual referred to in (a) or (b); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are defined as cash on hand and at banks, demand deposits and short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less any bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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:

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset.

The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each reporting period based on changes in circumstances. Further details are included in the above paragraph in respect of property, plant and equipment and depreciation.

NOTES TO FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to the nature of their operations and the products they provide. Each of the Group's operating segments represents a strategic business unit that offers products which are subject to risks and returns that are different from those of the other operating segments. Summary of the details of operating segments is as follows:

- (a) The soybean processing segment manufactures and sells soybean meals and soybean oil in Mainland China.
- (b) The feed production segment manufactures and distributes animal feed, such as pig feed and chicken feed in Mainland China.
- (c) The pig rearing segment comprises the rearing of pure-bred and cross-bred live pigs in the Group's pig farms for sale in Mainland China.

No operating segments have been aggregated to form the above reportable operating segments.

As stated in note 26 to the financial statements, as a result of the disposal of certain subsidiaries during the year, the Group wound up the businesses of manufacture and sale of, processed meat products and fresh, chilled and frozen pork products and biochemical products.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices or at costs as appropriate.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax from continuing operations. The adjusted profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that interest income and unallocated corporate expenses are excluded from such measurement.

Segment assets and liabilities exclude other unallocated head office and corporate assets/liabilities as they are managed on a group basis.

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in Mainland China, the Group's consolidated assets are substantially located in Mainland China, no geographical information is presented.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

4. SEGMENT INFORMATION (continued)

The following tables present revenue, loss or profit and certain asset, liability and expenditure information for the Group for the years ended 31 December 2009 and 2008:

	CONTINUING OPERATIONS						DISCONTINUED OPERATIONS						Consolidated 2009 RMB'000	2008 RMB'000			
	Soybean processing		Feed production		Pig rearing		Processed meat products		Fresh, chilled and frozen pork products		Biochemical products				Eliminations	2009 RMB'000	2008 RMB'000
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000					
Segment revenue:	1,762,100	2,194,397	159,155	253,654	61,912	72,139	-	143,344	-	124,899	-	22,412	-	-	1,983,167	2,810,845	
Net sales to external customers	44,290	60,888	40,937	52,391	-	15,927	-	-	-	9,750	-	-	(85,227)	(138,956)	-	-	
Intersegment sales	57	-	103	41	1,383	137	351	233	75	156	-	-	-	-	1,969	567	
Other revenue	1,806,447	2,255,285	200,195	306,086	63,295	88,203	351	143,577	75	134,805	-	22,412	(85,227)	(138,956)	1,985,136	2,811,412	
Total revenue	(49,601)	(325,030)	(5,379)	(1,355)	(4,444)	1,985	(8,124)	(85,332)	(5,215)	(66,090)	(3,054)	(18,503)	(352)	1,957	(76,169)	(492,368)	
Segment (loss)/profit																	
Unallocated corporate expenses															(9,501)	(8,653)	
Bank interest income															700	2,583	
Gain on disposal of subsidiaries															4,509	-	
Loss before tax															(80,461)	(498,438)	
Income tax expense															-	-	
Loss for the year															(80,461)	(498,438)	

NOTES TO FINANCIAL STATEMENTS

31 December 2009

4. SEGMENT INFORMATION (continued)

	CONTINUING OPERATIONS				DISCONTINUED OPERATIONS										
	Soybean processing		Feed production		Pig rearing		Processed meat products		Fresh, chilled and frozen pork products		Biochemical products		Consolidated		
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Segment assets	1,587,995	1,579,312	64,930	49,424	66,999	51,375	-	62,274	-	35,095	-	17,493	1,719,924	1,794,973	
Unallocated corporate assets													36,788	44,492	
Total assets													1,756,712	1,839,465	
Segment liabilities	31,565	19,112	10,820	12,339	7,315	5,674	-	350	-	88	-	-	49,700	37,563	
Unallocated corporate liabilities													2,176	16,605	
Total liabilities													51,876	54,168	
Other segment information:															
Capital expenditure	454,229	-	26,807	-	25,613	2,631	-	276	-	-	-	-	506,649	2,907	
Depreciation	33,673	27,541	3,600	3,130	7,778	7,008	2,989	3,877	1,730	3,691	2,276	2,732	52,046	47,979	
Amortisation	5,597	4,839	1,666	1,666	2,780	2,780	910	1,821	1,295	1,555	560	672	12,808	13,333	
Impairment loss recognised in the income statement	-	-	-	-	-	-	-	49,860	-	42,550	-	-	-	-	92,410
Release of impairment allowances for trade receivables	-	-	-	(1,003)	-	-	-	-	-	-	-	-	-	(1,003)	
Reversal/(provision) of impairment allowances for inventory obsolescence	-	-	-	-	-	-	(6,788)	5,359	-	-	(14,155)	12,687	(20,943)	18,046	

Information about major customer

None of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the year (2008: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2009

5. INTERESTED PERSON TRANSACTIONS/RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these financial statements, the Group also had the following related party transactions during the year:

	Notes	Group	
		2009 RMB'000	2008 RMB'000
Catering and accommodation expenses paid to a related company	(i)	470	673
Sale of finished goods to a related company	(ii)	–	691
Compensation of key management personnel: Short term employee benefits	(iii)	2,891	2,874

Notes:

- (i) The directors consider that the catering and accommodation expenses paid to Jiang Quan Hotel, a related company owned by a nephew of Mr. Wang Tingbao, a shareholder and director of the Company, were incurred in the ordinary course of business of the Group.
- (ii) The directors consider that the sale of finished goods to Jiang Quan Hotel was made according to the prices and conditions similar to those offered to other customers of the Group.
- (iii) Further details of directors' remuneration are included in note 25 to the financial statements.

Chinese Glory Investment Limited held a 43.46% interest in the Company as at 31 December 2009 and is owned by the directors of the Company as to 70% by Mr. David Yip Wai Sun, 20% by Mr. Wang Tingbao and 10% by Mr. Wang Wenguang. Except for the foregoing, the Group had no other principal related party relations through controlling or having significant influence over the financial and operating policies of any entity as at the end of the reporting period.

Except for the foregoing, in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), the Group and the Company confirm that there was no other interested person transaction during the year (2008: Nil).

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and after eliminations of all intra-group transactions in full. The Group's revenue principally derived from its operations in Mainland China.

An analysis of revenue, other income and gains is as follows:

	Group	
	2009 RMB'000	2008 RMB'000 (Restated)
<u>Revenue</u>		
Sale of goods attributable to continuing operations	1,983,167	2,520,190
Sale of goods attributable to discontinued operations (note 9)	–	290,655
	<u>1,983,167</u>	<u>2,810,845</u>

NOTES TO FINANCIAL STATEMENTS

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6. REVENUE, OTHER INCOME AND GAINS (continued)

	Group	
	2009 RMB'000	2008 RMB'000 (Restated)
Other income and gains		
Bank interest income	683	1,351
Sales of scraps and raw materials	198	178
Government grants	690	–
Others	655	–
	2,226	1,529
Attributable to continuing operations reported in the consolidated income statement		
Other income and gains attributable to discontinued operations:		
Gain on disposal of subsidiaries (note 26)	4,509	–
Bank interest income (note 9)	17	1,232
Sales of scraps and raw materials (note 9)	426	389
	7,178	3,150

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):#

	Notes	Group	
		2009 RMB'000	2008 RMB'000
Cost of inventories sold		2,132,431	3,051,660
Directors' remuneration:			
Fees		593	593
Salaries		1,242	1,225
		1,835	1,818
Depreciation	13	52,046	47,979
Amortisation of land use rights	14	12,808	13,333
Impairment of land use rights*	14	–	92,410
Decrease in fair value less estimated costs for sale of biological assets held as at the end of the reporting period*		3,405	1,354
Minimum lease payments under operating leases on buildings		644	3,061
(Reversal of write-down)/write-down of inventories to net realisable value**		(90,415)	90,415
(Release)/provision of inventory obsolescence**	16	(20,943)	18,046
Staff costs (excluding directors' remuneration)		24,177	43,447
Less: Retirement scheme contributions		(3,085)	(5,993)
Amount included in research and development costs		(677)	(826)
		20,415	36,628
Research and development costs		1,838	2,475
Release of impairment allowances of trade receivables		–	(1,003)
Gain on disposal of subsidiaries	26	(4,509)	–
		20,415	36,628

* These items are included in "Other expenses, net" on the face of the consolidated income statement.

** These items are included in Cost of sales on the face of the consolidated income statement.

The disclosures presented in this note include those amounts charged/credited in respect of the discontinued operations.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

8. TAX

Tax has not been provided by the Group either for the continuing operations or the discontinued operations as the group did not derive any assessable profits during the year (2008: Nil).

Linyi Shengquan Grease Co., Ltd. ("SQ Grease") is entitled to a preferential tax policy that it was exempted from PRC corporate income tax in Mainland China for the first two profitable years of its operations and was eligible for a 50% relief from the PRC corporate income tax for the following three years. SQ Grease began its first profitable year in the year 2005, pursuant to 《国务院关于实施企业所得税过渡优惠政策的通知》, therefore, it was subject to a corporate income tax rate of 12.5% for the current year (2008: 12.5%).

Tax has not been provided by the Company as it did not derive any assessable profits during the year (2008: Nil).

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2009 RMB'000	2008 RMB'000
Loss before tax (including loss from the discontinued operations)	(80,461)	(498,438)
Tax at the applicable tax rate	(20,115)	(124,610)
Lower tax rate enacted by local authority	6,305	40,517
Income not subject to tax	(1,127)	(110)
Non-deductible expenses	2,288	42,565
Tax losses not recognised	12,649	41,638
Total tax charge for the year	-	-

The Group has tax losses arising in Mainland China of RMB48,765,000 (2008: RMB283,149,000) that are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profits streams.

9. DISCONTINUED OPERATIONS

Pursuant to the Sales and Purchase Agreement dated 18 December 2009, the Company disposed of its entire interests in Linyi Jiangquan Meat Products Co., Ltd. and Linyi Shengquan Meat Products Co., Ltd. (the "Disposed Subsidiaries"). The Disposed Subsidiaries were engaged in production and sale of processed meat products, fresh, chilled and frozen pork products and biochemical products. As at 31 December 2009, no assets or liabilities of the Group were attributable to these discontinued operations.

The results of the Disposed Subsidiaries for the year are presented below:

	2009 RMB'000	2008 RMB'000
Revenue, other income and gains (note 6)	443	292,276
Expenses	(16,819)	(460,969)
Loss of the discontinued operations	(16,376)	(168,693)
Gain on disposal of the Disposed Subsidiaries (note 26)	4,509	-
Loss before tax from the discontinued operations	(11,867)	(168,693)
Tax (note 8)	-	-
Loss for the year from the discontinued operations	(11,867)	(168,693)
Attributable to owners of the Company	(11,867)	(168,693)

NOTES TO FINANCIAL STATEMENTS

31 December 2009

9. DISCONTINUED OPERATIONS (continued)

The net cash flows incurred by the Disposed Subsidiaries are as follows:

	2009 RMB'000	2008 RMB'000
Operating activities	(2,115)	(251,643)
Investing activities	–	14,616
Financing activities	–	–
Net cash outflow	<u>(2,115)</u>	<u>(237,027)</u>
Loss per share:		
Basic and diluted from the discontinued operations	<u>(RMB0.01)</u>	<u>(RMB0.15)</u>

The calculation of basic and diluted loss per share amount from the discontinued operations is based on the loss attributable to equity holders of the Company from the discontinued operations of RMB11,867,000 (2008: loss of RMB168,693,000) and 1,111,953,740 ordinary shares (2008: 1,111,953,740 ordinary shares) in issue during the year.

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2009 includes a loss of RMB7,283,000 (2008: a loss of RMB8,043,000) which has been dealt with in the financial statements of the Company (note 24(b)).

11. LOSS PER SHARE

The calculation of basic and diluted loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of RMB80,461,000 (2008: a loss of RMB498,438,000) and 1,111,953,740 ordinary shares (2008: 1,111,953,740 ordinary shares) in issue during the year.

The calculation of basic and diluted loss per share is as follows:

	2009 RMB'000	2008 RMB'000 (Restated)
Loss attributable to equity holders of the Company		
From continuing operations	(68,594)	(329,745)
From discontinued operations	<u>(11,867)</u>	<u>(168,693)</u>
	<u>(80,461)</u>	<u>(498,438)</u>
	Number of ordinary shares	Number of ordinary shares
	2009	2008
Shares		
Number of ordinary shares in issue during the year used in the basic and diluted loss per share calculation	<u>1,111,953,740</u>	<u>1,111,953,740</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

NOTES TO FINANCIAL STATEMENTS

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12. INTERESTS IN SUBSIDIARIES

	Company	
	2009 RMB'000	2008 RMB'000
Unlisted shares, at cost	223,738	223,738

Interests due from subsidiaries included in the Company's current assets of RMB570,956,000 (2008: RMB578,634,000) were unsecured, interest-free and repayable on demand. The carrying amounts of these amounts due from subsidiaries approximated to their fair values.

Particulars of the subsidiaries are set out below:

Name	Place of incorporation/ establishment/ and operations	Nominal value of paid-up shares /registered capital		Percentage of equity interest attributable to the Company (%)		Principal activities
		2009	2008	2009	2008	
<u>Directly held by the Company</u>						
Post-Ante Trading Limited ("Post-Ante") #	British Virgin Islands	US\$200	US\$200	100	100	Investment holdings
<u>Indirectly held by the Company</u>						
Globe Bright Limited ("GBL") #	Hong Kong	HK\$100	HK\$100	100	100	Provision of administrative services
Linyi Jiangquan Meat Products Co., Ltd. * ("Jiangquan")	PRC/ Mainland China	Nil	US\$4,000,000	Nil	100	Production and sale of processed meat products, pig rearing and animal feed production
Linyi Shengquan Meat Products Co., Ltd. * ("Shengquan")	PRC/ Mainland China	Nil	US\$40,000,000	Nil	100	Production and sale of processed meat products, fresh, chilled and frozen pork products and biochemical product and animal feed production
Linyi Shengquan Grease Co., Ltd. # ("SQ Grease")	PRC/ Mainland China	US\$59,900,000	US\$10,000,000	100	100	Production and sale of soybean meals and soybean oil, animal feed production, and pig rearing

NOTES TO FINANCIAL STATEMENTS

31 December 2009

12. INTERESTS IN SUBSIDIARIES (continued)

* The Group disposed of Jiangquan and Shengquan during the year (note 26), therefore, as stated in note 4 to the financial statements, certain businesses, including production and sale of processed meat products, fresh, chilled and frozen pork products and biochemical products, were abandoned. The remaining businesses of pig rearing and animal feed production were consolidated into SQ Grease.

The statutory financial statements of SQ Grease, which was established and operates in Mainland China, were prepared in accordance with generally accepted accounting principles in the PRC and were audited by Shandong Tongtai Accounting Office Limited for tax filing purposes. For the purpose of these financial statements, Ernst & Young, Certified Public Accountants, Hong Kong, have undertaken an independent audit of the financial statements of all subsidiaries of the Company including Post-Ante, GBL and SQ Grease prepared in accordance with IFRSs.

During the year, the registered capital amount of SQ Grease increased from US\$10,000,000 to US\$59,000,000. The additional registered capital amount has been fully paid up and verified by Xin LianYi Certified Public Accountants.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Construction in progress RMB'000	Leasehold buildings RMB'000	Leasehold improve- ments RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Costs:							
At 1 January 2009	–	349,913	45,918	408,558	3,029	43,025	850,443
Additions	333,521	84,637	–	16,498	–	186	434,842
Disposal of subsidiaries (note 26)	–	(129,328)	(26,105)	(151,889)	(2,537)	(38,190)	(348,049)
At 31 December 2009	333,521	305,222	19,813	273,167	492	5,021	937,236
Accumulated depreciation and impairment at 1 January 2009	–	(215,319)	(36,492)	(285,799)	(3,029)	(41,664)	(582,303)
Depreciation provided during the year	–	(23,413)	(3,516)	(24,856)	–	(261)	(52,046)
Disposal of subsidiaries (note 26)	–	116,233	23,360	147,327	2,537	36,936	326,393
At 31 December 2009	–	(122,499)	(16,648)	(163,328)	(492)	(4,989)	(307,956)
At 31 December 2009:							
Cost	333,521	305,222	19,813	273,167	492	5,021	937,236
Accumulated depreciation and impairment	–	(122,499)	(16,648)	(163,328)	(492)	(4,989)	(307,956)
Net carrying amount	333,521	182,723	3,165	109,839	–	32	629,280
At 31 December 2008:							
Cost	–	349,913	45,918	408,558	3,029	43,025	850,443
Accumulated depreciation and impairment	–	(215,319)	(36,492)	(285,799)	(3,029)	(41,664)	(582,303)
Net carrying amount	–	134,594	9,426	122,759	–	1,361	268,140

NOTES TO FINANCIAL STATEMENTS

31 December 2009

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Construction in progress RMB'000	Leasehold buildings RMB'000	Leasehold improve- ments RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Costs:							
At 1 January 2008	–	382,597	45,918	443,513	3,129	43,025	918,182
Additions	–	2,632	–	275	–	–	2,907
Disposals	–	(35,316)	–	(35,230)	(100)	–	(70,646)
At 31 December 2008	–	349,913	45,918	408,558	3,029	43,025	850,443
Accumulated depreciation and impairment at 1 January 2008:							
	–	(208,762)	(32,495)	(304,635)	(3,129)	(41,058)	(590,079)
Depreciation and impairment provided during the year							
	–	(26,982)	(3,997)	(16,394)	–	(606)	(47,979)
Disposals							
	–	20,425	–	35,230	100	–	55,755
At 31 December 2008	–	(215,319)	(36,492)	(285,799)	(3,029)	(41,664)	(582,303)
At 31 December 2008:							
Cost	–	349,913	45,918	408,558	3,029	43,025	850,443
Accumulated depreciation and impairment	–	(215,319)	(36,492)	(285,799)	(3,029)	(41,664)	(582,303)
Net carrying amount	–	134,594	9,426	122,759	–	1,361	268,140
At 31 December 2007:							
Cost	–	382,597	45,918	443,513	3,129	43,025	918,182
Accumulated depreciation and impairment	–	(208,762)	(32,495)	(304,635)	(3,129)	(41,058)	(590,079)
Net carrying amount	–	173,835	13,423	138,878	–	1,967	328,103

As at 31 December 2009, certain property, plant and equipment with a gross carrying amount of RMB318,789,510 (2008: RMB387,844,000) were fully depreciated but still in use.

NOTES TO FINANCIAL STATEMENTS

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14. LAND USE RIGHTS

	Group	
	2009	2008
	RMB'000	RMB'000
Cost:		
At 1 January	302,230	302,230
Disposals	(86,230)	–
At 31 December	216,000	302,230
Accumulated amortisation and impairment:		
At 1 January	147,023	41,280
Amortisation provided during the year	12,808	13,333
Impairment provided during the year*	–	92,410
Disposals - amortisation	(8,925)	–
Disposals - impairment	(42,583)	–
At 31 December	108,323	147,023
Net book value at 31 December	107,677	155,207

* The Group carried out a review of the recoverable amount of its land use rights used in the Group's processed meat products, and fresh, chilled and frozen pork products segments in the year 2008. The review led to the recognition of an impairment loss of RMB92,410,000, that had been recognised in profit or loss in the year 2008. The recoverable amount of the relevant assets has been determined on the basis of fair value less costs to sell. An independent valuation was performed to determine the fair value which was based on recent transactions for similar assets within the same industry. There was no impairment provided during the year.

15. PREPAYMENT FOR CONSTRUCTION IN PROGRESS

The balance represented prepayment for machinery in relation to the construction of Phase II soybean processing plant.

16. INVENTORIES

	Group	
	2009	2008
	RMB'000	RMB'000
Raw materials	446,454	542,035
Finished goods	29,382	91,813
	475,836	633,848
Less: Allowance for inventory obsolescence	–	(20,943)
	475,836	612,905

NOTES TO FINANCIAL STATEMENTS

31 December 2009

17. BIOLOGICAL ASSETS

	Group	
	2009 RMB'000	2008 RMB'000
Biological assets:		
At fair value	26,874	20,383
At cost	7,928	7,738
	34,802	28,121

	Group	
	2009 Number	2008 Number
Physical quantities of biological assets held at end of year:		
Infant pigs	2,192	4,152
Progeny pigs	29,776	25,439
Breeder pigs	4,732	5,021
	36,700	34,612

The Group's pure-bred and cross-bred live pigs comprise infant, progeny and breeder pigs. The infant pigs are offspring of breeder pigs. The progeny pigs are raised for sale or for internal consumption. The breeder pigs are held to further reproduce progeny pigs. The following assumptions have been made in determining the fair values of the pure-bred and cross-bred live pigs:

- (i) Infant pigs are valued at cost as no active market exists for these pigs;
- (ii) Progeny pigs are valued at fair value less estimated costs to sell. The fair values were determined based on the most recent market transaction prices which approximated to those at year end; and
- (iii) Breeder pigs are valued at cost as no active market exists for these pigs.

A reconciliation of the carrying value of biological assets is as follows:

	Group	
	2009 RMB'000	2008 RMB'000
At 1 January	28,121	25,892
Increase due to materials used for feeding and overheads consumed	70,943	83,290
(Loss)/gain arising from change in fair values less estimated costs to sell attributable to physical and price changes	(2,350)	7,005
Decrease due to harvest	–	(15,927)
Decrease due to sales	(61,912)	(72,139)
At 31 December	34,802	28,121

Financial risk management strategies

The Group is exposed to financial risks arising from changes in pig prices and prices of animal feed. Currently, there are neither financial derivatives in Mainland China to hedge against the future changes of selling price of pigs and purchase price of animal feed, nor insurance policies against losses due to uncontrollable and extraordinary weather conditions and outbreaks of virulent diseases. The Group reviews its outlook for pig prices and prices of animal feed regularly in considering the need for active financial risk management. The Group does not anticipate that the pigs prices and prices of animal feed will fluctuate significantly in the foreseeable future,

The output of agricultural produce during the year was 56,655 (2008: 98,363) pigs.

NOTES TO FINANCIAL STATEMENTS

31 December 2009

18. TRADE RECEIVABLES

	Group	
	2009 RMB'000	2008 RMB'000
Trade receivables	156,327	435,164
Impairment	–	–
	156,327	435,164

The movement in provision for impairment of trade receivables in the year 2008 was as follows:

	Group	
	2009 RMB'000	2008 RMB'000
At 1 January	–	1,003
Impairment losses reversed	–	(1,003)
	–	–

18. TRADE RECEIVABLES (continued)

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to six months for certain major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are non-interest-bearing. None of the above assets is either past due or impaired. The financial assets included in the above balance relate to receivables for which there was no recent history of default.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group	
	2009 RMB'000	2008 RMB'000
Other receivables	13,324	44,391
Prepayments	42,540	553
Deposits	108	193
	55,972	45,137

None of the above assets is either past due or impaired. The financial assets included in the above balances related to receivables for which there was no recent history of default.

NOTES TO FINANCIAL STATEMENTS

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20. CASH AND BANK BALANCES AND DEPOSITS

	Group	
	2009 RMB'000	2008 RMB'000
Cash and bank balances	61,714	129,308
Restricted bank deposits	163,297	165,483
	225,011	294,791

The Group's restricted bank deposits were pledged as a security for the issuance of issuing letters of credit to its suppliers.

As at 31 December 2009, the Group had cash and bank balances denominated in RMB amounting to approximately RMB224,241,000 (2008: RMB294,350,000) deposited with banks in Mainland China. RMB is not freely convertible into foreign currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks that are authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

Trade payables are non-interest-bearing and normally settled on terms of 90 days or less.

22. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		Company	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Other payables	27,844	29,940	–	–
Deposits received	581	563	–	–
Accruals	12,226	13,658	2,147	2,542
	40,651	44,161	2,147	2,542

Other payables are non-interest-bearing and have an average term of one month.

23. SHARE CAPITAL

	Company	
	2009 RMB'000	2008 RMB'000
Authorised:		
2,000,000,000 ordinary shares of HK\$0.25 each, totaling HK\$500,000,000	535,000	535,000
Issued and fully paid:		
1,111,953,740 ordinary shares of HK\$0.25 each, totaling HK\$277,988,000	297,447	297,447

NOTES TO FINANCIAL STATEMENTS

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24. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 35 of the annual report.

In accordance with the relevant PRC regulations, SQ Grease, being a wholly-owned foreign investment enterprise established in Mainland China, is required to appropriate not less than 10% of its profit after tax to its statutory reserve, until the balance of the reserve reaches 50% of its the registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory reserve of SQ Grease may be used to offset against any of its accumulated losses.

There were no appropriations of profit after tax to the statutory reserve during the year since SQ Grease was loss-making during the year (2008: Nil).

Due to the disposal of Jiangquan and Shengquan (note 26), the accumulated statutory reserves of Jiangquan and Shengquan amounting to RMB79,025,000 were as a consequence transferred to the retained profits.

There was no statutory reserve that was approved to be utilised for offsetting accumulated losses during the year ended 31 December 2009 (2008: Nil).

(b) Company

	Proposed final dividend RMB'000	Accumulated losses RMB'000	Share premium account RMB'000	Total RMB'000
Balance at 1 January 2008	16,679	392	510,034	527,105
Final 2007 dividend declared	(16,679)	–	–	(16,679)
Loss for the year (note 10)	–	(8,043)	–	(8,043)
Balance at 31 December 2008	–	(7,651)*	510,034*	502,383
Balance at 31 December 2008 and 1 January 2009	–	(7,651)	510,034	502,383
Loss for the year (note 10)	–	(7,283)	–	(7,283)
Balance at 31 December 2009	–	(14,934)*	510,034*	495,100

* These reserve accounts comprise the Company's reserves of RMB495,100,000 (2008: RMB502,383,000) in the Company's statement of financial position.

The Company's share premium account with a balance of RMB510,034,000 (2008: RMB510,034,000) may be distributed in the form of fully paid bonus shares.

25. DIRECTORS' REMUNERATION

The number of directors of the Group whose remuneration falls within the following band is disclosed in compliance with Rule 1207(11) of Chapter 12 of the Listing Manual of the SGX-ST:

	Executive/ non-executive directors	Independent non-executive directors	Total
<u>2009</u>			
Below S\$250,000 (equivalent to approximately RMB1,442,000 (2008: RMB1,188,000))	2	3	5

NOTES TO FINANCIAL STATEMENTS

31 December 2009

26. DISPOSAL OF SUBSIDIARIES

	Note	2009 RMB'000
Net assets disposed of		
Property, plant and equipment		21,656
Land use rights		34,722
Cash and bank balances		–
		<hr/> 56,378
Gain on disposal of subsidiaries	6	4,509
		<hr/> 60,887
Satisfied by:		
Cash		<hr/> <hr/> 60,887

27. Operating Lease Arrangements

The Group leases certain of its buildings under operating lease arrangements. Leases for the buildings are negotiated for terms of one year.

As at 31 December 2009, the Group had total future minimum lease payments under non-cancellable operating leases for buildings falling due as follows:

	2009 RMB'000	2008 RMB'000
Within one year	289	700
After one year but within five years	–	233
	<hr/> 289	<hr/> 933

The Company did not have any operating lease arrangements as at 31 December 2009 (2008: Nil).

28. COMMITMENTS

In addition to the operating lease commitments detailed in note 27 above, the Group had the following commitments at the end of the reporting period:

	2009 RMB'000	2008 RMB'000
Contracted, but not provided for		
Plant and machinery	73,870	–
Unutilised letters of credit *	121,919	–
	<hr/> 195,789	<hr/> –

* Unutilised letters of credit represented the unutilised facilities of letters of credit issued by the local banks in connection with procurement of soybean materials (2008: Nil).

The Company did not have any significant commitments as at 31 December 2009 (2008: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2009

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group does not have written risk management policies and guidelines. However, the board of directors meets periodically to analyse and formulate measures to manage the Group's exposure to market risk, which arises principally from changes in interest rates and currency exchange rates. Generally, the Group employs a conservative strategy regarding its risk management. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

As at the end of the reporting period, the Group's principal financial assets and liabilities mainly consisted of cash and bank balances, restricted bank balances, trade receivables, other receivables, trade payables, and other payables. Cash and bank balances, restricted bank balances, trade receivables, and other receivables are classified under the category "Loans and receivables". Trade payables and other payables are classified under the category "Financial liabilities at amortised cost".

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Credit risk

The Group's bank balances are mainly maintained with state-owned banks in Mainland China.

The carrying amounts of trade and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to the Group's financial assets. No other financial assets carry a significant exposure to credit risk. The Group has no significant concentration of credit risk due to its large customer base.

The Group performs ongoing credit evaluation of its customers' financial conditions and requires no collateral from its customers. The impairment allowances for trade receivables are based upon a review of the expected collectibility of all trade receivables.

(ii) Liquidity risk

The Group monitors its risk to a shortage of funds by considering the maturity of both its financial instruments and financial assets, and projecting cash flows from operations on a periodic basis.

The maturity profile of the Group and the Company's financial liabilities as at the end of reporting period, based on the contractual undiscounted payments, was as follows:

Group	2009		
	On demand	Less than 3 months	Total
Trade payables	–	11,225	11,225
Other payables	–	27,844	27,844
	–	39,069	39,069

Group	2008		
	On demand	Less than 3 months	Total
Trade payables	–	10,007	10,007
Other payables	–	29,940	29,940
	–	39,947	39,947

NOTES TO FINANCIAL STATEMENTS

31 December 2009

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity risk (continued)

Company	2009		
	On demand	Less than 3 months	Total
Other payables	–	–	–
<hr/>			
Company	2008		
	On demand	Less than 3 months	Total
Other payables	–	–	–
<hr/>			

The fair values of the Group's financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2009 and 31 December 2008.

The Group carried out business in the PRC with its own capital and did not have any interest-bearing borrowings. The Group's capital structure mainly comprised payables to suppliers and other non-interest bearing payables. In the opinion of the directors, the presentation of the quantitative capital management analysis would provide no additional useful information to the users of the financial statements.

30. COMPARATIVE AMOUNTS

As further explained in note 2.1 to the financial statements, due to the adoption of the new and revised IFRSs during the year, certain comparative amounts have been adjusted to conform with the current year's presentation and to show separately comparative amounts in respect of items disclosed for the first time in 2009. In addition, the comparative consolidated income statement has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period (note 9).

31. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 8 March 2010.

STATISTICS OF SHAREHOLDINGS

As at 10 March 2010

Authorised Share Capital	:	HKD500,000,000
Issued and fully paid-up capital	:	HKD277,988,435
Class of shares	:	1,111,953,740 ordinary shares of HKD0.25 each
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 999	5	0.08	894	0.00
1,000 – 10,000	2,416	39.95	17,321,538	1.56
10,001 – 1,000,000	3,585	59.28	250,028,700	22.48
1,000,001 AND ABOVE	42	0.69	844,602,608	75.96
TOTAL	6,048	100.00	1,111,953,740	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	CHINESE GLORY INVESTMENTS LIMITED	483,304,620	43.46
2	CITIBANK NOMINEES SINGAPORE PTE LTD	81,911,388	7.37
3	DBS NOMINEES PTE LTD	50,171,000	4.51
4	WANG TINGBAO	50,000,000	4.50
5	PHILLIP SECURITIES PTE LTD	23,148,950	2.08
6	RAFFLES NOMINEES (PTE) LTD	22,935,000	2.06
7	UOB KAY HIAN PTE LTD	16,376,336	1.47
8	OCBC SECURITIES PRIVATE LTD	10,448,000	0.94
9	HSBC (SINGAPORE) NOMINEES PTE LTD	9,050,000	0.81
10	DBSN SERVICES PTE LTD	8,831,000	0.79
11	TAN AH CHYE	8,703,000	0.78
12	NG WONG WAI LAN	8,455,000	0.76
13	DBS VICKERS SECURITIES (S) PTE LTD	7,158,000	0.64
14	YIM CHEE CHONG	7,120,000	0.64
15	CHAN WAI MAN	6,500,000	0.58
16	KIM ENG SECURITIES PTE. LTD.	6,016,648	0.54
17	KIM LENG TEE INVESTMENTS PTE LTD	3,000,000	0.27
18	LIM AIK KHOON	2,681,000	0.24
19	NG KIAN HUA	2,630,000	0.24
20	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,599,000	0.23
	TOTAL	811,038,942	72.91

STATISTICS OF SHAREHOLDINGS

As at 10 March 2010

TREASURY SHARES – Rule 1207(9)(f)

The Company does not hold any Treasury Shares

SUBSTANTIAL SHAREHOLDERS AS AT 10 MARCH 2010

(As recorded in the Register of Substantial Shareholders)

Name	Direct Interest	%	Deemed Interest	%
Chinese Glory Investments Limited	483,304,620	43.46	–	–
Wang Tingbao *	50,000,000	4.50	485,304,844	43.64
David Yip Wai Sun **	–	–	483,304,620	43.46
Pope Asset Management LLC	Nil	Nil	66,991,388	6.02

Notes:

* Wang Tingbao's deemed interest in 485,304,844 shares comprises:-

- (i) 224 shares held under UOB Kay Hian Pte Ltd
- (ii) 483,304,620 shares held by Chinese Glory Investments Limited by virtue of his 20% interests in Chinese Glory Investments Limited
- (iii) 2,000,000 shares held under Phillip Securities (HK) Ltd

** David Yip Wai Sun is deemed to be interested in 483,304,620 shares held by Chinese Glory Investments Limited by virtue of his 70% interests in Chinese Glory Investments Limited.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

Approximately 52% of the Company's shares are in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **UNITED FOOD HOLDINGS LIMITED** ("the Company") will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Rooms 311 - 312, Level 3, 1 Raffles Boulevard, Suntec City, Singapore 039593 on Tuesday, 20 April 2010 at 9.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**
2. To re-elect the following directors retiring pursuant to Bye-law 86(1) of the Company's Bye-laws:

Wang Tingbao **(Resolution 2)**
Fu Qiang **(Resolution 3)**

Mr Fu Qiang will, upon re-election as a Director of the Company, remain as a member of the Audit Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.
3. To approve the payment of Directors' fees of S\$237,000 for the year ending 31 December 2010, to be paid quarterly in arrears (2009: S\$108,000). **(Resolution 4)**
4. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 5)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. The renewal of the General Issue Mandate

"THAT authority be and is hereby given to the Directors to:-
 - (a) (i) issue shares whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares;

at any time and upon such terms and conditions for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force,

provided that:-
 - (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of instruments made or granted pursuant to this Ordinary Resolution) does not exceed fifty per cent (50%) of the issued share capital of the Company (as calculated in accordance with subparagraph (2) below, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) does not exceed twenty per cent (20%) of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited (“the SGX-ST”)) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above:
- (i) the percentage of issued share capital shall be based on the issued share capital of the Company as at the date of the passing of this Ordinary Resolution, after adjusting for:
 - (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting as at the date of the passing of this Ordinary Resolution; and
 - (b) any subsequent consolidation or subdivision of shares;
 - (ii) in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;
- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the listing rules of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-laws for the time being of the Company; and
- (4) the authority conferred on the directors of the Company pursuant to this Ordinary Resolution may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Ordinary Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
 - (ii) the date on which share issues have been carried out to the full extent of the authority conferred in this Ordinary Resolution; or
 - (iii) the date on which the authority conferred in this Ordinary Resolution is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting.”
- (Resolution 6)**
- [See Explanatory Note(i)]

7. Renewal of the Share Purchase Mandate

“THAT:-

- (a) pursuant to Bye-law 3(2) of the Company and otherwise in accordance with all other laws, regulations and rules of The Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to make purchases or otherwise acquire issued ordinary shares fully paid in the capital of the Company, from time to time of up to ten per cent (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Ordinary Resolution during the period and on the terms set out in Annexure 1 of the Appendix accompanying the Notice of Annual General Meeting dated 3 April 2010 and this mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the date falling twelve months from the date of the grant of the mandate or the date that the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the Director of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interest of the Company to give effect to the transactions contemplated under and/or authorised by this Ordinary Resolution.”

[See Explanatory Note(ii)]

(Resolution 7)

By Order of the Board

Hazel Chia
Shirley Lim
Company Secretaries

Singapore, 3 April 2010

Explanatory Notes to Resolutions to be passed –

- (i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.
- (ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to make purchases of Shares from time to time (whether by way of market purchases or off -market purchases on an equal access scheme or both) of up to ten per cent (10%) of the issued shares in the capital of the Company at the price of up to but not exceeding the Maximum Price in accordance with the terms set out in Annexure 1 of the Appendix accompanying the Notice of Annual General Meeting dated 3 April 2010.

Notes:

1. A depositor holding Shares through The Central Depository (Pte) Limited (“Depositor”) who is an individual and who wishes to attend the Annual General Meeting in person need not take any further action and can attend and vote at the Annual General Meeting as The Central Depository (Pte) Limited’s proxy without the lodgement of any proxy form.
2. A Depositor who/which is (i) an individual but is unable to attend the Annual General Meeting personally and wishes to appoint a nominee as The Central Depository (Pte) Limited’s proxy to attend and vote; or (ii) a corporation, must complete, sign and return the Depositor Proxy Form and deposit the duly completed Depositor Proxy Form at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
3. If a member with Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to appoint a proxy to attend and vote at the Annual General Meeting in his stead, then he should complete and sign the relevant Member Proxy Form and deposit the duly completed Member Proxy Form at the office of Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
4. If a person who has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members is unable to attend the Annual General Meeting and wishes to be represented at the meeting, he should use the Depositor Proxy Form and the Member Proxy Form for, respectively, the Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members.
5. If the member or Depositor is a corporation, the proxy form must be executed under seal or the hand of its duly authorised officer or attorney.
6. All proxy forms must be deposited at Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the meeting.
7. A proxy need not be a member.

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CORPORATE INFORMATION

Board of Directors

David Yip Wai Sun
Non-Executive Chairman
Wang Tingbao
Executive Vice Chairman
Ho Wah Onn
Independent Director
Sitoh Yih Pin
Independent Director
Fu Qiang
Independent Director

Management Team

Wang Tingbao
Chief Executive Officer
Li Jianren
(Resigned on 31 August 2009)
Chief Operating Officer
Li Ai
(Appointed on 1 September 2009)
Chief Operating Officer
Chin Hon Siang
(Resigned on 1 March 2010)
Chief Financial Officer
Hung Chung Wah, George
(Appointed on 1 March 2010)
Chief Financial Officer

Nominating Committee

Sitoh Yih Pin, Chairman
Ho Wah Onn
David Yip Wai Sun

Remuneration Committee

Ho Wah Onn, Chairman
Sitoh Yih Pin
Wang Tingbao

Audit Committee

Ho Wah Onn, Chairman
David Yip Wai Sun
Sitoh Yih Pin
Fu Qiang

Company Secretaries

Hazel Chia Luang Chew, FCIS
Shirley Lim Keng San, FCIS

Assistant Company Secretary

Ira Stuart Outerbridge III

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Hamilton HM CX
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Tel : [86] (539) 7106 688
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111 Connaught Road, C
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Fax: [852] 2851 6788

Share Transfer Agent

Boardroom Corporate &
Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Share Registrar

The Bank of Bermuda Limited
Bank of Bermuda Building
6 Front Street, Hamilton HM 11
Bermuda
Tel: [1] (441) 295 4000

Auditors

Ernst & Young
Certified Public Accountants
18/F, Two International
Financial Centre
8 Finance Street,
Central Hong Kong
Tel : [852] 2846 9888
Fax: [852] 2868 4432

Audit Partner-in-charge

Wong Kam Man, Kevin
w.e.f financial year 31 December 2007



United Food Holdings Limited

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