INTERIM REPORT

FORTUNA 廣益

國際集團有限公司

Stock Code : 530 INTERNATIONAL HOLDINGS LIMITED

2008

CONTENTS

FORTUNA INTERNATIONAL HOLDINGS LIMITED (STOCK CODE: 530)

The board of directors (the "Board" or the "Directors") of Fortuna International Holdings Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008 (the "Period") together with comparative figures for the corresponding period in 2007 as set out below. These interim financial statements have not been audited nor reviewed by the Company's auditors, CCIF CPA Limited, but have been reviewed by the audit committee of the Company on 16 September 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June **2008** **(Unaudited)** ***HK$'000***	2007 (Unaudited) (Restated) *HK$'000*
CONTINUING OPERATIONS			
TURNOVER	*4*	**22,059**	10,208
Cost of sales		**(37,108)**	(2,962)
Gross (loss)/profit		**(15,049)**	7,246
Other revenue and gains	*5*	**3,701**	3,798
Selling and distribution expenses		**(2,935)**	(68)
Administrative expenses		**(22,506)**	(14,492)
Impairment loss in respect of property, plant and equipment		**(53,096)**	–
Other operating expenses		**(6)**	(238)
LOSS FROM OPERATING ACTIVITIES		**(89,891)**	(3,754)
Loss on disposal of subsidiaries		**–**	(2,037)
LOSS BEFORE TAX		**(89,891)**	(5,791)
Tax	*6*	**(596)**	(285)
LOSS FROM CONTINUING OPERATIONS		**(90,487)**	(6,076)
DISCONTINUED OPERATIONS			
Profit from discontinued operations	*7*	**4,405**	6,236
(LOSS)/PROFIT FOR THE PERIOD	*8*	**(86,082)**	160
ATTRIBUTABLE TO:			
Equity holders of the Company		**(86,082)**	367
Minority interest		**–**	(207)
		(86,082)	160
(LOSS)/EARNINGS PER SHARE	*9*		
Basic			
– Continuing operations		**(14.78) cents**	(2.88) cents
– Discontinued operations		**0.72 cents**	3.06 cents
		(14.06) cents	0.18 cents
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2008 (Unaudited) HK$'000	31 December 2007 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*10*	**69,796**	126,656
Investment properties	*10*	**23,240**	19,630
		93,036	146,286
CURRENT ASSETS			
Inventories		**2,064**	1,096
Trade receivables	*11*	**314**	1,295
Prepayments, deposits and other receivables		**8,272**	4,040
Cash and bank balances		**2,624**	44,459
		13,274	50,890
CURRENT LIABILITIES			
Trade payables	*12*	**7,073**	7,121
Accrued liabilities and other payables		**6,679**	12,011
Current tax payable		**1,524**	1,425
Due to minority shareholders		**1,160**	1,160
		16,436	21,717
NET CURRENT (LIABILITIES)/ASSETS		**(3,162)**	29,173
TOTAL ASSETS LESS CURRENT LIABILITIES		**89,874**	175,459
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,433**	936
		88,441	174,523
CAPITAL AND RESERVES			
Share capital	*13*	**12,242**	12,242
Reserves		**76,199**	162,281
Total equity		**88,441**	174,523

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Share capital	Share premium account	Translation reserve	Capital reserve	Contributed surplus	Accumulated losses	Total	Minority interest	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	4,081	23,271	(3,416)	31	202,116	(91,435)	134,648	207	134,855
Released upon disposal of subsidiaries	–	–	3,416	(31)	693	–	4,078	–	4,078
Net profit for the period	–	–	–	–	–	367	367	(207)	160
At 30 June 2007	4,081	23,271	–	–	202,809	(91,068)	139,093	–	139,093
At 1 January 2008	12,242	86,370	–	–	202,809	(126,898)	174,523	–	174,523
Net loss for the period	–	–	–	–	–	(86,082)	(86,082)	–	(86,082)
At 30 June 2008	12,242	86,370	–	–	202,809	(212,980)	88,441	–	88,441

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(41,913)**	(6,160)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	**78**	(126,281)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**–**	31,028
DECREASE IN CASH AND CASH EQUIVALENTS	**(41,835)**	(101,413)
Cash and cash equivalents at beginning of period	**44,459**	121,177
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,624**	19,764
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,624**	19,764

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations and the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

The following new standards and interpretations which are relevant to the Group's operations have been issued and effective as at the time of preparing this information:

HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

The adoption of such standards or interpretations did not result in substantial changes to the Group's accounting policies.

The Group had not early applied the following new standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements [2]
HKAS 23 (Revised)	Borrowing Costs [2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [3]
HKFRS 3 (Revised)	Business Combinations [3]
HKFRS 8	Operating Segments [2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes [1]

[1] Effective for annual periods beginning on or after 1 July 2008
[2] Effective for annual periods beginning on or after 1 January 2009
[3] Effective for annual periods beginning on or after 1 July 2009

The Directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

2. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operation. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group does not have any written risk management policies and guidelines. The Directors monitor the financial risk of the Group and take such measures as considered necessary from time to time to minimise such financial risks.

The Group's activities are exposed to the following risks:

(a) Interest rate risk

As the Group has no significant interest bearing liabilities, the Group's exposure to market risk for changes in interest rates relates primarily to the cash and bank balances and short term time deposits. The Directors of the Company consider the Group's exposure of the short term bank deposits to interest risk is not significant as interest bearing bank balances are within short maturity periods. Floating-rate interest income is recognised in the income statement as incurred.

2. **FINANCIAL RISK MANAGEMENT (Continued)**

(b) **Foreign currency risk**

Most of the Group's monetary assets and liabilities are denominated in Hong Kong dollars, and the Group conducted its business transactions principally in Hong Kong dollars. The exchange rate risk of the Group is not significant.

(c) **Credit risk**

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, prepayment, deposits, and other receivables, arises from default of counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy customers, there is no requirement for collateral.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

(d) **Liquidity risk**

The Group's objective is to maintain a balance between the continuity of funding and the flexibility through the use of bank overdrafts and bank loans. In addition, the Group regularly monitors its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(e) **Fair value estimation**

The carrying amounts of the Group's financial assets including cash and cash equivalents, trade receivables, prepayment, deposits and other receivables, and financial liabilities including trade payables, due to minority shareholders and other payable approximate to their fair values due to their short maturities.

3. **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Impairment of trade and other receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of trade and other receivables, where applicable, at each balance sheet date. The estimates are based on the aging of the accounts receivable and other receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

Impairment of property, plant and equipment

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

4. SEGMENT INFORMATION

Segment information about the Group's continuing operations is presented below. Segment information about the Group's discontinued operations is presented in note 7.

	Segment turnover		Segment results	
	Six months ended 30 June		Six months ended 30 June	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Restated)		(Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Property investment	**443**	378	**3,890**	388
Japanese restaurant	**7,584**	9,830	**576**	(1,442)
Cruise and cruise-related operation	**14,032**	–	**(91,307)**	–
	22,059	10,208	**(86,841)**	(1,054)
Interest income			**35**	1,817
Unallocated income			**–**	149
Unallocated expenses			**(3,085)**	(4,666)
Loss from operating activities			**(89,891)**	(3,754)

5. OTHER REVENUE AND GAINS

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Restated)		(Restated)		(Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other revenue						
Bank interest income	**35**	1,817	**32**	85	**67**	1,902
Others	**56**	271	**2,000**	166	**2,056**	437
	91	2,088	**2,032**	251	**2,123**	2,339
Gains						
Gain on disposal of listed securities	**–**	80	**–**	–	**–**	80
Fair value changes of investment properties	**3,610**	1,630	**–**	–	**3,610**	1,630
	3,610	1,710	**–**	–	**3,610**	1,710
	3,701	3,798	**2,032**	251	**5,733**	4,049

6. **TAX**

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits for the Period.

	Six months ended 30 June					
	Continuing operations		**Discontinued operations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profits tax						
Hong Kong Profits Tax	**99**	–	**–**	–	**99**	–
Deferred taxation	**497**	285	**–**	–	**497**	285
	596	285	**–**	–	**596**	285

7. **DISCONTINUED OPERATIONS**

At the end of March 2008, due to the reallocation of financial resources and changes in personnel, the Group decided to cease the business of trading of glass eel which would result in a discontinued segment in the financial period ended 30 June 2008. The results and cash flow of the discontinued operation included in the condensed consolidated income statement and condensed consolidated cash flow statement are set out below.

Profit for the Period from discontinued operations

	Segment turnover Six months ended 30 June		Segment results Six months ended 30 June	
	2008	2007	**2008**	2007
	(Unaudited)	(Unaudited) (Restated)	**(Unaudited)**	(Unaudited) (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Discontinued operations				
Trading of wine	**–**	1,152	**–**	(67)
Trading of glass eel	**40,088**	45,193	**4,373**	1,654
	40,088	46,345	**4,373**	1,587
Interest income			**32**	85
Profit before tax from discontinued operations			**4,405**	1,672
Income tax			**–**	–
Profit for the Period from discontinued operations			**4,405**	1,672
Profit on disposal of operations			**–**	4,564
Profit from discontinued operations			**4,405**	6,236

Cash flows from discontinued operations

Net cash (used in)/generated from operating activities	**(1,816)**	1,819
Net cash generated from investing activities	**254**	72
Net cash (used in)/generated from financing activities	**(21,966)**	132
Total cash (outflow)/inflow	**(23,528)**	2,023

8. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the Period was determined after charging:

	Six months ended 30 June					
	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
		(Restated)		(Restated)		(Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation	**3,701**	850	**20**	62	**3,721**	912
Impairment loss on trade and other receivables	**6**	238	**–**	–	**6**	238

9. (LOSS)/EARNINGS PER SHARE

(a) The calculation of basic (loss)/earnings per share is based on the net (loss)/profit for the Period attributable to equity holders of the Company, and the weighted average number of ordinary shares in issue during the Period.

(Loss)/Earnings

	Six months ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
		(Restated)
	HK$'000	*HK$'000*
(Loss)/Earnings attributable to equity holders of the Company used in the basic (loss)/earnings per share calculation		
From continuing operations	**(90,487)**	(5,869)
From discontinued operations	**4,405**	6,236
	(86,082)	367

Number of shares

	'000	*'000*
Weighted average number of shares for the purpose of calculating basic (loss)/earnings per share	**612,082**	204,027

(b) Diluted (loss)/earnings per share is not presented as there were no dilutive potential shares in issue during the six-month periods ended 30 June 2007 and 2008.

10. CAPITAL EXPENDITURE

The movements in investment properties and property, plant and equipment during the Period were summarised as follows:

	Investment properties (Unaudited) *HK$'000*	Property, plant and equipment (Unaudited) *HK$'000*
Net book value as at 1 January 2008	19,630	126,656
Additions	–	179
Fair value changes of investment properties	3,610	–
Disposal	–	(222)
Impairment loss on property, plant and equipment	–	(53,096)
Depreciation	–	(3,721)
Net book value as at 30 June 2008	23,240	69,796

Investment properties were revalued at 30 June 2008 by an independent firm of surveyors, Dudley Surveyors Limited, on an open market value basis.

Cruise liner included under property, plant and equipment was revalued at 30 June 2008 by an independent firm of marine and engineering surveyors, Carmichael & Clarke Co., Ltd., on an open market value basis. With reference to the revaluaion of cruise liner, an impairment loss of HK$53,096,000 had been recognised in the consolidated income statement.

11. TRADE RECEIVABLES

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 for a period of 30 days, except for certain well-established customers where the credit terms are extended to 120 days. 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.

The following is an aging analysis of trade receivables, net of provisions, at the balance sheet date based on the invoice date, which is when the goods are delivered and services are rendered.

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Current to 3 months	**311**	1,294
3 to 6 months	**1**	1
Over 6 months	**2**	–
	314	1,295

12. TRADE PAYABLES

The following is an aging analysis of trade payables at the balance sheet date based on the date of the goods purchased and services rendered.

	30 June 2008 (Unaudited) ***HK$'000***	31 December 2007 (Audited) *HK$'000*
Current to 3 months	**6,881**	6,351
3 to 6 months	**–**	–
Over 6 months	**192**	770
	7,073	7,121

13. SHARE CAPITAL

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Authorised:		
12,500,000,000 ordinary shares of HK$0.02 each	**250,000**	250,000
500 convertible preference shares of HK$100,000 each	**50,000**	50,000
Issued and fully paid:		
612,081,819 ordinary shares of HK$0.02 each	**12,242**	12,242

14. OPERATING LEASE ARRANGEMENTS

(a) As lessor

(i) The Group leases out investment properties under operating lease arrangements with leases negotiated for terms of two to four years with an option to renew the lease after that date when the terms are renegotiated. Lease payments are usually increased every two years to reflect market rentals.

As at 30 June 2008, the Group had total future minimum lease receivable under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within one year	**616**	484
In the second to fifth years, inclusive	**735**	–
	1,351	484

(ii) At 30 June 2008, the Group had contracted with the casino operator in respect of leasing the gaming hall on the cruise liner. The lease agreement shall continue until it is terminated by either party serving on the other party one month's written notice of termination. Contingent rental is based on a percentage of net profit of the casino operation.

(b) As lessee

The Group leases certain properties under operating lease arrangements. These leases are negotiated for terms ranging from two to six years.

As at 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2008 (Unaudited) *HK$'000*	31 December 2007 (Audited) *HK$'000*
Within one year	**3,380**	2,356
In the second to fifth years, inclusive	**2,399**	418
	5,779	2,774

15. POST BALANCE SHEET EVENTS

On 11 July 2008, the Group entered into a sale and purchase agreement (the "Agreement") with an independent third party to dispose of the entire issued share capital of Quick Treasure Investments Limited ("Quick Treasure") and the shareholder's loan due to the Group by Quick Treasure at a consideration equivalent to the face value of the entire amount of the shareholder's loan due from Quick Treasure to the Group plus the consolidated net asset value of Quick Treasure at the completion date of the disposal ("Quick Treasure Disposal"). Quick Treasure is a wholly owned subsidiary of the Company and it is the holding company of the cruise and cruise-related operation of the Group. The Quick Treasure Disposal constituted a major transaction of the Company under the Listing Rules and the details of which were set out in the Company's circular dated 4 August 2008. The Quick Treasure Disposal was approved by the shareholders of the Company at a special general meeting held on 20 August 2008 and had yet to be completed.

On 7 August 2008, the Directors announced the proposal of an open offer to raise approximately HK$61.21 million before expenses by issuing 3,060,409,095 offer shares of the Company (the "Offer Shares") at a price of HK$0.02 per Offer Share (the "Open Offer"). The Offer Shares rank pari passu in all respects with the existing shares of the Company. The estimated net proceeds of the Open Offer would be approximately HK$58.61 million, after deducting all necessary expenses for the Open Offer of approximately HK$2.6 million. The proceeds would be used as general working capital and future investment funding in the event that any suitable investment opportunity arise. The details of the Open Offer were set out in the Company's circular dated 28 August 2008. A special general meeting had been scheduled to be held on 18 September 2008 for the purpose of approving, inter alia, the issue of the Offer Shares at a price of HK$0.02 per Offer Share to the shareholders of the Company.

On 13 August 2008, the Group had entered into a sale and purchase agreement with an independent third party ("Vast Good Vendor") for the acquisition of the entire issued share capital of Vast Good Group Limited ("Vast Good") and the shareholder's loan due from Vast Good to Vast Good Vendor at a consideration equivalent to the face value of the entire amount of the shareholder's loan due from Vast Good to Vast Good Vendor plus the consolidated net asset value of Vast Good at the completion date of the acquisition ("Vast Good Acquisition"). The consideration for Vast Good Acquisition is agreed to be not more than HK$11 million after arm's length negotiation between the Group and the Vast Good Vendor. Vast Good, via its subsidiary held the entire interest in car parking space No.9 at the lower ground floor and the 4th floor of No.5 Sing Woo Crescent, Happy Valley, Hong Kong. The Vast Good Acquisition constituted a discloseable transaction of the Company under the Listing Rules and the details of which were set out in the Company's circular dated 5 September 2008. The Vast Good Acquisition had yet to be completed.

16. CONTINGENT LIABILITIES

On 6 October 2006, a subsidiary of the Group signed a tenancy agreement with the lease term from 6 October 2006 to 5 October 2012 for a restaurant operation. During the financial year ended 31 December 2007, the subsidiary of the Group ceased the said restaurant operation and surrendered the property to the landlord on 25 October 2007. In November 2007, the subsidiary of the Group received a demand letter from the landlord in respect of the payment of rental and other fees in arrear up to 25 October 2007. After deducting the rental deposit paid by the subsidiary of the Group, the amount involved was HK$424,000 and accruals had been made in the financial statements for the year ended 31 December 2007.

Pursuant to the terms of the said rental agreement, the maximum contractual liability of the subsidiary of the Group in respect of the payment of rental and other fees for the remaining lease term is approximately HK$12.9 million. The liability of the subsidiary's shareholders towards settlement of aforesaid liability is limited to their issued share capital of this subsidiary, no further provision has been made at this stage.

17. COMPARATIVE FIGURES

Due to cessation of glass eel trading business during the Period, which constituted a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operation", certain comparative figures have been reclassified to conform with current year's presentation.

18. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These condensed interim financial statements were approved by the board of directors on 17 September 2008.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend for the Period (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group's turnover from continuing operations for the period from 1 January 2008 to 30 June 2008 ("Period") was approximately HK$22.06 million (2007: HK$10.21 million) and the Group's total turnover from continuing and discontinued operations for the Period was approximately HK$62.15 million (2007: HK$56.55 million). The Group's net loss attributable to the shareholders was approximately HK$86.08 million (2007: net profit of HK$0.16 million). The turnover from continuing operations for the Period has increased by approximately 116%, which was mainly attributable to the turnover from the cruise and cruise related operation which was acquired by the Group on 29 June 2007.

Despite of the property investment and Japanese restaurant segments were showing improvements in their results, the Group's overall results for the Period was not satisfactory and suffered a loss of approximately HK$86.08 million. It was mainly because of the poor operating results in the cruise and cruise related operation segment as mentioned in the business review below.

Business review

The Group had undergone changes in its business portfolio during the first half of the year 2008. These changes caused instability to the Group's profitability as well as affecting its future business development.

Restaurant operation

The restaurant operation was able to turn from loss to profit making for the Period as compare to the corresponding period of last year, despite there was a drop of turnover of approximately 23%. The Group's effort in enhancing food quality, marketing and promotion, efficiency in costs and management was proven successful.

Property investment

The turnover of this segment for the Period was contributed by rental receipt. The increase was due to the favourable property market in Hong Kong during the first half of the year 2008. The gain of approximately HK$3.61 million (2007: Gain of approximately HK$1.63 million) during the Period resulted from the revaluation of the investment properties of the Group. There was no property sale during the Period.

Cruise and cruise related operation

After the acquisition of Quick Treasure Investments Limited, the holding company of the cruise liner, in late June 2007, the Group faced the increasing competition posed by other cruise liner operators and other entertainment business, in particular the casino in Macau. The Directors considered that the turnover of the operation was not promising as expected. As a result of the continuous increase in the operating costs such as the price of bunker oil and the impairment loss in respect of the cruise liner of approximately HK$53.10 million made based on the revaluation as at 30 June 2008, the segment recorded a loss of approximately HK$91.31 million. Despite the Group had put effort in running the business, the Directors considered it would be more beneficial to the Group as a whole to dispose of the operation if any opportunity arose. On 11 July 2008, the Group entered into an agreement with an independent third party to dispose of Quick Treasure Investments Limited, the details of which are set out in the circular of the Company dated 4 August 2008.

Glass eel trading business – discontinued operation

In March 2008, the Group had gradually trimmed down its glass eel trading business. The Directors considered that the cessation of the glass eel trading was beneficial to the Group as the business environment of the glass eel trading had become more and more difficult. The business had been utilizing a substantial amount of cash flow, leaving limited resources for the growth of the other business of the Group. As the European eels have been classified as endangered species, the Directors anticipated that the supply of glass eel would decrease in the future and more stringent licensing control was expected to be enacted in the year 2009, the costs of running the business would therefore increase. The cessation of the glass eel trading caused drop in the total turnover of the Group for the Period.

Prospects

On 14 July 2008, the Company announced the disposal of Quick Treasure Investments Limited, the holding company of the cruise and cruise related operation. The disposal was approved by the shareholders of the Company at a special general meeting held on 20 August 2008. Completion is expected to be on or before 31 January 2009 and the amount of proceeds from the disposal is approximately HK$65.29 million. In view of the increasing operating costs and in order to minimize the loss, the Group is considering to cease the operation even before the completion date of the disposal.

On 7 August 2008, the Company announced a proposed open offer of the shares of the Company to raise approximately HK$58.61 million. Completion of the open offer is expected to be in October 2008. The cash position of the Group will be increased by approximately HK$123.9 million upon completion of both the open offer and the disposal and the proceeds will be used as general working capital and future investment funding.

After the disposal of Quick Treasure Investments Limited, the Group's restaurant operation and property investment will become the major business operations of the Group. The Directors have been actively identifying new investments and business opportunities in light of the anticipated disposal of Quick Treasure Investments Limited. On 15 August 2008, the Company announced an agreement to acquire Vast Good Group Limited, a holding company of a residential property located in Hong Kong, from an independent third party. The Group's strategy is to seek high qualities properties in Hong Kong for long term investment purpose. The Directors aim at broadening the Group's property's portfolio.

The Group will focus its resources on its restaurant operation and will enhance food quality, costs control measures and management. The Directors believe that the Olympics in Beijing and Hong Kong in the second half of the year 2008 would provide more business opportunities to the Group as a result of the influx of tourists into Hong Kong. The Group will also strengthen its marketing strategy such as joint promotions with other restaurant groups in Hong Kong, and to focus on brand building by advertisement.

Financial information

The Group financed its operations by cash generated from operations.

As at 30 June 2008, the Group's gearing ratio was nil (as at 31 December 2007: Nil) (calculated on the basis of total bank and other borrowings over shareholders' fund).

As at 30 June 2008, the Group had no bank and other borrowing (as at 31 December 2007: Nil).

The Group's core operation was in Hong Kong and had limited exposure to the fluctuation in exchange rates, bank balances and borrowings were mainly denominated in Hong Kong dollars.

Employees and remuneration policy

As at 30 June 2008, the Group has 351 employees (2007: 353). Total staff costs were approximately HK$13.49 million (2007: HK$5.7 million). Employee remuneration was determined in accordance with individual's responsibility, performance and experience. Staff benefits include contribution to Mandatory Provident Fund Scheme, share option scheme, medical allowances and other fringe benefits.

Contingent liabilities

On 6 October 2006, a subsidiary of the Group signed a tenancy agreement with the lease term from 6 October 2006 to 5 October 2012 for a restaurant operation. During the financial year ended 31 December 2007, the subsidiary of the Group ceased the said restaurant operation and surrendered the property to the landlord on 25 October 2007. In November 2007, the subsidiary of the Group received a demand letter from the landlord in respect of the payment of rental and other fees in arrear up to 25 October 2007. After deducting the rental deposit paid by the subsidiary of the Group, the amount involved was HK$424,000 and accruals had been made in the financial statements for the year ended 31 December 2007.

Pursuant to the terms of the said rental agreement, the maximum contractual liability of the subsidiary of the Group in respect of the payment of rental and other fees for the remaining lease term is approximately HK$12.9 million. The liability of the subsidiary's shareholders towards settlement of aforesaid liability is limited to their issued share capital of this subsidiary, no further provision has been made at this stage.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 June 2008, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance of the Laws of Hong Kong (the "SFO")) which were required, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange to be notified to the Company and the Stock Exchange, were as follows:

Long position in ordinary shares of HK$0.02 each of the Company:

Name of Director	Nature of interest	Number of ordinary shares held	Percentage holdings
Mr. Wong Ching Ping, Alex ("Mr. Wong")	Through controlled corporation	175,805,214 *(Note)*	28.72%

Note: Mr. Wong is deemed to be interested in the shares by virtue of his interests in Expert Rich Investments Limited, which is the ultimate holding company of Mega Earn Management Limited ("Mega") and Byford Group Limited ("Byford"). Mega and Byford beneficially own 169,488,189 shares and 6,317,025 shares respectively.

Save as disclosed above, as at 30 June 2008, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

SHARE OPTION SCHEME

The share option scheme (the "Scheme") of the Company was adopted on 28 January 2004. The purpose of the Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds an equity interest. The key terms of the Scheme had been summarized under Note 28 of the Notes to Financial Statements from pages 84 to 85 of the Company's 2007 Annual Report published in April 2008.

There is no outstanding options remain un-exercised at the beginning and at the end of the Period. No options was granted, exercised, cancelled nor lapsed during the Period.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, so far as is known to any Director or chief executive of the Company, the following persons or corporations (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company were as follows:

Long position in ordinary shares of HK$0.02 each of the Company:

Name	**Nature of interest**	**Number of shares interested or deemed to be interested (long position)**		**Percentage to the issued share capital of the Company** %
Mega Earn Management Limited	Beneficial	169,488,189	*(Note 1)*	27.69
Expert Rich Investments Limited	Through controlled corporation	175,805,214	*(Note 2)*	28.72
Mr. Wong Ching Ping, Alex ("Mr. Wong")	Through controlled corporation	175,805,214	*(Note 3)*	28.72
Ms. Gomes Maria Da Silva Rubi Angela	Family	175,805,214	*(Note 3)*	28.72

Notes:

1. Mega Earn Management Limited is a company wholly-owned by Byford Group Limited. The entire issued share capital of Byford Group Limited is held by Expert Rich Investments Limited which in turn was wholly owned by Mr. Wong.

2. Expert Rich Investments Limited is deemed to be interested in the 175,805,214 shares through its interests in Byford Group Limited. The 175,805,214 shares comprise (i) 6,317,025 shares directly held by Byford Group Limited and 169,488,189 shares held by Mega Earn Management Limited.

3. Mr. Wong is deemed to be interested in the 175,805,214 shares through his interests in Expert Rich Investments Limited. Ms. Gomes Maria Da Silva Rubi Angela is the spouse of Mr. Wong and therefore, she is also deemed to be interested in the shares.

The above 175,805,214 shares were the same shares as set out under the section headed "Directors' and Chief Executives' Interests in Securities" above.

Save as disclosed above, as at 30 June 2008, so far as is known to the Directors or chief executives of the Company, no other person or corporation (not being a Director or chief executive of the Company) had any interests or short positions in shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Company had complied with all the code provisions of the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Listing Rules throughout the Period, except with the deviation from code provision A.4.1 as the independent non-executive Directors were appointed without a specific term. However, the Bye-laws of the Company has been amended to effect that one-third of the Directors for the time being shall retire by rotation from office, subject to re-election. The Board is of the opinion that the current arrangement is fair and reasonable but will review the structure from time to time and will make appropriate changes when necessary.

Model Code for Securities Transactions

The Company had adopted the Model Code as set out in Appendix 10 of the Listing Rules regarding Directors' securities transactions. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings as set out in the Model Code.

REVIEW OF INTERIM REPORT

This interim report has been reviewed by the audit committee of the Company, who is of the opinion that the preparation of the condensed consolidated financial statements had complied with the applicable accounting standards and requirements and that adequate disclosures have been made. The audit committee comprises the three independent non-executive Directors of the Company, namely Mr. Tso Hon Sai, Bosco, Ms. Hui Wai Man, Shirley and Mr. Tang Yiu Wing.

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

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Period.

By Order of the Board
Wong Ching Ping, Alex
Chairman

Hong Kong, 17 September 2008

Executive Directors
Mr. Wong Ching Ping, Alex *(Chairman)*
Mr. Wong Tak Chung, Andrew

Independent Non-executive Directors
Mr. Tso Hon Sai, Bosco
Ms. Hui Wai Man, Shirley
Mr. Tang Yiu Wing