



連發國際股份有限公司

Ever Fortune International Holdings Limited

Stock Code : 875

Interim Report

2009



The board of directors (the “Board”) of Ever Fortune International Holdings Limited (the “Company”) announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the Group”) for the six months ended 30 June 2009 together with the comparative figures for the previous period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Note	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing operations			
Turnover	2	14,377	–
Cost of sales		(12,859)	–
Gross profit		1,518	–
Other revenue	3	–	62
Selling and distribution expenses		(542)	–
Staff costs		(797)	(1,116)
Depreciation		(230)	(257)
Administrative and other operating expenses		(4,303)	(4,335)
Loss from operations		(4,354)	(5,646)
Gain on disposal of a subsidiary	14(b)	–	355
Loss before taxation		(4,354)	(5,291)
Income tax	5	(12)	–
Loss for the period from continuing operations		(4,366)	(5,291)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June 2009

	Note	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Discontinued operations			
Gain for the period from discontinued operations	6	–	878
Loss and total comprehensive income for the period			
	4	(4,366)	(4,413)
Attributable to:			
Owners of the Company		(4,366)	(4,413)
Minority interests		–	–
		(4,366)	(4,413)
Dividends			
	8	–	–
Earnings/(loss) per share			
Basic and diluted	9		
– Continuing operations		(HK0.17 cents)	(HK0.20 cents)
– Discontinued operations		–	HK0.03 cents
		(HK0.17 cents)	(HK0.17 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	As at 30 June 2009 HK\$'000 (unaudited)	As at 31 December 2008 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		433	652
Current assets			
Trade and other receivables	10	12,532	1,245
Cash and cash equivalents		1,331	3,067
		13,863	4,312
Current liabilities			
Trade and other payables	11	70,885	59,699
Other borrowings, unsecured	12	2,586	86
Tax payable		12	–
		73,483	59,785
Net current liabilities		(59,620)	(55,473)
Net liabilities		(59,187)	(54,821)
Capital and reserves			
Share capital		25,325	25,325
Reserves		(84,512)	(80,146)
Total equity attributable to owners of the Company		(59,187)	(54,821)
Minority interests		–	–
Total equity		(59,187)	(54,821)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009 (Unaudited)

	Issued Capital HK\$'000	Attributable to owners of the Company				Reserves HK\$'000	Minority interests HK\$'000	Total HK\$'000
		Share premium HK\$'000	Contributed surplus HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000			
		At 1 January 2008	25,325	163,532	126,883			
Exchange differences on translation of financial statements of subsidiaries	-	-	-	335	-	335	-	335
Reserves realised upon disposal of subsidiaries attributable to discontinued operations	-	-	-	(877)	-	(877)	-	(877)
Reserves realised upon disposal of subsidiaries	-	-	-	(355)	-	(355)	-	(355)
Loss for the period	-	-	-	-	(4,413)	(4,413)	-	(4,413)
At 30 June 2008	25,325	163,532	126,883	-	(362,997)	(72,582)	-	(47,257)
At 1 January 2009	25,325	163,532	126,883	-	(370,561)	(80,146)	-	(54,821)
Loss for the period	-	-	-	-	(4,366)	(4,366)	-	(4,366)
At 30 June 2009	25,325	163,532	126,883	-	(374,927)	(84,512)	-	(59,187)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Operating activities		
Loss from continuing and discontinued operations before taxation	(4,366)	(4,413)
Adjustments for:		
Interest income	–	(62)
Depreciation for property, plant and equipment	230	257
Gain on disposal of a subsidiary 14(b)	–	(355)
Gain on disposal of subsidiaries attributable to discontinued operations 6	–	(877)
Operating loss before change in working capital	(4,136)	(5,450)
Increase in trade and other receivable	(11,287)	(603)
Increase/(decrease) in trade and other payables	10,598	(5,409)
Cash used in operations	(4,825)	(11,462)
Income tax paid	–	–
Net Cash used in operating activities	(4,825)	(11,462)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(Continued)

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Investing activities		
Interest received	–	62
Purchase of property, plant and equipment	(11)	–
Net cash (used in)/generated from investing activities	(11)	62
Financing activities		
Short-term loan	3,100	–
Repayment of bank and other borrowings	–	(249)
Net cash generated from/(used in) financing activities	3,100	(249)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,736)	(11,649)
Cash and cash equivalents at 1 January	3,067	14,497
Effect of foreign exchange rates changes	–	335
CASH AND CASH EQUIVALENTS AT 30 JUNE	1,331	3,183

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2009 has been prepared in accordance with HKAS 34 “Interim Financial Reporting” and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants.

Certain new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009. Those that are relevant to the Group’s operations are as follows:

- HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 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 management assessed no change of the reportable segments presented for the period ended 30 June 2009.

- HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 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.

1. BASIS OF PREPARATION (Continued)

Certain new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009 but did not have material impact or relevant to the Group are as follows:

- HKFRSs (Amendments) Improvements to HKFRSs
- HKAS 23 (Revised) Borrowing Costs
- HKAS 32 & 1 (Amendments) Puttable Financial Instruments and Obligations Arising on Liquidation
- HKFRS 1 and HKAS 27 (Amendments) Cost of an Investment in a Subsidiary, Jointly Controlled Entity or an Associate
- HKFRS 2 (Amendment) Share-based Payment – Vesting Conditions and Cancellations
- HKFRS 7 (Amendment) Improving Disclosure about Financial Instruments
- HK(IFRIC) – INT 13 Customer Loyalty Programmes
- HK(IFRIC) – INT 15 Agreements for the Construction of Real Estate
- HK(IFRIC) – INT 16 Hedges of a Net Investment in a Foreign Operation.

Certain new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted. The directors of the Company are in the process of assessing the potential impact of these new or revised standards, amendments or interpretations and so far anticipate that the application of these new or revised standards, amendments or interpretations will have no material financial impact on the results and the financial position of the Group are as follows:

- HKAS 27 (Revised) Consolidated and Separate Financial Statements¹
- HKAS 39 (Amendment) Eligible Hedged Items¹
- HKFRS 3 (Revised) Business Combinations¹
- HK (IFRIC) – INT 17 Distributions of Non-cash Assets to Owners¹
- HK (IFRIC) – INT 18 Transfers of Assets from Customers²
- HKFRSs (Amendments) Improvements to HKFRS published in May 2009³

¹ *Effective for annual periods beginning on or after July 1, 2009*

² *Effective for transfers of assets from customers received on or after July 1, 2009*

³ *Effective for annual periods beginning on or after July 1, 2009 and 1 January 2010*

2. TURNOVER

Turnover represented revenue arising on net amounts received and receivable from trading of agricultural produce, less sale returns and trade discounts. The amount of each significant category of revenue recognised in turnover for both continuing and discontinued operations are as follows:

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Continuing operations		
Trading of agricultural produce	14,377	–
Discontinued operations		
Rental income from exhibition centre	–	–
	<u>14,377</u>	<u>–</u>

3. OTHER REVENUE

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Interest income on bank deposit		
Continuing operations	–	46
Discontinued operations	–	16
	<u>–</u>	<u>62</u>

4. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging/(crediting):

(a) Finance costs

No finance costs were incurred for the six months ended 30 June 2009 (2008: Nil).

(b) Staff costs (including directors' emoluments)

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Salaries, wages and other benefits	776	1,087	-	2	776	1,089
Contributions to defined contributed retirement plans	21	27	-	-	21	27
	<u>797</u>	<u>1,114</u>	<u>-</u>	<u>2</u>	<u>797</u>	<u>1,116</u>

(c) Other items

	Continuing operations		Discontinued operations		Consolidated	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Depreciation for property: plant and equipment	230	257	-	-	230	257
Operating lease charges: minimum lease payments	1,214	1,206	-	-	1,214	1,206
Auditors' remuneration						
- audit services	200	175	-	-	200	175
- other service	-	172	-	-	-	172
Net foreign exchange losses	-	-	-	84	-	84
Legal and professional fee	8	1,396	-	-	8	1,396
Gain on disposal of subsidiaries	-	(355)	-	(877)	-	(1,232)
	<u>-</u>	<u>(355)</u>	<u>-</u>	<u>(877)</u>	<u>-</u>	<u>(1,232)</u>

5. INCOME TAX

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Hong Kong profits tax	12	–
Overseas profits tax	–	–
	12	–

Hong Kong profits tax has been provided at 16.5% (2008: Nil) on the estimated assessable profits for the interim period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

There was no significant unprovided deferred tax charge in respect of the period.

6. DISCONTINUED OPERATIONS

There was no discontinued operation for the period ended 30 June 2009.

The discontinued operation for the period ended 30 June 2008 was as follows:

連雲港豪景實業有限公司

Pursuant to the shareholders' resolution passed on 16 November 2007, the Group decided to apply for deregistration of a wholly-owned subsidiary, 連雲港豪景實業有限公司 (“連雲港豪景”), which was principally engaged in management of exhibition and event centres. The deregistration was completed on 14 March 2008.

The gain from the discontinued operations of 連雲港豪景 is analysed below:

	From 1 January 2008 to 14 March 2008 HK\$'000 (unaudited)
Gain from operations of 連雲港豪景	1
Gain on disposals of 連雲港豪景 (note 14a)	877
	878

6. DISCONTINUED OPERATIONS (Continued)

連雲港豪景實業有限公司 (Continued)

The results of 連雲港豪景 for the period from 1 January 2008 to 14 March 2008 are as follows:

	From 1 January 2008 to 14 March 2008
	HK\$'000 (unaudited)
Turnover	–
Other revenue	16
Staff costs	(2)
Other operating expenses	(13)
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Profit from operations	1
Finance costs	–
	<hr/>
Profit before taxation	1
Income tax	–
	<hr/>
Profit for the period	<u>1</u>

During the period from 1 January 2008 to 14 March 2008, 連雲港豪景 contributed HK\$16,000 to the Group in respect of investing activities.

No tax charge arose on the deregistration of 連雲港豪景.

The carrying amounts of the assets and liabilities of 連雲港豪景 at the date of deregistration have been disclosed in note 14a.

7. SEGMENT INFORMATION

The Group has adopted HKFRS 8, Operating Segments, effective from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a re-designation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

Business segments

The Group comprises the following main business segments:

- (a) Assets holding: Assets holding
- (b) Agricultural produce: Trading of agricultural produce
- (c) Exhibition: Management of exhibition and event centres (Discontinued operations)

There were no inter-segment sales and transfer during the current and prior period.

7. SEGMENT INFORMATION (Continued)

An analysis of the Group's turnover, contribution to loss from operations for the period ended 30 June 2009 and 2008 and certain assets, liabilities and expenditure information regarding business segments is as follows:

	Six months ended 30 June							
	Continuing operations				Discontinued operations		Consolidated	
	Assets holding		Agricultural produce		Exhibition			
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Revenue:								
External sales	-	-	14,377	-	-	-	14,377	-
Inter-segment sales	-	-	-	-	-	-	-	-
Total revenue	-	-	14,377	-	-	-	14,377	-
Results:								
Segment result	(4,429)	(5,570)	75	-	-	(15)	(4,354)	(5,585)
Interest income							-	62
Unallocated corporate expenses							-	(122)
Loss from operations							(4,354)	(5,645)
Finance costs							-	-
Gain on disposal of subsidiaries								
- segments							-	355
- unallocated							-	-
Gain on disposal of subsidiaries attributable to discontinued operations								
- segment	-	-	-	-	-	877	-	877
Loss before taxation							(4,354)	(4,413)
Income tax	-	-	(12)	-	-	-	(12)	-
Loss for the period							(4,366)	(4,413)
Other information:								
Capital expenditure								
- segment							-	-
- unallocated	11	-	-	-	-	-	11	-
Depreciation and amortisation								
- segment	230	229	-	-	-	-	230	229
- unallocated	-	28	-	-	-	-	-	28

7. SEGMENT INFORMATION (Continued)

	Six months ended 30 June							
	Continuing operations				Discontinued operations			
	Assets holding		Agricultural produce		Exhibition		Consolidated	
	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec	30 June	31 Dec
	2009	2008	2009	2008	2009	2008	2009	2008
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
Assets:								
Segment assets	14,296	4,964	-	-	-	-	14,296	4,964
Unallocated corporate assets							-	-
Consolidated total assets							14,296	4,964
Liabilities:								
Segment liabilities	73,483	59,785	-	-	-	-	73,483	59,785
Unallocated corporate liabilities							-	-
Consolidated total liabilities							73,483	59,785

8. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: Nil).

9. LOSS PER SHARE

The calculation of the basic loss per share is based on the Group's loss for the period of HK\$4,366,000 (six months ended 30/6/2008: loss of HK\$4,413,000) and the number of ordinary shares of 2,532,543,083 (six months ended 30/6/2008: 2,532,543,083).

No diluted loss per share has been presented because the exercise of the Company's outstanding share options during the period has an anti-dilutive effect on the basic loss per share for the period.

10. TRADE AND OTHER RECEIVABLES

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Trade receivables (<i>note (i)</i>)	11,277	–
Other receivables	6	65
Prepayments and deposits	1,249	1,180
	12,532	1,245

note (i): Trade receivables

The Group's credit terms to trade debtors range from 75 to 90 days. At 30 June 2009 and 31 December 2008, the ageing analysis of the trade receivables was as follows:

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Current to 90 days	10,816	–
91 days to 180 days	461	–
181 days to 365 days	–	–
Over 365 days	–	–
	11,277	–

11. TRADE AND OTHER PAYABLES

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Trade payables (<i>note (ii)</i>)	10,859	–
Other payables and accruals	2,385	2,658
Due to related companies (Note 15(b))	57,641	57,041
	70,885	59,699

note (ii): Trade payables

At 30 June 2009 and 31 December 2008, the ageing analysis of the trade payables was as follows:

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Current to 90 days	9,620	–
91 days to 180 days	1,239	–
181 days to 365 days	–	–
Over 365 days	–	–
	10,859	–

12. OTHER BORROWINGS, UNSECURED

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Other borrowings (<i>note (iii)</i>)	2,586	86

At 30 June 2009, the other borrowings were repayable as follows:

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Within 1 year or on demand	2,586	86

note (iii): On 19 January 2009, Trade Front Limited ("Trade Front"), a subsidiary company of the Group, entered into a loan agreement with Right Day Holdings Limited (the "Investor") whereby a loan facility of up to HK\$10,000,000 would be provided by the Investor to First Novel Limited ("First Novel") and Trade Front and extended to Trade Day Holdings Limited ("Trade Day") (the "Loan Agreement"). The entire issued share capital of each of Trade Front, Trade Day and their immediate holding company, First Novel, has been pledged to the Investor as a security. The term for the loan facility is repayable on demand and has a late interest rate at one per cent (1%) per month. As at 30 June 2009, HK\$2,500,000 was drawn under the loan facility.

No interest is charged on the outstanding balance of HK\$86,000.

13. COMMITMENTS

Operating lease arrangements

At 30 June 2009, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payables as follows:

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Within 1 year	919	2,411
After 1 year but within 5 years	16	895
	935	3,306

The Group leases two properties from two independent parties under operating leases. One of the leases runs for a period of two years, without option to renew. Another one lease runs for a period of three years, with an option to renew the lease for a further three years. Both leases do not include contingent rentals.

The Group and the Company did not have any significant capital commitments for the current and prior periods.

14. DISPOSAL OF SUBSIDIARIES

There was no disposal for the period ended 30 Jun 2009.

(a) Disposal of subsidiaries attributable to discontinued operations

For the period ended 30 June 2008

As explained in note 6, the Group deregistered its subsidiary, 連雲港豪景 on 14 March 2008. The net assets of 連雲港豪景 at the date of deregistration were as follows:

	2008 HK\$'000 (unaudited)
<hr/>	
Net assets deregistered:	
Exchange reserve realised	(877)
Gain on deregistration of subsidiary attributable to discontinued operations (<i>note 6</i>)	877
	<hr/>
Net inflow of cash and cash equivalents arising on the deregistration of subsidiary attributed to discontinued operations	—
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The impact of 連雲港豪景 on the Group's results and cash flows in the previous period has been disclosed in note 6.

14. DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of a subsidiary

For the period ended 30 June 2008

Pursuant to the shareholders' resolution passed on 16 November 2007, other than the deregistration of 連雲港豪景, the Group also decided to apply for deregistration of a wholly-owned subsidiary, 連雲港旭景實業有限公司 ("連雲港旭景") which has not commenced business since its incorporation in 2007. The deregistration was completed on 14 March 2008.

Details of the net assets disposed of at the date of deregistration are as follows:

	2008 HK\$'000 (unaudited)
<hr/>	
Net assets deregistered:	
Exchange reserve realised	(355)
Gain on deregistration of a subsidiary	355
	<hr/>
Net inflow of cash and cash equivalents in connection with the deregistration of 連雲港旭景	—
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The results of 連雲港旭景 during the period ended 30 June 2008 have no significant impact on the Group's turnover or loss from operations before taxation for the period ended 30 June 2008.

15. MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Concord Credit Services Limited ("Concord Credit")	Mr. Ji Kewi is a common director
Concord Group BVI Limited ("Concord Group")	Mr. Ji Kewi is a common director
Pelican Securities Limited (formerly known as "Concord Capital Securities Limited") ("Pelican Securities")	Mr. Ji Kewi is a common director and a minority shareholder of the related company
Ever Fortune Holdings Group Limited ("Ever Fortune Holdings")	A controlling shareholder of the Company and Mr. Ji Kewi is a common director
Wonderland Group (Hong Kong) Corporation Limited ("Wonderland Group")	A 60% shareholder of Ever Fortune Holdings and Mr. Zhou Wenjun, Mr. Dai Jun and Mr. Sun Kejun are the common directors
Jiangsu Jinhai Investment Company Limited ("Jiangsu Jinhai")	The parent of Wonderland Group
連雲港金海旅游發展有限公司 ("金海旅游")	A wholly owned subsidiary of Jiangsu Jinhai
Luck Healthy Group Limited ("Luck Healthy")	Mr. Ding Jiangyong is the related party of Luck Healthy

15. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Key management personnel remuneration

Remuneration for key management personal, including amounts paid to the Company's directors, is as follows:

	Six months ended 30 June	
	2009 HKD'000 (unaudited)	2008 HKD'000 (unaudited)
Salaries and other short-term employee benefits	605	901
Retirement scheme contributions	12	18
	617	919

(b) Amounts due to related parties

	30 June 2009 HKD'000 (unaudited)	31 December 2008 HKD'000 (audited)
Pelican Securities (note i)	9	9
Concord Group (note ii)	10,032	10,032
Wonderland Group (note ii)	43,000	43,000
Luck Healthy (note ii)	4,000	4,000
Mr. Ji Kewei (note ii)	600	-
	57,641	57,041

Notes:

- (i) The amounts are unsecured, interest-free with no fixed terms of repayment.
- (ii) The amounts are unsecured, interest-free and repayable within one year.
- (iii) The amounts due to related parties are included in "Other payables" in the consolidated Statement of Financial Position (note 11).

16. COMPARATIVE FIGURES

Certain corporative figures have been reclassified conform with the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

A loss of HK\$4,366,000 was recorded by the Group in respect of the six months ended 30 June 2009. The Directors reactivated the business of trading in agricultural produce in March 2009 and the turnover during the period amounted to HK\$14 million. Such agricultural produce was ultimately supplied to various supermarket chains in Hong Kong.

A revised resumption proposal for the Group has been submitted to the Hong Kong Stock Exchange in September 2009, with the support of a new investor ("Investor").

Liquidity and financial resources

The Group financed the operations primarily from advance from shareholders. As at 30 June 2009, the Group had cash and bank balances of HK\$1,331,000 (31 December 2008: HK\$3,067,000). As at 30 June 2009, the Group's current ratio was 0.19 (31 December 2008: 0.07).

Charges on assets

On 19 January 2009, Trade Front entered into a loan agreement with the Investor whereby a loan facility of up to HK\$10,000,000 would be provided by the Investor to First Novel and Trade Front and extended to Trade Day. The entire issued share capital of each of Trade Front, Trade Day and their immediate holding company, First Novel, has been pledged to the Investor as a security. The term for the loan facility is repayable on demand and has a late interest rate at one per cent (1%) per month.

Save as disclosed, the Group had not pledged any asset as at 30 June 2009.

Gearing Ratio

The Group's gearing ratio as at 30 June 2009 was 5.14 (31 December 2008: 12.04), which was arrived at by dividing the total liabilities by total assets.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Contingent liabilities and guarantees

As at 30 June 2009, the Group had not provided any guarantees in favor of any third party nor were there any significant contingent liabilities.

Exposure to foreign exchange risk

During the half-year period to 30 June 2009, the Group conducted its business transactions principally in Hong Kong dollars. Therefore, no significant foreign exchange risk for the Group.

Capital expenditure

As at 30 June 2009, there has not been any material capital expenditure.

Material acquisitions and disposal

There was a material disposal during the period ended 30 June 2008. On 14 March 2008, two subsidiaries of the Group, namely 連雲港豪景實業有限公司 and 連雲港旭景實業有限公司 were deregistered. The deregistration of the subsidiaries during the period resulted in a gain of HK\$1,232,000 for the period ended 30 June 2008. Save as disclosed, there has not been any material acquisitions or disposals of assets of the Group in both periods of the reporting.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees and remuneration policies

As at 30 June 2009, the Group has a total of 4 (2008: 4) employees. It is the corporate policy of the Group to set the remuneration of its employees at a level commensurate with their responsibilities, experience and qualification and in line with market conditions.

The Company has adopted a share option scheme (the "Scheme") in June 2002. Eligible participants under the Scheme include, among others, the Company's directors, independent non-executive directors and other directors/employees of the Group. As at 30 June 2009, there are no outstanding options under the Scheme.

Prospects

The Group's business is currently operating on firm foundations since its commencement in March 2009. Its feature is a steady and recurring business model based on the provision of high quality agricultural produce as a result of the ever growing demand for vegetables as part of the human dietary habit. A revised resumption proposal for the Group with a detailed expansion plan has been submitted to the HKEx in September 2009. The current business will be complemented by future expansion plans after investor's capital injection during the implementation of the resumption proposal. The Group intends to implement the following strategies:

(a) *Expansion of the sales network*

One of the key drivers of business growth is the possibility of directly supplying agricultural products to restaurants and other chain eateries. The Company is confident that, with its extensive contacts and network in the catering industry, including through the experience of new management upon resumption, it will be able to penetrate the catering and restaurant industry effectively. Furthermore, the Company also intends to supply vegetables to supermarket chains in the PRC, and this will prove invaluable to the Company in respect of establishing and expanding the Company's sales and distribution network in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

(b) *Expansion of the Group's sourcing network and vegetable processing capabilities*

It is the Company's intention to expand its vegetable sourcing network in the PRC, such as directly sourcing from farmers and through vegetable wholesalers.

The expansion plans will be implemented through the investments in vegetable collection points and vegetable processing and packaging centre as described below:

(i) *Vegetable collection points*

A vegetable collection point serves as an interface between the Company and local farmers to source vegetables, which includes a cold storage, equipment and a team of research personnel and workers. In this regard, the team will work directly with local farmers for the purpose of negotiating contract farming for the Company. Subject to each stage of negotiation, the Company may provide seeds and technology to the farmers and agree a minimum purchase price for vegetables. The setting up of cold storage facilities is aimed at facilitating temporary storage for delivery to a centralised vegetable processing and packaging centre. Several locations with close proximity to the farmlands in PRC provinces such as Shandong, Yunnan, Guangdong and Shanxi are being considered for setup of vegetable collection points. The diversified locations for the collection points enable the Company to source a variety of vegetables in different seasons.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)*(ii) Vegetable processing and packaging centre*

The vegetable processing and packaging centre is a centralised centre for processing and packaging vegetables acquired through the collection points, which includes plants, equipment, cold storage, warehouse and a team of research personnel and workers. It provides standard services such as quality inspection and general processing and will gradually cover more value-added services including cleaning, cutting, sterilisation, drying and packaging to restaurants customers. The Company is considering a number of locations to set up the processing and packaging centre in the Guangdong province of the PRC.

The Directors believes that the resumption proposal that involves investor's capital injection to strengthen the capital base of the Group and a detailed expansion plan to develop upstream vegetables sourcing and processing businesses will create a sustainable business model with enormous growth opportunities.

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, none of the directors and chief executive of the Company had any interests or shorts positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the provisions of Divisions 7 and 8 Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code of Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchanged (the “Listing Rules”) or which were required to be entered in the registered required to be kept by the Company under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

So far as is known to the directors of the Company, as at 30 June 2009, the persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the ordinary shares of the Company

Name of shareholder	Capacity	Number of shares	Percentage of shareholding
Ever Fortune Holdings Group Limited (formerly known as "Chinabond International Limited")	Beneficial owner	530,530,000	20.95%
Wonderland Group (Hong Kong) Corporation Limited	Interest of a controlled corporation	530,530,000 (Notes 1 and 5)	20.95%
Jiangsu Jinhai Investment Company Limited	Interest of a controlled corporation	530,530,000 (Notes 1 and 6)	20.95%
Concord Group (B.V.I.) Limited	Interest of a controlled corporation	550,530,000 (Note 1)	21.74%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Name of shareholder	Capacity	Number of shares	Percentage of shareholding
Legend (Group) Investment Limited	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 2)</i>	21.74%
China Wallink Holding Group Co., Ltd.	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 2)</i>	21.74%
Evertop Investment Holdings Limited	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 3)</i>	21.74%
Ji Da Wei	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 3)</i>	21.74%
China Huaxing (HK) International Company Limited	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 4)</i>	21.74%
China Huaxing Group Company	Interest of a controlled corporation	550,530,000 <i>(Notes 1 and 4)</i>	21.74%
Chen Xin	Beneficial owner	430,000,000	16.98%
Chan Hung Shek	Beneficial owner	334,000,000	13.19%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

Notes:

1. Ever Fortune Holdings Group Limited ("Ever Fortune Holdings") was a 40% owned subsidiary of Concord Group (B.V.I.) Limited in which Legend (Group) Investment Limited ("Legend"), Evertop Investment Holdings Limited ("Evertop") and China Huaxing (HK) International Company Limited ("Huaxing (HK)") hold as to 33%, 34% and 33% respectively.

In addition, Concord Group also directly holds 20,000,000 shares in the Company.

Accordingly, Legend, Evertop and Huaxing (HK) were deemed to be interested in 550,530,000 shares held by Ever Fortune Holdings under the SFO.

Ever Fortune Holdings was a 60% owned subsidiary of Wonderland Group (Hong Kong) Corporation Limited in which Jiangsu Jinhai Investment Company Limited wholly owned it by 100%.

Accordingly, Jiangsu Jinhai Investment Company Limited was deemed to be interested in 530,530,000 shares held by Ever Fortune Holdings under the SFO.

2. Legend was 99% owned by China Wallink Holding Group Co., Ltd. Accordingly, China Wallink Holding Group Co., Ltd. was deemed to be interested in 550,530,000 shares held by Ever Fortune Holdings under the SFO.
3. Evertop was beneficially wholly owned by Mr. Ji Da Wei. Accordingly, Mr. Ji Da Wei was deemed to be interested in 550,530,000 shares held by Ever Fortune Holdings under the SFO.
4. Huaxing (HK) was 98% owned by China Huaxing Group Company. Accordingly, China Huaxing Group Company was deemed to be interested in 550,530,000 shares held by Ever Fortune Holdings under the SFO.
5. Wonderland Group (Hong Kong) Corporation Limited was 100% owned by Jiangsu Jinhai Investment Company Limited. Accordingly, Wonderland Group (Hong Kong) Corporation Limited was deemed to be interested in 530,530,000 shares held by Ever Fortune Holdings under the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES (Continued)

6. Jiangsu Jinhai Investment Company Limited owned 100% interest in Wonderland Group (Hong Kong) Corporation Limited. Accordingly, Jiangsu Jinhai Investment Company Limited was deemed to be interested in 530,530,000 shares held by Ever Fortune Holdings under the SFO.

As at 30 June 2009, the Company had not been notified by any persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' interests and short positions in shares and underlying shares" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the directors or their respective spouse or minor children to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

The Company has adopted a share option scheme in June 2002. As at 30 June 2009, there are no outstanding option.

CORPORATE GOVERNANCE

To the best knowledge of and so far as is known to the current members of the Board, the Company has complied with the Code Provisions (“Code Provisions”) as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules with the exception of Code Provision A.4.2.

A.4.2 Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Company’s bye-laws deviate from Code Provision A.4.2 as it provides that one-third of the directors for the time being (save for the Chairman or Managing Director), or if their number is not three nor three nor a multiple of three, then the number nearest to one-third, shall retire from office and being eligible, offer themselves for re-election at the annual general meetings and that any new director appointed by the Board during the year shall hold office until the next following annual general meeting after appointment, and he/she shall be eligible for re-election.

To conform with Code Provision A.4.2, the Company in practice has complied with and adopted the said Code Provision A.4.2. According to the current corporate governance practices of the Company, all directors of the Company shall recommend themselves for re-election once every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment.

Due to the death of Mr. Yim Hing Wah on 14th July, 2009, the Company has not complied with Rule 3.10 that every board of directors must include at least three independent non-executive directors. The Board has already identified a suitable candidate but further details are still being finalised.

Save as disclosed above, please refer to the “Corporate Governance Report” contained in the Company’s 2008 annual report for more information about the corporate governance practices of the Company.

AUDIT COMMITTEE

The current audit committee of the Company comprises Mr. So Hoi Pan and Mr. Zhao Wen, all of whom are independent non-executive directors of the Company. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including the review of the condensed consolidated financial statements for the six months ended 30 June 2009.

THE MODEL CODE

The Company has adopted the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all the directors of the Company, the directors confirmed for the six months ended 30 June 2009 that they have complied with the “Model Code for Securities Transactions by Directors of Listed Issuers” as set out in Appendix 10 of Listing Rules. The Company has also adopted written guidelines on no less exacting terms than the Model Code for relevant employees. No incident of non-compliance of the employees’ written guidelines by relevant employees was noted by the Company during the period.

RESTRUCTURING OF THE COMPANY

On 16 February 2009, the Company announced that a restructuring agreement (the “Restructuring Agreement”) for the implementation of a new restructuring proposal, involving, among other things, capital reorganisation, debt restructuring, subscription of new shares and subscription of convertible preference shares, was entered into on 19 December 2008 between the Company and the Investor. On 14 January 2009, an addendum to the Restructuring Agreement was executed by the relevant parties.

RESTRUCTURING OF THE COMPANY (Continued)

In January 2009, First Novel and Trade Front were set up by the Company. First Novel is an investment holding company whereas Trade Front is principally engaged in trading of agricultural produce, namely seeds and seedlings including bean seeds and bean sprouts. In February 2009, the Company set up Trade Day as a wholly-owned subsidiary of First Novel to engage in the trading of agricultural produce of a wide range of vegetables. Through First Novel, Trade Front and Trade Day, the Company has recommenced its agriculture business with an initial focus on trading agricultural produce to Hong Kong and the PRC markets.

The Investor will become the controlling shareholder of the Company upon completion of the transactions as contemplated under the Restructuring Agreement.

MATERIAL LITIGATIONS

The Company was not involved in any material litigation or arbitration during the reporting period.

At the request of the Company, trading in the securities of the Company has been suspended since 9:30 a.m. on 28 April, 2005 and will remain suspended until further notice.

By Order of the Board

Zhou Wenjun

Chairman

Hong Kong, 18 September 2009