



FIRST NATURAL FOODS HOLDINGS LIMITED

(Provisional Liquidators Appointed)

第一天然食品有限公司*

(已委任臨時清盤人)

(Incorporated in Bermuda with limited liability)

(Stock Code: 01076)

Interim Report 2009

* *for identification purpose only*

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Corporate Information

JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

LIU Yiu Keung, Stephen

(appointed by the High Court of the HKSAR on 6 January 2009)

YEN Ching Wai, David

(appointed by the High Court of the HKSAR on 6 January 2009)

BOARD OF DIRECTORS

Executive Directors

LEE Wa Lun, Warren

YEUNG Chung Lung

(Chairman, vacated on 27 August 2009)

Independent Non-executive Directors

LEUNG King Yue, Alex

LO Wai On

TANG Chi Chung, Matthew

WONG Chi Keung

(appointed on 26 November 2007 and re-designated as Chairman on 9 October 2009)

PRINCIPAL REGISTRAR

Butterfield Corporate Services Limited

Rosebank Centre

11 Bermudiana Road

Pembroke

Bermuda

LEGAL ADVISERS

as to Hong Kong law

P. C. Woo & Co.

as to Bermuda law

Conyers Dill & Pearman

AUDITOR

ANDA CPA Limited

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited

17M Floor, Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2501, 25/F, China Online Centre

No. 333 Lockhart Road, Wanchai

Hong Kong

PRINCIPAL BANKERS

(BEFORE APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS)

CITIC Ka Wah Bank Limited

China Construction Bank (Asia) Limited

DBS Bank Ltd., Guangzhou Branch

Xiamen International Bank

Taishin International Bank Co., Limited

Hong Kong Branch

WEBSITE

<http://www.equitynet.com.hk/1076>

STOCK CODE

01076

Review of Operations

RESULTS

First Natural Foods Holdings Limited (Provisional Liquidators Appointed) (the "Company") and its subsidiaries (collectively the "Group") recorded a loss of approximately RMB5,474,000 attributable to equity holders of the Company for the six months ended 30 June 2009 (2008: profit of approximately RMB111,929,000).

The loss of the Group for the six months ended 30 June 2009 and the state of affairs of the Group at that date are set out in the condensed consolidated interim financial statements on pages 9 and 10.

The Group's interim results for the six months ended 30 June 2009 are unaudited and have been reviewed by the joint and several provisional liquidators of the Company (the "Provisional Liquidators") and the audit committee of the Company (the "Audit Committee"). However, as the consolidated financial statements of the Group for the year ended 31 December 2008 were disclaimed by the auditors of the Group and the Group's interim results for the six months ended 30 June 2009 have been prepared based on the available books and records by the Group, the Provisional Liquidators and the Audit Committee cannot assure the existence, presentation, accuracy and completeness of the opening balances and corresponding figures shown in the Group's interim results for the six months ended 30 June 2009.

INTERIM DIVIDEND

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

BUSINESS REVIEW

The Company is an investment holding company. The Company, through its subsidiaries, is principally engaged in the food manufacturing and trading industry mainly including frozen marine and functional food products. For the six months ended 30 June 2009, the Group did not record any turnover.

Trading in the shares of the Company (the "Shares") has been suspended since 9:30 a.m. on 15 December 2008 at the request of the Company.

After the suspension, the whereabouts of Mr. Yeung Chung Lung ("Mr. Yeung"), the former executive Director and chairman, and Mr. Yang Le ("Mr. Yang"), a former executive Director, could not be confirmed. Given that the Board had difficulties in exercising the authority and control of the Company over some of its subsidiaries, the Board considered that, for the benefit of the creditors and the shareholders of the Company (the "Shareholders") as a whole, it was appropriate and necessary to appoint provisional liquidators to preserve the Company's assets and investigate into the affairs and financial condition of the Group.

Review of Operations (Continued)

BUSINESS REVIEW (CONTINUED)

On 6 January 2009, a winding-up petition (the "Petition") and the application for the appointment of the provisional liquidators were presented to and filed with the High Court of the Hong Kong Special Administrative Region (the "Court") by the Company. On the same day, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai were appointed as the Provisional Liquidators by the Court. The Petition was filed with the Court on 7 January 2009 to effect the appointment. As such, the Provisional Liquidators do not have the same knowledge of the financial affairs of the Group as the Board would have, particularly in relation to the transactions entered into by the Group prior to their appointment date and the Board has been assisting the Provisional Liquidators to ascertain the Group's financial position since then.

The Provisional Liquidators have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets and to assess the situation of the subsidiaries in the People's Republic of China (the "PRC"). However, without the assistance of the former Directors, Mr. Yeung and Mr. Yang, who were the legal representatives of the subsidiaries in the PRC, the Provisional Liquidators would not be able to proceed the same. As such, legal actions have been taken against Mr. Yeung and Mr. Yang in respective regions in the PRC for the possible damages to the Group resulting from their illegal possessions of the properties of the subsidiaries in the PRC, including but not limited to, the company chops and statutory certificates of the subsidiaries in the PRC. The status of the court cases as at today is as follows:

(i) *Fuqing Longyu Food Development Co., Limited ("Fuqing Longyu")*

The Fuzhou Intermediate People's Court (福州市中級人民法院) of Fujian Province, the PRC (the "Fuzhou Court") issued a judgment letter dated 28 July 2009 (the "Judgment Letter") in the Provisional Liquidators' favour with regard to the replacements of Fuqing Longyu's legal representative and board of directors. On 2 September 2009, Mr. Yeung filed an appeal against the decisions of the Judgment Letter. The hearing for the appeal lodged by Mr. Yeung was heard on 19 November 2009 at the Higher People's Court of Fujian Province (福建省高級人民法院). On 18 January 2010, the Provisional Liquidators were informed by the PRC legal adviser that the final decision for the appeal had been handed down on 21 December 2009 which upheld the Judgment Letter. The Provisional Liquidators are taking steps to enforce the final decision.

Review of Operations (Continued)

BUSINESS REVIEW (CONTINUED)

(ii) *Jia Jing Commercial (Shanghai) Co., Limited (“Jia Jing (Shanghai)”)*

On 3 September 2009, the case had been accepted by the People’s Court of Pudong New District in Shanghai (the “Pudong Court”). The first and second hearings were heard on 14 October 2009 and 22 December 2009 at which no representatives of nor did Mr. Yang himself attend. Jia Jing (Shanghai), being the plaintiff in the aforesaid legal proceeding, is awaiting a judgment to be granted from the Pudong Court.

(iii) *Ningbo Dingwei Food Development Co., Limited (“Ningbo Dingwei”)*

First China Technology Limited, a subsidiary of the Company and the immediate holding company of Ningbo Dingwei, attempted to file a statement of claim with the Ningbo Intermediate People’s Court of Zhejiang Province (浙江省寧波市中級人民法院) but the filing was denied by the court.

LIQUIDITY AND FINANCIAL RESOURCES

The net cash outflow from operating activities for the period was approximately RMB355,000 as compared to a net cash outflow of approximately RMB3,119,000 in the previous period. Cash and cash equivalents as at 30 June 2009 amounted to approximately RMB314,000 (31 December 2008: approximately RMB529,000). At 30 June 2009, the Group had bank borrowings of approximately RMB184,504,000 (31 December 2008: approximately RMB184,634,000) which was due on demand. The Group’s gearing ratio measured on the basis of the Group’s interest bearings liabilities divided by total assets as at 30 June 2009 was not applicable as the Group had net deficiency in assets (31 December 2008: not applicable).

Liabilities and payables presented in the unaudited condensed consolidated interim results are prepared and presented according to the books and records and available information to the best of our knowledge.

CAPITAL STRUCTURE

For the six months ended 30 June 2009, there was no change in the capital structure and issued share capital of the Company.

RISK OF FOREIGN EXCHANGE FLUCTUATION

The Group’s bank borrowings, bank and cash balances and accruals and other payables were denominated in Hong Kong dollars, US dollars and Renminbi. As such, it will be subject to reasonable exchange rate exposures. However, the Group will closely monitor this risk exposure and would take prudent measures as appropriate. The Group’s borrowings bore interest at floating rates.

Review of Operations (Continued)

EMPLOYEES AND REMUNERATION POLICIES

Other than the Directors, the Group employed 1 staff in Hong Kong as at 30 June 2009. Remuneration package is reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments, the Group also provides other employment benefits such as a provident fund.

SIGNIFICANT INVESTMENTS AND ACQUISITION

On the basis of the available books and records, the Group did not make any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates during the period under review.

RESTRUCTURING OF THE GROUP

The Provisional Liquidators appointed Asian Capital (Corporate Finance) Limited (“Asian Capital”) as the financial adviser to the Company on 5 February 2009 to assist the Provisional Liquidators in identifying potential investors with a view to restructuring the Company and submitting a viable resumption proposal to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

On 12 March 2009, the Stock Exchange sent a letter to the Company stating that in view of the prolonged suspension of trading in the Shares, the delisting procedures set out in Practice Note 17 to the rules governing the listing of securities on the Stock Exchange (the “Listing Rules”) applied to the Company and the Company had been put into the first stage of the delisting procedures which commenced on the date of suspension. If the Company failed to submit a viable resumption proposal to address certain conditions on or before 11 September 2009, the Stock Exchange might consider to proceed to place the Company into the second stage of the delisting procedures pursuant to Practice Note 17 to the Listing Rules.

The Provisional Liquidators and Asian Capital used their best endeavours to source for potential investors with interest in the restructuring of the Company. Consequently, the restructuring proposal of Group Will Holdings Limited (the “Investor”) had been accepted by the Provisional Liquidators.

On 30 July 2009, an exclusivity agreement (the “Exclusivity Agreement”) was entered into among the Investor, Mr. Huang Kunyan (“Mr. Huang”), the Company and the Provisional Liquidators to grant the Investor a 12-month exclusivity period to prepare a viable resumption proposal to be submitted to the Stock Exchange with a view to resuming the trading in the Shares (the “Resumption Proposal”), and to negotiate in good faith for entering into a legally binding formal agreement (the “Formal Agreement”) for the implementation of the Resumption Proposal.

Review of Operations (Continued)

RESTRUCTURING OF THE GROUP (CONTINUED)

Pursuant to the Exclusivity Agreement, the Investor shall negotiate with the Provisional Liquidators to enter into an arrangement of working capital facility of up to HK\$10 million (or such higher sum the Investor may agree from time to time) for the settlement of the trading and operating expenses as are required to carry on and maintain a viable business of the sale of food products during the course of the proposed restructuring. Such working capital facility will be secured by a debenture with charge(s) over certain assets of the Group.

Given the time constraints, the Company was unable to submit the Resumption Proposal by 11 September 2009 and the Company was placed into the second stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on 18 September 2009.

Pursuant to the letter from the Stock Exchange on 18 September 2009, among other things, the Company is required to submit a viable Resumption Proposal within six months from the date of the letter (i.e. 10 business days before 17 March 2010) to the Stock Exchange, which should meet the following conditions:

1. demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;
2. demonstrate that circumstances do not exist to suggest that there may be significant deficiencies in the Group's internal control system;
3. demonstrate the Company's compliance with Rule 3.08 of the Listing Rules regarding duties of the directors; and
4. withdrawal and/or dismissal of the Petition, and discharge of the Provisional Liquidators.

If no viable resumption proposal is submitted by 3 March 2010, the Stock Exchange may consider to proceed to place the Company into the third stage of the delisting procedures.

The Investor and the Company are currently reviewing the existing operations of the Group. The Company, with the assistance of Asian Capital and the Investor, are in the course of preparing the Resumption Proposal, and which will be submitted to the Stock Exchange as soon as practicable.

The proposed restructuring, if successfully implemented will, among others, result in:

- (i) a restructuring of the share capital of the Company through capital reduction, share consolidation, share subdivision and issue of new shares;

Review of Operations (Continued)

RESTRUCTURING OF THE GROUP (CONTINUED)

- (ii) all creditors of the Company discharging and waiving their claims against the Company by way of schemes of arrangement in Hong Kong and Bermuda as appropriate; and
- (iii) resumption of trading in the Shares upon completion of the proposed restructuring subject to the restoration of sufficient public float.

The Provisional Liquidators have provided regular update on the status of the Group to the Court and suggested for the adjournment of granting the winding-up order against the Company. On 14 January 2010, the hearing of the Petition has been further adjourned to 19 July 2010.

CONTINGENT LIABILITIES

Details of the contingent liabilities of the Group are set out in note 13 to the condensed consolidated interim financial statements.

COMMITMENTS

Details of the commitments of the Group are set out in note 14 to the condensed consolidated interim financial statements.

PROSPECTS

The Provisional Liquidators have been working closely with the Investor in preparing the Resumption Proposal to be submitted to the Stock Exchange as soon as practicable.

With the strong support in the business and financial aspects from the Investor, the Group is confident to revive its existing businesses and achieve a substantial level of operations within a reasonable period of time.

Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June	
		2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Turnover	3, 5	–	478,707
Cost of sales		–	(271,919)
Gross profit		–	206,788
Other income	4	21	5,353
Selling expenses		–	(3,731)
Administrative expenses		(729)	(18,052)
Other operating expenses		–	(5,860)
Loss arising from a change in fair value of a derivative financial instrument		–	(18,890)
(Loss)/profit from operations		(708)	165,608
Finance costs	6	(4,766)	(6,341)
(Loss)/profit before tax	7	(5,474)	159,267
Income tax expense	8	–	(47,338)
(Loss)/profit for the period attributable to equity holders of the Company		(5,474)	111,929
Other comprehensive income after tax:			
Translation difference		270	14,711
Total comprehensive (loss)/income for the period attributable to equity holders of the Company		(5,204)	126,640
(Loss)/earnings per share attributable to equity holders of the Company	9		
Basic (RMB cents per share)		(0.46)	9.72
Diluted (RMB cents per share)		(0.46)	9.34

Condensed Consolidated Statement of Financial Position

	Notes	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		30	34
Deferred tax assets		233	233
		263	267
Current assets			
Prepayments, deposits and other receivables		41	609
Bank and cash balances		314	529
		355	1,138
Current liabilities			
Accruals and other payables	11	177,002	172,455
Bank borrowings	12	184,504	184,634
Financial guarantee liabilities		13,500	13,500
		375,006	370,589
Net current liabilities		(374,651)	(369,451)
Total assets less current liabilities		(374,388)	(369,184)
NET LIABILITIES		(374,388)	(369,184)
Capital and reserves attributable to equity holders of the Company			
Share capital		61,387	61,387
Reserves		(435,775)	(430,571)
DEFICIENCY ON TOTAL EQUITY		(374,388)	(369,184)

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company									Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Merger reserve RMB'000	Statutory reserve fund RMB'000	Enterprise expansion reserve fund RMB'000	Employee share-based compensation reserve RMB'000	Equity component reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits / (accumulated losses) RMB'000	
At 1 January 2008	58,575	269,847	41,421	74,352	10,081	8,152	8,878	16,699	595,560	1,083,565
Total comprehensive income for the period	-	-	-	-	-	-	-	14,711	111,929	126,640
Dividend approved in respect of previous year (note 10)	-	-	-	-	-	-	-	-	(43,034)	(43,034)
Deferred tax effect on equity component	-	-	-	-	-	-	530	-	-	530
Shares issued upon exercise of share options	736	11,857	-	-	-	(2,912)	-	-	-	9,681
Shares issued upon exercise of warrants	2,076	13,084	-	-	-	-	(3,535)	-	-	11,625
At 30 June 2008 (unaudited)	61,387	294,788	41,421	74,352	10,081	5,240	5,873	31,410	664,455	1,189,007
At 1 January 2009	61,387	300,028	41,421	-	-	-	-	32,806	(804,826)	(369,184)
Total comprehensive loss for the period	-	-	-	-	-	-	-	270	(5,474)	(5,204)
At 30 June 2009 (unaudited)	61,387	300,028	41,421	-	-	-	-	33,076	(810,300)	(374,388)

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Net cash used in operating activities	(355)	(3,119)
Net cash generated from investing activities	–	115,091
Net cash used in financing activities	–	(44,292)
Net (decrease)/increase in cash and cash equivalents	(355)	67,680
Effect of foreign exchange rate changes	140	523
Cash and cash equivalents at beginning of period	529	724,683
Cash and cash equivalents at end of period	314	792,886
Analysis of cash and cash equivalents		
Bank and cash balances	314	792,886

Notes to Condensed Consolidated Interim Financial Statements

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company is an investment holding company. The Company, through its subsidiaries, is principally engaged in the food manufacturing and trading industry mainly including frozen and functional food products. For the six months ended 30 June 2009, the Group did not record any turnover.

The principal accounting policies adopted in the unaudited condensed consolidated interim financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 December 2008, except as stated in note 2 below.

The Group’s condensed consolidated interim financial statements for the six months ended 30 June 2009 are unaudited and have been reviewed by the joint and several provisional liquidators (the “Provisional Liquidators”) and the audit committee of the Company (the “Audit Committee”). However, as the consolidated financial statements of the Group for the year ended 31 December 2008 were disclaimed by the auditors of the Group and the Group’s condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared based on the available books and records by the Group, the Provisional Liquidators and the Audit Committee cannot assure the existence, presentation, accuracy and completeness of the opening balances and corresponding figures shown in the Group’s condensed consolidated interim financial statements for the six months ended 30 June 2009.

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately RMB5,474,000 for the six months ended 30 June 2009 (2008: profit of approximately RMB111,929,000). The Group had net current liabilities and net liabilities of approximately RMB374,651,000 and approximately RMB374,388,000 as at 30 June 2009 respectively (31 December 2008: approximately RMB369,451,000 and approximately RMB369,184,000 respectively). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The condensed consolidated interim financial statements have been prepared based on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments will have to be made to the financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which may arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies and basis of preparation adopted in the preparation of this unaudited condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008 except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA which are effective for the Group’s financial years beginning on or after 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-INT 9 & HKAS 39 (Amendments)	Embedded Derivatives
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
HKFRSs (Amendments)	Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to amendments to paragraph 80 of HKAS 39

¹ *Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.*

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, the revised 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 income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present one statement.

HKFRS 8 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 purpose 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 Group determined that the operating segments were the same as the business segments and geographical segments previously identified under HKAS 14 Segment Reporting.

Save as detailed above, the adoption of the new and revised HKFRSs has no material effect on how the results for the current and prior accounting periods are prepared and presented. Accordingly, no prior period adjustment has been required.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (CONTINUED)

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

HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters ²
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions ²
HKFRS 3 (Revised)	Business Combinations ¹
HKFRS 9	Financial Instruments ⁵
HK(IFRIC)-INT 14 (Amendment)	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁴
HK(IFRIC)-INT 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)-INT 18	Transfer of Assets from Customers ³
HK(IFRIC)-INT 19	Extinguishing Financial Liabilities with Equity Instruments ⁶
HK-Int 4 (Amendment)	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases ²
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ⁷

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 transfers on or after 1 July 2009.

⁴ Effective for annual periods beginning on or after 1 January 2011.

⁵ Effective for annual periods beginning on or after 1 January 2013.

⁶ Effective for annual periods beginning on or after 1 July 2010.

⁷ Except for the amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16, which are effective for annual periods beginning on or after 1 July 2009, and no effective date or transitional provisions for the amendment to Appendix to HKAS 18 has been specified, other amendments are effective for annual periods beginning on or after 1 January 2010, although there are separate transitional provisions for certain standards.

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

3. TURNOVER

No transactions were concluded to generate any trading income during the current period. In the prior period, turnover represented the invoiced value of goods sold, less value-added tax, goods returns and trade discounts in that period.

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Sales of goods	-	478,707

4. OTHER INCOME

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Interest income	-	4,990
Sundry income	21	363
	21	5,353

5. SEGMENT INFORMATION

Business segments

The Group comprises the following main business segments:

Frozen marine food products	:	The manufacture and sale of frozen marine food products
Frozen functional food products	:	The manufacture and sale of frozen functional food products
Seasoned convenient products	:	The manufacture and sale of seasoned convenient food products
Retail shops	:	Sale of food products in UBI brand

Notes to Condensed Consolidated Interim Financial Statements (Continued)

5. SEGMENT INFORMATION (CONTINUED)

Business segments (Continued)

	For the six months ended 30 June (unaudited)											
	Frozen marine food products		Frozen functional food products		Seasoned convenient products		Retail shops		Inter-segment elimination		Consolidated	
	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
Revenue from external customers	-	189,004	-	266,684	-	16,571	-	7,448	-	-	-	478,707
Inter-segment revenue	-	3,229	-	1,856	-	-	-	-	-	(5,085)	-	-
Total	-	192,233	-	267,540	-	16,571	-	7,448	-	(5,085)	-	478,707
Segment results	-	93,657	-	103,821	-	7,068	-	2,770	-	(528)	-	206,788
Unallocated operating income and expenses											(708)	(41,180)
(Loss)/profit from operations											(708)	165,608
Finance costs											(4,766)	(6,341)
(Loss)/profit before tax											(5,474)	159,267
Income tax expense											-	(47,338)
(Loss)/profit for the period attributable to equity holders of the Company											(5,474)	111,929

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the destination of delivery of goods.

	For the six months ended 30 June (unaudited)									
	Mainland China		Japan		United States of America		Others		Consolidated	
	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
Revenue from external customers	-	46,214	-	296,260	-	114,653	-	21,580	-	478,707

Notes to Condensed Consolidated Interim Financial Statements (Continued)

6. FINANCE COSTS

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Interest expenses on:		
Bank borrowings	4,766	5,305
Convertible notes	–	1,036
	4,766	6,341

7. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is stated after charging the following:

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Amortisation of leasehold land and rental prepayments	–	10,008
Cost of inventories sold [#]	–	271,919
Depreciation [#]	4	21,810
Loss arising from a change in fair value of a derivative financial instrument	–	18,890
Net exchange loss	10	4,436
Other operating lease charges on land and buildings	430	1,231
Staff costs including directors' emoluments [#]	76	6,420

[#] For the six months ended 30 June 2008, cost of inventories sold included staff costs of approximately RMB3,079,716 and depreciation expenses of approximately RMB20,860,605, that had also been included in the respective total amounts disclosed separately above.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Current tax – the PRC Enterprise Income Tax		
Provision for the period	–	47,444
Deferred tax		
Origination and reversal of temporary differences	–	(106)
	–	47,338

Notes to Condensed Consolidated Interim Financial Statements (Continued)

8. INCOME TAX EXPENSE (CONTINUED)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2009 (2008: Nil) as the Group did not generate any assessable profits arising in Hong Kong during the period.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share attributable to equity holders of the Company is based on the loss for the six months ended 30 June 2009 attributable to equity holders of the Company of approximately RMB5,474,000 (2008: profit attributable to equity holders of the Company of approximately RMB111,929,000) and the weighted average number of ordinary shares of approximately 1,185,915,000 (2008: approximately 1,151,159,000 ordinary shares) in issue during the period.

Diluted (loss)/earnings per share

Diluted loss per share for the six months ended 30 June 2009 was the same as the basic loss per share as there were no dilutive potential ordinary shares outstanding.

The calculation of diluted earnings per share for the six months ended 30 June 2008 was based on the profit attributable to equity holders of the Company of approximately RMB112,891,000 and the weighted average number of approximately 1,209,237,000 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares.

The weighted average number of shares for the purpose of the diluted earnings per share for the six months ended 30 June 2008 was arrived at as follows:

	Number of shares
Weighted average number of ordinary shares used in calculating basic earnings per share	1,151,159,000
Deemed issue of ordinary shares	
– shares options	3,766,000
– warrants	17,275,000
– convertible notes	37,037,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,209,237,000

Notes to Condensed Consolidated Interim Financial Statements (Continued)

10. INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).

Dividends attributable to the previous financial year, approved and paid during the period:

	Six months ended 30 June	
	2009 RMB'000 (unaudited)	2008 RMB'000 (unaudited)
Final dividend in respect of the previous financial year, approved and paid during the period of nil per ordinary share (2008: HK \$0.040 (equivalent to approximately RMB0.036) per ordinary share)	–	43,034

11. ACCRUALS AND OTHER PAYABLES

	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Finance costs payable	7,265	1,892
Accruals and other payables	1,519	2,227
Claim arising from derivative financial instrument (note (a))	109,078	109,155
Due to a director (note (b))	59,140	59,181
	177,002	172,455

Notes:

- (a) Included in the accruals and other payables of the Group is a claim arising from the derivative financial instrument with a carrying amount of US\$15,927,075 (equivalent to approximately RMB109,078,000) (31 December 2008: approximately RMB109,155,000). The claim is arising from a notice of early termination of a US\$ interest rate swap agreement dated 3 November 2008 served by a commercial bank. The Provisional Liquidators have engaged a Hong Kong legal adviser to assist in reviewing the claim lodged by that commercial bank.
- (b) The amount due to a director is unsecured, non-interest bearing and has no fixed terms of repayment.
- (c) All amounts of the accruals and other payables as stated above were recognised based on the books and records of the Group made available to the Directors and the Provisional Liquidators.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

12. BANK BORROWINGS

The bank borrowings are unsecured and repayable as follows:

	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Within 1 year or on demand	184,504	184,634
After 1 year but within 2 years	–	–
After 2 years but within 5 years	–	–
	184,504	184,634
Non-current portion	–	–
Current portion	184,504	184,634

13. CONTINGENT LIABILITIES

A full search of the contingent liabilities of the Group has not been conducted. Any lawsuits or winding-up petitions against the Company will be subject to the court approval and the respective claims will be subject to a formal adjudication process, dealt with and compromised under the restructuring schemes upon the completion of the restructuring with the Investor.

The Provisional Liquidators, also acting as the directors of the subsidiaries, were not aware of any potential claim against the subsidiaries as at 30 June 2009.

14. COMMITMENTS

Capital commitments

The Group had no material capital commitment as at 30 June 2009. (31 December 2008: nil)

Operating lease commitments

At the end of the reporting period, the Group had the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	At 30 June 2009 RMB'000 (unaudited)	At 31 December 2008 RMB'000 (audited)
Within 1 year	181	–
After 1 year but within 5 years	–	–
After 5 years	–	–
	181	–

The Group leases its office under an operating lease. The lease runs for an initial period of one year and does not include any contingent rentals.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

15. EVENTS AFTER THE REPORTING PERIOD

Since the appointment on 6 January 2009, Mr. Stephen Liu Yiu Keung and Mr. David Yen Ching Wai, the Provisional Liquidators, have been investigating into the affairs of the Group and have taken all necessary actions to preserve the assets and to assess the situation of the subsidiaries in the People's Republic of China (the "PRC"). However, without the assistance of the former Directors, Mr. Yeung and Mr. Yang, who were the legal representatives of the subsidiaries in the PRC, the Provisional Liquidators would not be able to proceed the same. As such, legal actions have been taken against Mr. Yeung and Mr. Yang in respective regions in the PRC for the possible damages to the Group resulting from their illegal possessions of the properties of the subsidiaries in the PRC, including but not limited to, the company chops and statutory certificates of the subsidiaries in the PRC. The status of the court cases as at today is as follows:

(i) *Fuqing Longyu Food Development Co., Limited ("Fuqing Longyu")*

The Fuzhou Court issued the Judgment Letter in the Provisional Liquidators' favour with regard to the replacements of Fuqing Longyu's legal representative and board of directors. On 2 September 2009, Mr. Yeung filed an appeal against the decisions of the Judgment Letter. The hearing for the appeal lodged by Mr. Yeung was heard on 19 November 2009 at the Higher People's Court of Fujian Province (福建省高級人民法院). On 18 January 2010, the Provisional Liquidators were informed by the PRC legal adviser that the final decision for the appeal had been handed down on 21 December 2009 which upheld the Judgment Letter. The Provisional Liquidators are taking steps to enforce the final decision.

(ii) *Jia Jing Commercial (Shanghai) Co., Limited ("Jia Jing (Shanghai)")*

On 3 September 2009, the case had been accepted by the The People's Court of Pudong New District in Shanghai (the "Pudong Court"). The first and second hearings were heard on 14 October 2009 and 22 December 2009 at which no representatives of nor did Mr. Yang himself attend. Jia Jing (Shanghai), being the plaintiff in the aforesaid legal proceeding, is awaiting a judgment to be granted from the Pudong Court.

(iii) *Ningbo Dingwei Food Development Co., Limited ("Ninbo Dingwei")*

First China Technology Limited, a subsidiary of the Company and the immediate holding company of Ningbo Dingwei, attempted to file a statement of claim with the Ningbo Intermediate People's Court of Zhejiang Province (浙江省寧波市中級人民法院) but the filing was denied by the court.

The Provisional Liquidators and Asian Capital (Corporate Finance) Limited ("Asian Capital") used their best endeavours to source for potential investors with interest in the restructuring of the Company. Consequently, the restructuring proposal of Group Will Holdings Limited ("Investor") had been accepted by the Provisional Liquidators.

On 30 July 2009, the Exclusivity Agreement was entered into among the Investor, Mr. Huang, the Company and the Provisional Liquidators to grant the Investor a 12-month exclusivity period to prepare a viable resumption proposal to be submitted to the Stock Exchange with a view to resuming the trading in the Shares (the "Resumption Proposal"), and to negotiate in good faith for entering into the Formal Agreement for the implementation of the Resumption Proposal.

Notes to Condensed Consolidated Interim Financial Statements (Continued)

15. EVENTS AFTER THE REPORTING PERIOD (CONTINUED)

Pursuant to the Exclusivity Agreement, the Investor shall negotiate with the Provisional Liquidators to enter into an arrangement of working capital facility of up to HK\$10 million (or such higher sum the Investor may agree from time to time) for the settlement of the trading and operating expenses as are required to carry on and maintain a viable business of the sale of food products during the course of the proposed restructuring. Such working capital facility will be secured by a debenture with charge(s) over certain assets of the Group.

Given the time constraints, the Company was unable to submit the Resumption Proposal by 11 September 2009 and the Company was placed into the second stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on 18 September 2009.

Pursuant to the letter from the Stock Exchange on 18 September 2009, among other things, the Company is required to submit a viable Resumption Proposal within six months from the date of the letter (i.e. 10 business days before 17 March 2010) to the Stock Exchange, which should meet the following conditions:

1. demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;
2. demonstrate that circumstances do not exist to suggest that there may be significant deficiencies in the Group's internal control system;
3. demonstrate the Company's compliance with Rule 3.08 of the Listing Rules regarding duties of the directors; and
4. withdrawal and/or dismissal of the Petition, and discharge of the Provisional Liquidators.

If no viable resumption proposal is submitted by 3 March 2010, the Stock Exchange may consider to proceed to place the Company into the third stage of the delisting procedures.

The Investor and the Company are currently reviewing the existing operations of the Group. The Company, with the assistance of Asian Capital and the Investor, are in the course of preparing the Resumption Proposal, and which will be submitted to the Stock Exchange as soon as practicable.

The proposed restructuring, if successfully implemented will, among others, result in:

- (i) a restructuring of the share capital of the Company through capital reduction, share consolidation, share subdivision and issue of new shares;
- (ii) all creditors of the Company discharging and waiving their claims against the Company by way of schemes of arrangement in Hong Kong and Bermuda as appropriate; and
- (iii) resumption of trading in the Shares upon completion of the proposed restructuring subject to the restoration of sufficient public float.

The Provisional Liquidators have provided regular update on the status of the Group to the Court and suggested for the adjournment of granting the winding-up order against the Company. On 14 January 2010, the hearing of the Petition has been further adjourned to 19 July 2010.

Other Information

DIRECTORS' AND THE CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SECURITIES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, saved as disclosed below and other than certain nominee shares in subsidiaries held by Directors in trust for the Company, none of the directors or chief executive of the Company had registered any interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which was required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) recorded pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code").

Long positions in the Shares:

Name of Director	Number of ordinary shares			Total	Approximate percentage of issued share capital
	Personal interest	Family interest	Corporate interest		
YEUNG Chung Lung	–	–	416,665,000	416,665,000	35.13%
			(Note)		

Note: Held through Regal Splendid Limited which is wholly-owned by Mr. Yeung, a former Director.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES

As at 30 June 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the Shares:

Name of shareholder	Notes	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital
Regal Splendid Limited	(a)	Beneficial owner	416,665,000	35.13%
UBS AG		Person having a security interest in shares	92,800,000	7.83%
Dunross Investment Ltd.	(b)	Beneficial owner	83,370,000	7.03%
Dunross International AB	(c)	Corporation	83,370,000	7.03%
Dunross & Co AB	(c)	Corporation	83,370,000	7.03%
Crosby Active Opportunities Master Fund Limited	(d)	Beneficial owner	79,370,000	6.69%
Crosby Active Opportunities Feeder Fund Limited	(e)	Corporation	79,370,000	6.69%
Crosby Asset Management (Singapore) Limited	(f)	Corporation	79,370,000	6.69%
Crosby Asset Management Limited	(g)	Corporation	79,370,000	6.69%
Crosby Asset Management (Holdings) Limited	(h)	Corporation	79,370,000	6.69%
Crosby Asset Management Inc.	(i)	Corporation	79,370,000	6.69%

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES (CONTINUED)

Long positions in the Shares: (Continued)

Name of shareholder	Notes	Capacity	Number of ordinary shares held	Approximate percentage of issued share capital
The SFP Asia Master Fund Ltd.	(j)	Beneficial owner	48,945,000	4.13%
The SFP Asia Fund Ltd.	(k)	Corporation	48,945,000	4.13%
The SFP Value Realization Co. Ltd.	(l)	Corporation	48,945,000	4.13%

Notes:

- (a) Regal Splendid Limited is a company incorporated in the British Virgin Islands with limited liability which is legally and beneficially owned as to 100% by Mr. Yeung, a former Director.
- (b) Dunross Investment Ltd. is a company incorporated in Cyprus which is wholly-owned by Dunross International AB.
- (c) Dunross International AB is a company incorporated in Sweden which is wholly-owned by Dunross & Co AB.
- (d) Crosby Active Opportunities Master Fund Limited is a company incorporated in the Cayman Islands which is wholly-owned by Crosby Active Opportunities Feeder Fund Limited.
- (e) Crosby Active Opportunities Feeder Fund Limited is a company incorporated in the Cayman Islands.
- (f) Crosby Asset Management (Singapore) Limited is a company incorporated in Singapore which is wholly-owned by Crosby Asset Management Limited.
- (g) Crosby Asset Management Limited is a company incorporated in the Cayman Islands which is wholly-owned by Crosby Asset Management (Holdings) Limited.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES (CONTINUED)

Notes: (Continued)

- (h) Crosby Asset Management (Holdings) Limited is a company incorporated in the Cayman Islands which is wholly owned by Crosby Asset Management Inc.
- (i) Crosby Asset Management Inc. is a company incorporated in the Cayman Islands.
- (j) The SFP Asia Master Fund Ltd. is a company incorporated in the Cayman Islands which is owned as to 80.2% by The SFP Asia Fund Ltd.
- (k) The SFP Asia Fund Ltd. is a company incorporated in the Cayman Islands which is wholly-owned by The SFP Value Realization Co. Ltd.
- (l) The SFP Value Realization Co. Ltd. is a company incorporated in the Cayman Islands.

Save as disclosed above, as at 30 June 2009, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and the Chief Executive's Interests or Short Positions in Securities, Underlying Shares and Debentures" above, had registered an interest or short position in the securities or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than as disclosed under the headings "Share Option Scheme" below and "Directors' and the Chief Executive's Interests or Short Positions in Securities, Underlying Shares and Debentures" above, to the best knowledge of the Board, at no time during the period there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Other Information (Continued)

SHARE OPTION SCHEME

On 4 June 2004, a share option scheme (the "Scheme") has been adopted by the Company, the principal terms of which were set out in the Company's Annual Report 2008.

During the period under review, no options were granted, cancelled or lapsed. As at 30 June 2009, no option under the Scheme was remained outstanding.

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

To the best knowledge of the Board, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period under review.

DISCLOSURE PURSUANT TO RULE 13.18 OF THE LISTING RULES

On 21 July 2006, the Company had entered into a loan agreement (the "Loan Agreement") with a syndicate of banks for a 3-year term loan facility of up to HK\$195,000,000. Under the Loan Agreement, it would be an event of default if (i) Mr. Yeung, a former Director, and his family members cease to be the beneficial owner of at least 35% of the entire issued share capital and ownership interest of the Company; or (ii) Mr. Yeung ceases to be the chairman of the Company and to be the single largest shareholder of the Company or no longer actively involved in the management and business of the Group (being the Company, the guarantors and their respective subsidiaries); or (iii) the Company fails at any time to beneficially own (directly or indirectly) the entire issued share capital of any of the guarantors.

On 19 December 2008, the agent of the syndicate of banks gave notice to the Company that certain events of default have occurred and demanded immediate repayment of all outstanding monies owed by the Company.

As at 30 June 2009, the outstanding amount owed by the Company in respect of this loan facility was approximately HK\$90,347,000 (equivalent to approximately RMB79,531,000).

Other Information (Continued)

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has complied with the sufficiency of public float requirement under the Listing Rules.

SUSPENSION OF TRADING

Trading in the Shares on the Main Board of the Stock Exchange has been suspended since 15 December 2008, and will remain suspended until further notice.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Details of the significant events after the reporting period of the Group are set out in note 15 to the condensed consolidated interim financial statements.

CORPORATE GOVERNANCE

Mr. Wong Chi Keung ("Mr. Wong") has been an independent non-executive Director prior to his re-designation as the chairman of the Board on 9 October 2009. Mr. Wong was not involved in the management of the Company and the Group as an independent non-executive Director. Except for Mr. Wong, members of the current Board were appointed in December 2008. On 6 January 2009, the Provisional Liquidators were appointed by the Court. Consequently, the current Board is unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the period under review.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiry to all Directors, they have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2009.

Other Information (Continued)

REMUNERATION COMMITTEE

The members of the remuneration committee of the Company during the period and up to the date of this report were:

WONG Chi Keung (Chairman)
LEUNG King Yue, Alex
LO Wai On
TANG Chi Chung, Matthew
YEUNG Chung Lung (vacated on 27 August 2009)

The remuneration committee is responsible for advising the Board on the remuneration policy and framework of the Company's Directors and senior management, as well as reviewing and determining the remuneration of all executive directors and senior management with reference to the Company's objectives from time to time.

AUDIT COMMITTEE

The members of the Audit Committee during the period and up to the date of this report were:

WONG Chi Keung (Chairman)
LEUNG King Yue, Alex
LO Wai On
TANG Chi Chung, Matthew

The Audit Committee is responsible for reviewing the accounting principles and practices adopted by the Group and discussing auditing, internal control and financial reporting matters with the management. The Group's condensed consolidated interim financial statements for the six months ended 30 June 2009 are unaudited and have been reviewed by the Provisional Liquidators and the Audit Committee. However, as the consolidated financial statements of the Group for the year ended 31 December 2008 were disclaimed by the auditors of the Group, and the Group's condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared based on the available books and records by the Group, the Provisional Liquidators and the Audit Committee cannot assure the existence, presentation, accuracy and completeness of the opening balances and corresponding figures shown in the Group's condensed consolidated interim financial statements for the six months ended 30 June 2009.

On behalf of the Board
First Natural Foods Holdings Limited
(Provisional Liquidators Appointed)

Wong Chi Keung
Chairman

10 February 2010