

Cypress Jade Agricultural Holdings Limited

(Formerly known as Ever Fortune International Holdings Limited)

(Incorporated in Bermuda with limited liability)

Stock Code: 875



Interim Report
2012

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive directors

Dr. Hui Ho Ming, Herbert, J.P.
(Deputy Chairman)

Mr. Shi Lanjiang (Chief Executive Officer)

Mr. Chu Yuet Chung

Mr. Yang Jianzun

Ms. Yau Fai San

Non-executive directors

Mr. Wu Wai Chung, Michael (Chairman)

Mr. Ji Xiang

Independent non-executive directors

Mr. Cheung Yu Yan, Tommy, J.P.

Ms. Ng Yi Kum, Estella

Professor Japhet Sebastian Law

AUDIT COMMITTEE

Ms. Ng Yi Kum, Estella
(Committee Chairman)

Mr. Cheung Yu Yan, Tommy, J.P.

Professor Japhet Sebastian Law

Mr. Ji Xiang

REMUNERATION COMMITTEE

Professor Japhet Sebastian Law
(Committee Chairman)

Mr. Cheung Yu Yan, Tommy, J.P.

Ms. Ng Yi Kum, Estella

Ms. Yau Fai San

Mr. Ji Xiang

CORPORATE GOVERNANCE COMMITTEE

Professor Japhet Sebastian Law
(Committee Chairman)

Mr. Cheung Yu Yan, Tommy, J.P.

Ms. Ng Yi Kum, Estella

Mr. Wu Wai Chung, Michael

NOMINATION COMMITTEE

Mr. Cheung Yu Yan, Tommy, J.P.
(Committee Chairman)

Professor Japhet Sebastian Law

Mr. Shi Lanjiang

REGISTERED OFFICE

Canon's Court
22 Victoria Street Hamilton
HM12 Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 801-803, 8/F., Tins Enterprises
Centre, 777 Lai Chi Kok Road,
Cheung Sha Wan,
Kowloon, Hong Kong

COMPANY SECRETARY

Ms. Chow Miu Fan

AUTHORISED REPRESENTATIVES

Dr. Hui Ho Ming, Herbert, J.P.

Ms. Chow Miu Fan

AUDITOR

Mabel Chan & Co.

LEGAL ADVISOR

Angela Ho & Associates
(as to Hong Kong laws)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre,
28 Queen's Road East, Wanchai,
Hong Kong

STOCK CODE

875

CORPORATE WEBSITE

<http://www.cyj.hk>

INVESTOR RELATIONS

Email: ir@cyj.hk

Telephone: (852) 3122 6600

Fax: (852) 2536 9223

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The board of directors (the "Board") of Cypress Jade Agricultural Holdings Limited (the "Company") is pleased to present the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

As part of the Resumption Proposal (as disclosed in the circular of the Company dated 30 November 2011) involved the acquisition of subsidiaries which were completed on 29 December 2011, the operating results of the enlarged Group were included in the condensed consolidated financial information for the period ended 30 June 2012. A net profit of HK\$30,517,000 was recorded by the Group in respect of the six months ended 30 June 2012 and the turnover during the period amounted to HK\$106,517,000 which represented a growth of 1,222% when compared to the corresponding period. The significant increase in the net profit for the six months period was mainly attributable to the gain on the discharge of the indebtedness due to creditors as a result of the Scheme of Arrangement (as disclosed in the circular of the Company dated 17 January 2012). The Group recorded a loss of HK\$10,007,000 from normal operation for the period ended 30 June 2012 if excluding the gain on the discharge of the indebtedness.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2012, the Group had cash and bank balances of HK\$10,547,000 (31 December 2011: HK\$42,319,000). As at 30 June 2012, the Group's current ratio was 0.43 (31 December 2011: 0.29).

CHARGES ON ASSETS

The entire issued share capital of each of the Company's wholly-owned subsidiaries: Cypress Jade Management Services Limited, Trade Day Holdings Limited, Trade Leader Investment Limited, Trade Soar Limited and First Novel Limited have been pledged to Right Day Holdings Limited to secure loan facilities granted to the Group.

As at 27 February 2012, total amount of HK\$63,350,000 was drawn down. The loan was settled during current reporting period.

Buildings with carrying amount of approximately HK\$10,533,000 (2011: HK\$10,737,000) were pledged with banks for loan facilities.

GEARING RATIO

The Group's gearing ratio as at 30 June 2012 was 0.75 (31 December 2011: 1.28), which was arrived at by dividing the total liabilities by total assets.

CONTINGENT LIABILITIES AND GUARANTEES

As at 30 June 2012, the Group had not provided any guarantees in favor of any third party nor were there any significant contingent liabilities.

CAPITAL EXPENDITURE

Capital expenditure commitments by the Group amounted to HK\$13,239,000 at the end of the Reporting Period (as at 31 December 2011: HK\$9,719,000).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group made no material acquisitions or material disposals of subsidiaries and associated companies during the Reporting Period.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2012, the Group has a total of 1,135 (2011: 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 and expired on 21 June 2012. Eligible participants under the Scheme include, among others, the Company's directors, independent non-executive directors and employees of the Group. No share option was granted, cancelled or lapsed during the period and, as at 30 June 2012, there is no outstanding option.

PROSPECTS

As disclosed in the Circular dated 30 November 2011, the business objective of the Group is to provide high quality agricultural produce to capture the growing demand for vegetables due to the trend of human dietary habit. The Group is expected to grow at a steady pace and will be complemented by future expansion plans. The Group intends to implement the following strategies:

(a) Expansion of the sales network

The Directors believe that a foundation of the sales network has already been established. With the growth of the Group after completion of the Acquisitions as mentioned before, it will go through a period of consolidation and coordination. Through the Acquisitions, the Company has formed an enlarged Group with coverage of sales network in domestic market, export market and the PRC market.

(b) Investment in the production base

In order to further minimize the impact of adverse local weather condition and increase the production volume to cater the expanding local and overseas vegetable markets, the Group may make further investments in the production base in Ningxia and Zengcheng.

(c) Investment in equipment and distribution centre

Pending the funding support from the PRC government, the Group may invest in setting up a new refrigerated storage, processing and distribution centre in Zengcheng, Guangdong, to cope with the increasing output volume of vegetables export to Hong Kong, and to open up the domestic market in the Mainland, in particular, to supply vegetables for the Hong Kong fast-food chains that are actively developing the Mainland market. The Group will further invest in automated processing and packing machines to increase production capacity for supply to other major customers.

EVENTS AFTER THE REPORTING PERIOD

On 11 July 2012, the Company and ten subscribers entered into separate, independent and conditional Share Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue, an aggregate of 58,360,000 new shares at a price of HK\$0.205 per share. The new shares were issued under the general mandate granted to the directors by the shareholders at the annual general meeting held on 6 June 2012.

The placing of 58,360,000 new shares was completed on 30 July 2012 and raised a net proceeds of HK\$11,700,000 for general working capital of the Group.

INTERIM DIVIDEND

No dividend was paid, declared or proposed during the current reporting period. The directors do not recommend the payment of an interim dividend.

**MABEL CHAN & CO.
CERTIFIED PUBLIC ACCOUNTANTS**

Suites 2208-11, 22/F., Tower One, Times Square, 1 Matheson Street,
Causeway Bay, Hong Kong
Tel: (852) 2122 9736 Fax: (852) 2280 9163

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
CYPRESS JADE AGRICULTURAL HOLDINGS LIMITED
(Formerly known as Ever Fortune International Holdings Limited)
(Incorporated in Bermuda with limited liability)**

We have reviewed the interim financial information set out on pages 5 to 24 which comprises the condensed consolidated statement of financial position of Cypress Jade Agricultural Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") as of 30 June 2012 and the related condensed consolidated statements of comprehensive income, changes in equity, and cash flows for the six-month period then ended and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Mabel Chan & Co.
Certified Public Accountants
Hong Kong, 29 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Turnover	2	106,517	8,059
Cost of sales		(72,813)	(8,151)
Gross profit/(loss)		33,704	(92)
Other income	3	45,075	-
Net gain on change in fair value of biological assets		3,425	-
Selling and distribution expenses		(15,681)	(292)
Staff costs		(19,043)	(644)
Administrative and other operating expenses		(15,910)	(2,222)
Finance costs		(849)	-
Profit/(loss) from operations before taxation	3	30,721	(3,250)
Income tax expense	4	(204)	-
Profit/(loss) for the period		30,517	(3,250)
Other comprehensive income for the period:			
Exchange gain on translation of foreign operations		738	-
Total comprehensive income for the period		31,255	(3,250)
Attributable to:			
Equity shareholders of the Company		31,255	(3,250)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED) (CONTINUED)**

For the six months ended 30 June 2012

	Notes	Six months ended 30 June	
		2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited) (restated)
Earnings/(loss) per share	7		
Basic		HK3.17 cents	(HK1.03 cents)
Diluted		HK1.64 cents	(HK1.03 cents)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 June 2012

	Notes	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment		138,904	131,838
Construction in progress		48,388	32,310
Goodwill		31,678	31,678
		218,970	195,826
Current assets			
Inventories		6,526	4,451
Biological assets		12,493	4,851
Trade and other receivables	8	58,032	52,431
Bank balances and cash		10,547	42,319
		87,598	104,052
Current liabilities			
Trade and other payables	9	181,111	274,965
Bank and other borrowings	10	20,423	80,005
Current tax payable		2,807	4,024
Obligation under finance lease		144	140
		204,485	359,134
Net current liabilities		(116,887)	(255,082)
Total Asset Less Current Liabilities		102,083	(59,256)
Capital and reserves			
Share capital	11	28,048	25,325
Reserves		49,366	(109,016)
Total equity/(deficiency in shareholders' funds)		77,414	(83,691)
Non-current liabilities			
Government subsidy		24,531	24,224
Obligation under finance lease		138	211
		24,669	24,435
		102,083	(59,256)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2012

	Attributable to equity shareholders					Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange fluctuation reserve HK\$'000	Accumulated losses HK\$'000	
Balance at 1 January 2011	25,325	163,532	126,883	-	(387,299)	(71,559)
Loss for the period	-	-	-	-	(3,250)	(3,250)
Balance at 30 June 2011	<u>25,325</u>	<u>163,532</u>	<u>126,883</u>	<u>-</u>	<u>(390,549)</u>	<u>(74,809)</u>
Balance at 1 January 2012	25,325	163,532	126,883	-	(399,431)	(83,691)
Profit for the period	-	-	-	-	30,517	30,517
Exchange differences on translation of foreign operations	-	-	-	738	-	738
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>738</u>	<u>30,517</u>	<u>31,255</u>
Issue of ordinary shares	10,040	90,360	-	-	-	100,400
Issue of preference shares	14,843	14,607	-	-	-	29,450
Capital reorganisation	(22,160)	(163,532)	185,692	-	-	-
Setting off accumulated losses	-	-	(185,692)	-	185,692	-
Balance at 30 June 2012	<u>28,048</u>	<u>104,967</u>	<u>126,883</u>	<u>738</u>	<u>(183,222)</u>	<u>77,414</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*For the six months ended 30 June 2012*

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	(17,101)	(932)
Net cash outflow from investing activities	(54,390)	–
Net cash inflow from financing activities	39,500	2,910
Net (decrease)/increase in cash and cash equivalents	(31,991)	1,978
Cash and cash equivalents at the beginning of the period	42,319	435
Effect of foreign exchange rate changes	219	–
Cash and cash equivalents at the end of the period	10,547	2,413
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	10,547	2,413

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION OF FINANCIAL INFORMATION AND PRINCIPAL ACCOUNTING POLICIES

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

The condensed consolidated financial information is presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

The unaudited condensed consolidated interim financial information has been prepared under the historic cost convention, as modified by the revaluation of biological assets which are measured at fair values.

The accounting policies and basis of preparation used in the preparation of these unaudited condensed consolidated interim financial information are consistent with those used in the annual accounts for the year ended 31 December 2011.

In the current interim period, the Group has applied a number of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2012. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

At the request of the Audit Committee, the Group's independent auditor has carried out a review of the unaudited consolidated financial information in accordance with Hong Kong Standard on Review Engagements, 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

2. TURNOVER

Turnover represented revenue arising on net amounts received and receivable from trading of agricultural products, less sale returns and trade discounts. The amount of the revenue recognised in turnover is as follows:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Trading of agricultural products	<u>106,517</u>	<u>8,059</u>

3. PROFIT/(LOSS) FROM OPERATIONS BEFORE TAXATION

Profit/(loss) from operations before taxation is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	<u>7,409</u>	<u>4</u>

Other income:

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest received	3	-
Government grant	2,427	-
Gain arising from debt restructuring	40,524	-
Sundry income	<u>2,121</u>	<u>-</u>
	<u>45,075</u>	<u>-</u>

4. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong profits tax	101	–
PRC income tax	103	–
	204	–

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the period.

PRC income tax has been provided for based on the estimated assessable profits in accordance with the relevant tax laws applicable to subsidiaries in the PRC.

5. SEGMENT REPORTING

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.

(a) *Business segments*

The Group comprises the following main business segments:

- (a) Assets holding: Assets holding
- (b) Agricultural production: Growing, processing and trading of agricultural products

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

5. SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

Segment information

An analysis of the Group's turnover, contribution to profit/(loss) from operations for the period ended 30 June 2012 and 2011 and certain assets, liabilities and expenditure information regarding business segments are as follows:

	Assets holding		Agricultural production		Total	
	Six months ended 30 June 2012	2011	Six months ended 30 June 2012	2011	Six months ended 30 June 2012	2011
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:						
External sales	-	-	106,517	8,059	106,517	8,059
Inter-segment sales	-	-	-	-	-	-
Total revenue	-	-	106,517	8,059	106,517	8,059
Results:						
Segment result and profit/(loss) before taxation	29,018	(3,091)	1,703	(159)	30,721	(3,250)
Income tax expense	-	-	(204)	-	(204)	-
Profit/(loss) for the period	29,018	(3,091)	1,499	(159)	30,517	(3,250)
Other information:						
Capital expenditure						
- segment	1,433	-	28,487	-	29,920	-
- unallocated	-	-	-	-	-	-
Depreciation and amortisation						
- segment	23	4	7,386	-	7,409	4

5. SEGMENT REPORTING (CONTINUED)

(a) Business segments (continued)

Segment information (continued)

	Assets holding		Agricultural production		Total	
	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Assets:						
Segment assets	40,268	31,247	266,300	268,631	306,568	299,878
Unallocated corporate assets	-	-	-	-	-	-
Consolidated total assets	40,268	31,247	266,300	268,631	306,568	299,878
Liabilities:						
Segment liabilities	141,050	173,442	88,104	210,127	229,154	383,569
Unallocated corporate liabilities	-	-	-	-	-	-
Consolidated total liabilities	141,050	173,442	88,104	210,127	229,154	383,569

5. SEGMENT REPORTING (CONTINUED)

(b) Geographical information

Turnover from external customers, based on locations of customers, attributable to the Group by geographical areas is as follows:

	Six months ended 30 June	
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Turnover		
– Hong Kong	34,812	8,059
– PRC	65,863	–
– Overseas	5,842	–
	<u>106,517</u>	<u>8,059</u>

An analysis of the Group's non-current assets by their geographical location is as follows:

	30 June	31 December
	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Audited)
Property, plant and equipment		
– Hong Kong	2,937	1,534
– PRC	135,967	130,304
Construction in progress		
– PRC	48,388	32,310
	<u>187,292</u>	<u>164,148</u>

6. DIVIDEND

No dividend was paid, declared or proposed during the current reporting period. The directors do not recommend the payment of an interim dividend.

7. EARNINGS/(LOSS) PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit/(loss) for the purpose of calculating basic and diluted earnings/(loss) per share	31,255	(3,250)
	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
		(restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	985,901,219	316,567,885
Effect of class A preference shares issued by the Company	920,000,000	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings/(loss) per share	1,905,901,219	316,567,885

The comparative basic loss per share amount has been adjusted to reflect the consolidation of shares during the period, as further detailed in note 11 to the financial information.

8. TRADE AND OTHER RECEIVABLES

The average credit period on sales of goods is 60 days. The aged analysis of trade receivables, presented based on the invoice date at the end of the reporting period, is as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
0 – 60 days	20,727	12,525
61 – 120 days	8,199	7,126
Over 120 days	2,253	6,610
	31,179	26,261

9. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases and have an average credit period of 60 days. The aged analysis of trade payables based on the invoiced date at the end of the reporting period is as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
0 – 60 days	11,064	5,485
61 – 120 days	2,341	1,168
Over 120 days	867	1,927
	14,272	8,580

10. BANK AND OTHER BORROWINGS

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
5-year bank loan of HKD2,000,000 – fully repayable in November 2014 (note (a))	1,016	1,215
1-year bank loan of RMB2,000,000 – fully repaid in March 2012 (note (b))	–	2,439
Revolving bank loan of RMB12,000,000 (note (c))	14,704	14,634
Revolving bank loan of RMB2,000,000 (note (c))	2,451	–
Other loans, unsecured (note (d))	2,252	2,327
Other loan, secured (note (e))	–	59,390
	<hr/> 20,423	<hr/> 80,005
Less: current portion	(20,423)	(80,005)
	<hr/>	<hr/>
Non-current portion	–	–
	<hr/> –	<hr/> –

The borrowings are repayable as follows:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
On demand or within one year	19,816	79,191
More than one year, but not exceeding five years	607	814
	<hr/> 20,423	<hr/> 80,005

10. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) The bank loan is guaranteed by a Company's director and a third party and is repayable by equal installments. The loan interest is charged at prime rate minus 1% per annum. This loan was callable by the lender, but the management does not expect the lender to exercise its right to demand repayment in normal circumstances.
- (b) The bank loan was secured by several Group's properties and was repayable by equal installments. The loan interest was charged at The People's Bank of China Lending rate plus 15% of the Lending rate per annum. This loan was callable by the lender, but the management did not expect the lender to exercise its right to demand repayment in normal circumstances.
- (c) The bank loans are secured by several Group's properties. The loan interest is charged at The People's Bank of China Lending rate plus 30% of the Lending rate per annum.
- (d) Other loans are unsecured, interest free and have no fixed terms for repayment.
- (e) Other loan was secured by the entire issued share capital of several subsidiaries. No interest was charged on the outstanding balance.

On 19 January 2009, Cypress Jade Management Services Limited had entered into a loan agreement with Right Day Holdings Limited ("Right Day"), an independent investor. Right Day agreed to provide a loan facility of up to HK\$10,000,000 for the working capital of Cypress Jade Management Services Limited and Trade Day Holdings Limited to reactivate the Group's previously discontinued agricultural products trading business. The loan facility was secured by the entire share capital of each of Cypress Jade Management Services Limited, Trade Day Holdings Limited, Trade Soar Limited, Trade Leader Investment Limited and First Novel Limited. A supplemental agreement was entered on 28 December 2011 and Right Day agreed to increase and make available to the Group a loan facility up to HK\$72,500,000.

As at 27 February 2012, total amount of HK\$63,350,000 was drawn down. The loan was settled during current reporting period.

11. SHARE CAPITAL

	Notes	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Authorised:			
150,000,000,000 (at 31 December 2011: 160,000,000,000) ordinary shares of HK\$0.01 each	(a)	<u>1,500,000</u>	<u>1,600,000</u>
10,000,000,000 preference shares at HK \$0.01 each (2011: Nil)	(a)	<u>100,000</u>	<u>–</u>
Issued and fully paid:			
1,320,567,885 (2011: 2,532,543,083) ordinary shares of HK\$0.01 each		<u>13,205</u>	<u>25,325</u>
1,380,000,000 Class A preference shares of HK\$0.01 each (2011: Nil)	(e)	<u>13,800</u>	<u>–</u>
104,333,450 Class B preference shares of HK\$0.01 each (2011: Nil)	(f)	<u>1,043</u>	<u>–</u>

11. SHARE CAPITAL (CONTINUED)

A summary of the transactions during the current period with reference to the movements in the Company's issued ordinary share capital is as follows:

	Notes	No. of shares	Amount HK\$'000
At 31 December 2011 and 1 January 2012 (audited)		2,532,543,083	25,325
Capital reorganisation	(b)	–	(22,160)
Share consolidation	(c)	(2,215,975,198)	–
New issuing shares	(d)	1,004,000,000	10,040
		<u>1,320,567,885</u>	<u>13,205</u>
At 30 June 2012 (unaudited)			

(a) Pursuant to an ordinary resolution passed on 27 February 2012, the authorised share capital of the Company was consolidated on the basis of every eight shares of HK\$0.00125 each into one share of HK\$0.01. Furthermore, the authorised share capital of the Company increased to HK\$1,600,000,000 was divided into 150,000,000,000 new shares and 10,000,000,000 preference shares of HK\$0.01 each.

(b) On 27 February 2012, the Company reduced the issued share capital by reducing the paid up capital to the extent of HK\$0.00875 on each share such that the nominal value of all issued shares was reduced from HK\$0.01 each to HK\$0.00125 each and the share capital of the Company was reduced by HK\$22,159,752.

The credits arising in the books of accounts of the Company from the reduction in the issued share capital and the share premium account have been transferred to the contributed surplus account of the Company and an amount of HK\$185,691,989 has been applied in setting off the accumulated losses of the Company.

(c) On 27 February 2012, every eight issued and unissued share of HK\$0.00125 each in the share capital of the Company were consolidated into one consolidated share of HK\$0.01 each in the share capital of the Company.

(d) On 27 February 2012, the Company issued 1,000,000,000 shares of HK\$0.1 each with the proceeds of HK\$100,000,000 to settle liability of HK\$63,350,000 and obtain cash consideration of HK\$36,650,000, of which HK\$10,000,000 was credited to the share capital and the balance of HK\$90,000,000 was credited to the share premium.

On 27 February 2012, the company issued 4,000,000 shares of HK\$0.1 each to settle liability HK\$400,000 of which HK\$40,000 was credited to the share capital and the balance of HK\$360,000 was credited to the share premium.

11. SHARE CAPITAL (CONTINUED)

- (e) The Class A preference shares, with par value of HK\$0.01 credited as fully paid up, are issued and allotted to certain creditors in consideration of each creditor discharging and waiving all of its claims in full against the Company. According to the preference share policy, one preference share is convertible into one new ordinary share any date after the resumption of the trading of the Company's shares on the Stock Exchange of Hong Kong Limited.
- (f) The Class B preference shares with par value of HK\$0.01 credited as fully paid up are issued and allotted to vendors as part of the considerations for the acquisitions occurred in last financial year. According to the preference share policy, one preference share is convertible into one new ordinary share. For Class B preference share, each preference share is eligible to convert to ordinary share any date no earlier than one year from the date of issue.

12. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments for acquisitions of property, plant and equipment:

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Capital expenditure contracted for but not provided for	13,239	9,719

13. MATERIAL RELATED PARTY TRANSACTIONS

- (a) Amounts due to related companies

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Concord Group (B.V.I.) Limited (Note i)	–	10,032
Wonderland Group (HK) Corporation Limited (Note i)	–	44,000
	–	54,032

13. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Amount due from a related company

	30 June 2012 HK\$'000 (Unaudited)	31 December 2011 HK\$'000 (Audited)
Hong Kong Yuk Chung Company (Note ii)	1,499	3,343

Note:

- i. The amounts were unsecured, interest free and fully settled during the period.
- ii. The amount is unsecured, interest free and repayable within one year.

(c) During the period, the Group has the following significant related party transactions with a related party:

		Six months ended 30 June	
	Notes	2012 HK\$'000 (Unaudited)	2011 HK\$'000 (Unaudited)
Purchase of agricultural products from a related party	(i)	185	–
Handling charge paid to a related party	(ii)	861	–

- (i) The purchase of agricultural products from a related company was made at prices and conditions with reference to those offered by major suppliers of the Group.
- (ii) Handling charge paid to a related company as the trading arrangement service provider in Hong Kong.

(d) The amounts due to directors of HK\$11,464,000 (31 December 2011: HK\$52,253,000) are unsecured, interest free and have no fixed terms for repayment.

13. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

- (e) As disclosed in the Circular dated 30 November 2011, the Group would bear 50% of the PRC personal income tax of a director of the Company amounted to approximately RMB3,773,000 (equivalent to approximately HK\$4,634,000) arising from the restructuring of Congyu Group in the last financial year. The Group paid HK\$4,100,000 during the period.
- (f) Compensation of key management personnel

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

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	3,376	250
Retirement scheme contributions	16	6
	3,392	256

14. EVENTS AFTER THE REPORTING PERIOD

On 11 July 2012, the Company and ten subscribers entered into separate, independent and conditional Share Subscription Agreements, pursuant to which the Company has conditionally agreed to allot and issue, an aggregate of 58,360,000 new shares at a price of HK\$0.205 per share. The new shares were issued under the general mandate granted to the directors by the shareholders at the annual general meeting held on 6 June 2012.

The placing of 58,360,000 new shares was completed on 30 July 2012 and raised a net proceeds of HK\$11,700,000 for general working capital of the Group.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2012, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company or the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in shares of the Company

Name of directors	Capacity	Number of Class B preference shares held	Percentage of shareholding in class
Mr. Chu Yuet Chung	Beneficial owner	1,988,720	
	Interest of spouse	1,920,000	
	Beneficiary of a trust	1,920,000	
		7,748,720	0.52%

Note: As at 30 June 2012, the Company had a total of 1,484,333,450 preference shares in issue.

Save as disclosed above, as at 30 June 2012, none of the Directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were the 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 children under 18 years of age, or were any such rights exercised by them; or was the Company or its holding company or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in the Company or any other body corporate.

CHANGE IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the changes of information of Directors of the Company since the publication of the 2011 annual report and up to the date of this report are as follows:

Mr. Wu Wai Chung, Michael was appointed as non-executive director and non-executive Chairman of the Company on 28 February 2012.

Ms. Yau Fan San was appointed as an executive director of the Company on 1 April 2012.

Mr. Ji Xiang was appointed as a non-executive director of the Company on 1 April 2012.

Mr. Ji Kewei resigned as a non-executive director of the Company on 1 April 2012.

CHANGE IN INFORMATION OF DIRECTORS (CONTINUED)

Dr. Hui Ho Ming, Herbert, J.P. resigned as Executive Director and Chairman of the Company on 21 February, 2012 and was re-appointed as Executive Director and Deputy Chairman of the Company on 7 August 2012.

Professor Japhet Sebastian Law has been appointed as an Independent Non-Executive Director for Regal Hotels International Holdings Limited (Stock code: 78), a company listed on the main board of The Stock Exchange of Hong Kong Limited ("Stock Exchange"), on 18 June 2012 and Tianjin Binhai TEDA Logistics (Group) Corporation Ltd (Stock Code 8348), a company listed on the Growth Enterprise Market of Stock Exchange, on 13 August 2012.

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, other than the interests disclosed above in respect of certain Directors and chief executives of the Company, the interests or short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Long positions in shares and underlying shares of the Company

Name of substantial shareholders	Number of shares held		Total	Approximate percentage of shareholding
	Beneficial interests	Interest of the a controlled corporation		
Right Day Holdings Limited (note 1)	990,400,000	-	990,400,000	75%
Ever Fortune Holdings Group Limited (note 2)	66,316,250	-	66,316,250	5.02%
江蘇金海投資有限公司 (note 2)	-	66,316,250	66,316,250	5.02%
Concord Group (B.V.I.) Limited (note 2)	2,500,000	66,316,250	68,816,250	5.21%
Luo Qiongying (note 2)	-	68,816,250	68,816,250	5.21%
China Huaxing Group Company (note 2)	-	68,816,250	68,816,250	5.21%
Ji Da Wei	-	68,816,250	68,816,250	5.21%

SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES AND UNDERLYING SHARES (CONTINUED)

Notes:

1. Right Day Holdings Limited is wholly-owned by First Vanguard Opportunity Fund SPC ("First Vanguard SPC") – First Vanguard Private Equity Segregated Portfolio (the "Fund"), which is a segregated fund established and operated by First Vanguard SPC. The Fund is owned as to 29% by Nice Grace Holdings Limited, 29% by Excel Mind Investments Limited, 22% by a member of the family of Dr. Hui Ho Ming, Herbert, J.P. and 20% by Capital Faith Limited. Nice Grace Holdings Limited is part of the Nice Grace Family Trust, the ultimate beneficiaries of which are certain members of the family of Mr. Yin Richard Yingneng ("Yin Family"). Excel Mind Investments Ltd is beneficially owned as to 100% by members of the Yin Family. Capital Faith Limited is an investment holding company wholly-owned by Ms. Xu Yajun. First Vanguard SPC is a segregated portfolio company and is registered as a regulated open ended mutual fund under the Mutual Funds Law (2009 Revision) of the Cayman Islands. Wanthorpe AAA Management Limited is the investment manager of First Vanguard SPC and owns 100% of the voting management share in First Vanguard SPC. Mr. Yin Richard Yingneng is the ultimate beneficial owner of Wanthorpe AAA Management Limited.
2. Ever Fortune Holdings Group Ltd ("Ever Fortune") directly owned 66,316,250 shares, representing 5.02% of the equity interest, of the Company. Ever Fortune is owned as to 60% by Crowneast Worldwide Limited ("Crowneast") and 40% by Concord Group (B.V.I.) Limited ("Concord Group"). Crowneast is 100% indirectly owned by 江蘇金海投資有限公司. Concord Group also directly owned 2,500,000 shares, representing 0.19% of equity interest of the Company. Therefore, Concord Group collectively owns 5.21% of the Company. Concord Group is beneficially owned as to 33% by Legend (Group) Investment Limited ("Legend"), as to 33% by China Huaxing (HK) International Company Limited ("China Huaxing"), as to 34% by Evertop Investment Holdings Limited ("Evertop"), in turn Legend is 99% owned by Luo Qiongying, China Huaxing is 98% owned by China Huaxing Group Company, and Evertop is 100% owned by Ji Dawei.

Save as disclosed above, there is no other interest recorded in the register that is required to be kept under Section 336 of the SFO as at 30 June 2012.

SHARE OPTION SCHEME

The Company operated a share option scheme ("Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted on 21 June 2002 and expired on 21 June 2012. No share options were granted, cancelled or lapsed during the period and, as at 30 June 2012, there is no outstanding option.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2012. Neither the Company nor its subsidiary company has purchased or sold any of the Company's shares in the same period.

AUDIT COMMITTEE

The Audit Committee currently consists of three independent non-executive directors and one non-executive director, namely Ms. Ng Yi Kum, Estella (Committee Chairman), Mr. Cheung Yu Yan, Tommy, J.P., Professor Japhet Sebastian Law and Mr. Ji Xiang.

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 2012.

The Board has engaged an external accounting firm to perform internal control review to assist the Board in reviewing the effectiveness of the internal control system of the Group. The Board and the Audit Committee regard the present internal controls of the Group as satisfactory and will make further improvements as recommended.

CORPORATE GOVERNANCE CODE

The Board and management of the Company are committed to maintaining high standards of corporate governance and the Company considers that effective corporate governance makes an important contribution to corporate success and to the enhancement of shareholder value.

The Hong Kong Stock Exchange's Code on Corporate Governance Practices (the "Former CG Code"), Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong, took effect for accounting periods commencing from 1st January 2005 onwards. The revised Appendix 14, Corporate Governance Code and Corporate Governance Report (the "Revised CG Code") became effective on 1st April 2012. The Company has adopted its own corporate governance code (the "CG Code"), which also incorporates and conforms to local and international general practices to reflect the new requirements under the Revised CG Code. The CG Code sets out the corporate governance principles applied by the Group and is constantly reviewed to ensure transparency, accountability and independence.

CORPORATE GOVERNANCE CODE (CONTINUED)

Throughout the period from 1 January 2012 to 30 June 2012, the Company complied with all the code provisions of the Former CG Code and the Revised CG Code, save for the deviation from code provisions A.6.7 and A.1.8.

Pursuant to Revised CG Code A.6.7, the non-executive Directors should attend general meetings. Due to some prior business engagements, Mr. Wu Wai Chung, Michael, Mr. Ji Xiang, Ms. Estella Yi Kum Ng, and Professor Japhet Sebastian Law were unable to attend the special general meeting of the Company which was held on 20 April 2012. In addition, Mr. Ji Xiang, Ms. Ng Yi Kum, Estella and Professor Japhet Sebastian Law were unable to attend the annual general meeting of the Company which was held on 6 June 2012. However, all other non-executive directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

Revised CG Code A.1.8 requires that the Company should arrange appropriate insurance cover in respect of legal action against its directors. Throughout the aforesaid six months period and up to the date of this announcement, the Company has been in continuous dialogue with various insurance brokers and insurance companies to source such insurance cover and comparing the quotations. The Company will make a decision and purchase such insurance cover in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors as set out in Appendix 10 of the Listing Rules. Based on specific enquiry of the directors of the Company, all the directors confirmed that they had complied with the required standards of the said code during the six months ended 30 June 2012.

APPRECIATION

Acting on behalf of the Board, I would like to take this opportunity to express gratitude to our employees for their contribution and dedication to the Group, and our shareholders, customers and business partners for their continuous support.

On behalf of the Board
Cypress Jade Agricultural Holdings Limited
Wu Wai Chung Michael
Chairman