福邦控股

Fulbond Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 1041)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

The board of Directors (the "Board") of Fulbond Holdings Limited (the "Company") hereby announces the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 and the comparative figures as follows:–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

	NOTES	**2009** ***US$'000***	2008 *US$'000* *(Restated)*
Continuing operations			
Turnover	*3*	**15,605**	21,883
Cost of sales		**(13,773)**	(17,577)
Gross profit		**1,832**	4,306
Other income	*4*	**835**	1,436
Other gains and losses	*5*	**(42,026)**	3,094
Selling and distribution costs		**(1,283)**	(1,961)
Administrative expenses		**(4,208)**	(4,311)
Other operating expenses		**–**	(524)
Impairment loss recognised in respect of property, plant and equipment and prepaid lease payments		**–**	(10,619)
Finance costs	*6*	**(6,803)**	(3,255)
Loss before taxation		**(51,653)**	(11,834)
Taxation	*7*	**(84)**	(273)
Loss for the year from continuing operations		**(51,737)**	(12,107)
Discontinued operation			
Loss for the year from discontinued operation	*8*	**(2,371)**	(20,147)
Loss for the year	*9*	**(54,108)**	(32,254)
Other comprehensive income			
Exchange differences arising on translation to presentation currency		**(557)**	581
Exchange differences released upon disposal of a subsidiary		**–**	292
Other comprehensive income for the year		**(557)**	873
Total comprehensive income for the year		**(54,665)**	(31,381)

	NOTE	**2009**	2008
		US$'000	*US$'000*
			(Restated)
Loss for the year attributable to:			
Owners of the Company		**(53,877)**	(29,174)
Minority interests		**(231)**	(3,080)
		(54,108)	(32,254)
Total comprehensive income attributable to:			
Owners of the Company		**(54,434)**	(29,104)
Minority interests		**(231)**	(2,277)
		(54,665)	(31,381)
Loss per share	*10*		
From continuing and discontinued operations			
– Basic		**US(0.41) cent**	US(0.29) cent
– Diluted		**US(0.41) cent**	US(0.29) cent
From continuing operations			
– Basic		**US(0.40) cent**	US(0.09) cent
– Diluted		**US(0.40) cent**	US(0.11) cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	2009 US$'000	2008 US$'000
Non-current assets			
Property, plant and equipment		**857**	11,133
Intangible assets		–	2,539
Prepaid lease payments		**636**	3,046
Other advances		–	439
Goodwill		–	–
Interests in associates		–	–
Other investments		–	–
Club debenture		–	–
Deferred tax asset		–	350
		1,493	17,507
Current assets			
Inventories		**5,876**	16,685
Trade and other receivables	*11*	**2,982**	18,263
Deposits and prepayments		**1,585**	3,705
Prepaid lease payments		–	70
Amount due from a director of a subsidiary		–	951
Bank balances and cash		**29,183**	8,882
		39,626	48,556
Assets classified as held for sale		**39,071**	–
		78,697	48,556
Current liabilities			
Trade and other payables	*12*	**27,631**	14,170
Amounts due to associates		**76**	76
Amount due to a shareholder		–	162
Amounts due to directors of subsidiaries		**473**	189
Taxation payable		**319**	775
Obligation under finance lease		**10**	–
Warrants		**10,430**	15
Convertible notes		**26,727**	39,054
Bank and other borrowings – amount due within one year		**10,364**	22,043
		76,030	76,484
Liabilities associated with assets classified as held for sale		**17,278**	–
		93,308	76,484
Net current liabilities		**(14,611)**	(27,928)
Total assets less current liabilities		**(13,118)**	(10,421)

	2009	2008
	US$'000	*US$'000*
Non-current liabilities		
Convertible notes	**46,373**	–
Bank and other borrowings – amount due after one year	**–**	455
Deferred tax liability	**–**	803
Obligation under finance lease	**20**	–
	46,393	1,258
	(59,511)	(11,679)
Capital and reserves		
Share capital	**14,013**	12,954
Reserves	**(74,005)**	(25,831)
Equity attributable to owners of the Company	**(59,992)**	(12,877)
Minority interests	**481**	1,198
	(59,511)	(11,679)

Notes:

1. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")**

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised 2007)	Borrowing costs
HKAS 32 & 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 (Amendment)	Vesting conditions and cancellations
HKFRS 7 (Amendment)	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
HK(IFRIC)-Int 18	Transfers of assets from customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

* IFRIC represents the International Financial Reporting Interpretations Committee

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of financial statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosures in the consolidated financial statements.

HKFRS 8 Operating segments

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 3).

Improving Disclosures about Financial Instruments (Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the reported results and/or financial position

HKAS 23 (Revised 2007) Borrowing costs

In previous years, the Group expensed all borrowing costs that were directly attributable to the acquisition, construction or production of a qualifying asset when they were incurred. HKAS 23 (Revised 2007) removes the option previously available to expense all borrowing costs when incurred. The adoption of HKAS 23 (Revised 2007) has resulted in the Group changing its accounting policy to capitalise all such borrowing costs as part of the cost of the qualifying asset.

The adoption of HKAS 23 (Revised 2007) has had no effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no adjustment is required.

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related party disclosure[6]
HKAS 27 (Revised)	Consolidated and separate financial statements[1]
HKAS 32 (Amendment)	Classification of right issues[4]
HKAS 39 (Amendment)	Eligible hedged items[1]
HKFRS 1 (Amendment)	Additional exemptions for first-time adopters[3]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[5]
HKFRS 2 (Amendments)	Group cash-settled share-based payments transactions[3]
HKFRS 3 (Revised)	Business combinations[1]
HKFRS 9	Financial instruments[7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a minimum funding requirement[6]
HK(IFRIC)-Int 17	Distributions of non-cash assets to owners[1]
HK(IFRIC)-Int 19	Extinguishing financial liabilities with equity instrument[5]

1 Effective for annual periods beginning on or after 1 July 2009.
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for annual periods beginning on or after 1 February 2010.
5 Effective for annual periods beginning on or after 1 July 2010.
6 Effective for annual periods beginning on or after 1 January 2011.
7 Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

2. Basis of Preparation of Consolidated Financial Statements

In preparing the consolidated financial statements, the directors of the Company have given consideration to the future liquidity of the Group in light of the fact that the Group incurred a loss of US$54,108,000 during the year ended 31 December 2009 and as of that date, the Group had net current liabilities of US$14,611,000 and net liabilities of US$59,511,000. In addition, there is uncertainty as to whether the Group can refinance its bank borrowings and obtain additional funding through issuance of the remaining Fulbond Convertible Notes. 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 and, therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. The Group has obtained undertaking from a shareholder and Chairman of the Company, Mr. Zhang Xi ("Mr. Zhang"), that Mr. Zhang will provide the Group with financial support in meeting the Group's financial obligations as they fall due in the foreseeable future.

Given the condition as described above and provided that the Group can continue to successfully refinance its bank borrowings and complete the issuance of the remaining Fulbond Convertible Notes, the directors of the Company are satisfied that the Group will be able to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

3. Turnover and Segment Information

The Group has adopted HKFRS 8 "Operating segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group's chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segment (business and geographical) using a risks and returns approach. In the past, segment information reported externally was analysed on the basis of the types of goods supplied by the Group's principal operating divisions (i.e. blockboard and particle board, door skin and other wooden products). However, since the acquisition of the new food processing and distribution business and the downsizing of the timber related business in 2008, information reported to the Group's Chairman for the purpose of resource allocation and assessment of performance has changed and focuses on only two operating segments. The Group's operating segments under HKFRS 8 are therefore as follows:

- Timber – manufacture and trading of wooden products including blockboard and particle board, door skin and other wooden products; and
- Food processing and distribution – processing and distribution of frozen seafood products.

(a) *Segment turnover and results*

The following is an analysis of the Group's turnover and results by operating segment.

For the year ended 31 December 2009

	Continuing operations	**Discontinued operation**	
	Timber	**Food processing and distribution**	**Consolidated**
	US$'000	***US$'000***	***US$'000***
TURNOVER			
External sales	**15,605**	**38,056**	**53,661**
RESULT			
Segment result	**(948)**	**(130)**	**(1,078)**
Unallocated corporate income	**94**	**6**	**100**
Unallocated corporate expenses	**(1,970)**	**(57)**	**(2,027)**
Other gains and losses	**(42,026)**	**(351)**	**(42,377)**
Finance costs	**(6,803)**	**(801)**	**(7,604)**
Impairment loss recognised in respect of intangible assets	**–**	**(2,009)**	**(2,009)**
Loss before taxation	**(51,653)**	**(3,342)**	**(54,995)**
Taxation	**(84)**	**971**	**887**
Loss for the year	**(51,737)**	**(2,371)**	**(54,108)**

For the year ended 31 December 2008

	Continuing operations	Discontinued operation	
	Timber	Food processing and distribution	Consolidated
	US$'000	*US$'000*	*US$'000*
TURNOVER			
External sales	21,883	14,425	36,308
RESULT			
Segment result	(8,062)	1,904	(6,158)
Unallocated corporate income	99	3	102
Unallocated corporate expenses	(3,710)	(115)	(3,825)
Other gains and losses	3,094	–	3,094
Finance costs	(3,255)	(170)	(3,425)
Impairment loss recognised in respect of goodwill	–	(21,340)	(21,340)
Loss before taxation	(11,834)	(19,718)	(31,552)
Taxation	(273)	(429)	(702)
Loss for the year	(12,107)	(20,147)	(32,254)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment result represents the loss from each segment without allocation of interest income, central administration costs, directors' emoluments, other gains and losses, finance costs and impairment losses recognised in respect of intangible assets and goodwill. This is the measure reported to the Chairman for the purposes of resource allocation and performance assessment.

(b) *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by operating segments:

As at 31 December 2009

	Continuing operations	**Discontinued operation**	
	Timber	**Food processing and distribution**	**Consolidated**
	US$'000	***US$'000***	***US$'000***
ASSETS			
Segment assets	**9,348**	**36,864**	**46,212**
Unallocated corporate assets	**31,771**	**2,207**	**33,978**
Consolidated total assets	**41,119**	**39,071**	**80,190**
LIABILITIES			
Segment liabilities	**3,119**	**3,792**	**6,911**
Unallocated corporate liabilities	**119,304**	**13,486**	**132,790**
Consolidated total liabilities	**122,423**	**17,278**	**139,701**

As at 31 December 2008

	Continuing operations	Discontinued operation	
	Timber	Food processing and distribution	Consolidated
	US$'000	*US$'000*	*US$'000*
ASSETS			
Segment assets	13,929	39,599	53,528
Unallocated corporate assets	9,593	2,942	12,535
Consolidated total assets	23,522	42,541	66,063
LIABILITIES			
Segment liabilities	3,185	4,733	7,918
Unallocated corporate liabilities	56,234	13,590	69,824
Consolidated total liabilities	59,419	18,323	77,742

The Group's unallocated corporate assets at the end of each reporting period mainly consist of other investments, club debentures, amount due from a director of a subsidiary, bank balances and cash and certain other receivables and prepayments. The Group's unallocated corporate liabilities at the end of each reporting period mainly consist of amounts due to related parties/directors of subsidiaries, warrants, convertible notes, bank and other borrowings and certain other creditors and accrued charges.

4. Other Income

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Value added tax refund *(note a)*	**117**	875	**–**	–	**117**	875
Interest income	**94**	99	**6**	3	**100**	102
Sales of scrap materials	**–**	–	**802**	313	**802**	313
Sub-contracting income	**212**	114	**–**	–	**212**	114
Government grants *(note b)*	**261**	–	**710**	–	**971**	–
Others	**151**	348	**227**	5	**378**	353
	835	1,436	**1,745**	321	**2,580**	1,757

Notes:

(a) Certain subsidiaries of the Company established in the PRC are involved in the production of wooden products which require the use of raw materials that are environmental friendly. Pursuant to the relevant rules and regulations of the PRC governing the value added tax ("VAT"), such subsidiaries were entitled to a VAT refund totalling US$117,000 (2008: US$875,000) for the year ended 31 December 2009.

(b) Government grants represents compensation received in the current year for expenditures incurred in relation to energy saving and waste reduction and other subsidies granted for the Group's food processing and distribution business. There were no unfulfilled conditions attached to these grants and, therefore, the Group recognised the grants as income upon receipts.

5. Other Gains and Losses

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Allowance for bad and doubtful debts	**(85)**	–	**–**	–	**(85)**	–
Gain (loss) on disposal of property, plant and equipment	**4**	(212)	**–**	–	**4**	(212)
Gain on disposal of other investments	**–**	3	**–**	–	**–**	3
Net (losses) gains of derivative financial instruments and warrants	**(47,035)**	2,265	**–**	–	**(47,035)**	2,265
Gain on early redemption of convertible notes	**5,083**	–	**–**	–	**5,083**	–
Gain on disposal of a subsidiary	**–**	1,051	**–**	–	**–**	1,051
Net exchange gain (loss)	**7**	(13)	**(351)**	(214)	**(344)**	(227)
	(42,026)	3,094	**(351)**	(214)	**(42,377)**	2,880

6. Finance Costs

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Interest on:						
– borrowings from banks and other financial institutions wholly repayable within five years	**546**	698	**801**	170	**1,347**	868
– three-year loan notes	**–**	73	**–**	–	**–**	73
– other borrowings	**32**	–	**–**	–	**32**	–
Effective interest expense on convertible notes wholly repayable within five years	**6,225**	2,484	**–**	–	**6,225**	2,484
	6,803	3,255	**801**	170	**7,604**	3,425

7. Taxation

Tax charge (credit) comprises:

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
PRC Enterprise Income Tax	**–**	273	**171**	454	**171**	727
Under(over)provision in prior years	**35**	–	**(689)**	–	**(654)**	–
	35	273	**(518)**	454	**(483)**	727
Withholding tax on distributed profit	**49**	–	**–**	–	**49**	–
Deferred taxation	**–**	–	**(453)**	(25)	**(453)**	(25)
	84	273	**(971)**	429	**(887)**	702

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incorporated in Hong Kong have no assessable profits for both years.

PRC Enterprise Income Tax is provided for with reference to the applicable tax rates prevailing in the respective regions of the PRC on the estimated assessable profits of subsidiaries.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of PRC subsidiaries is 25% from 1 January 2008 onwards. Tax charge mainly consists of income tax in the PRC attributable to the assessable profits of the Company's subsidiaries established in the PRC.

8. Discontinued Operations/Disposal Group Held for Sale

On 4 December 2009, the Group entered into an agreement with Sincerity Shine Holdings Limited ("Sincerity Shine"), being a party connected to the Group, to dispose all of its entire interests in Prowealth Holdings Group Limited ("Prowealth") and its subsidiaries (the "Disposal Group"), which carried out all of the Group's food processing and distribution operations (the "Disposal"). Sincerity Shine is beneficially owned as to 50% by Ms. Huang Yu Wei, being the spouse of Mr. Li Geng ("Mr. Li"). Mr. Li was a substantial shareholder of the Company before Mr. Li disposed of his entire interest in the Company on 4 December 2009. Mr. Li is also a director of Prowealth and has beneficial interest in Wise Virtue Holdings Limited ("Wise Virtue"). Wise Virtue was one of the vendors of Prowealth when Prowealth was acquired by the Group in October 2008. The Disposal was subsequently approved by the shareholders of the Company on 18 January 2010 and completed on 19 January 2010. The assets and liabilities attributable to the Disposal Group have been classified as disposal group held for sale and are presented separately in the consolidated statement of financial position.

The major classes of assets and liabilities of the Disposal Group as at 31 December 2009 are as follows:

	US$'000
Property, plant and equipment	9,649
Prepaid lease payments	2,429
Inventories	9,557
Trade and other receivables	15,986
Bank balances and cash	1,450
Total assets classified as held for sale	39,071
Trade and other payables	1,825
Other creditors and accrued charges	1,908
Amounts due to directors	364
Bank loan	12,719
Others	462
Total liabilities classified as held for sale	17,278

The net proceeds from the Disposal is expected to be less than the net carrying amount of the relevant assets and liabilities. Accordingly an impairment loss on intangible assets of US$2,009,000 has been charged to profit or loss in the consolidated statement of comprehensive income.

The results of the Disposal Group for the year ended 31 December 2009 and 31 December 2008, which have been included in the consolidated statement of comprehensive income and presented as discontinued operation were as follows:

	2009	2008
	US$'000	*US$'000*
Turnover	**38,056**	14,425
Cost of sales	**(35,749)**	(11,655)
Gross profit	**2,307**	2,770
Other income	**1,745**	321
Selling and distribution costs	**(1,106)**	(269)
Administrative expenses	**(3,478)**	(1,030)
Impairment loss recognised in respect of intangible assets	**(2,009)**	–
Impairment loss recognised in respect of goodwill	**–**	(21,340)
Finance costs	**(801)**	(170)
Loss before taxation	**(3,342)**	(19,718)
Taxation	**971**	(429)
Loss for the year	**(2,371)**	(20,147)

During the year, the Disposal Group contributed US$590,000 (2008: US$527,000) to the Group's net operating cash flows, paid US$821,000 (2008: US$1,373,000) in respect of investing activities and contributed US$1,727,000 (2008: US$392,000) in respect of financing activities.

Certain comparative figures of the consolidated statement of comprehensive income were restated so as to reflect the results for the discontinued operation.

9. Loss for the Year

	Continuing operations		**Discontinued operation**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	US$'000	*US$'000*	***US$'000***	*US$'000*	***US$'000***	*US$'000*
Loss before taxation	**(51,653)**	(11,834)	**(3,342)**	(19,718)	**(54,995)**	(31,552)
Loss for the year has been arrived at after charging:						
Directors' remuneration						
– Fees	**548**	567	**–**	–	**548**	567
– Share-based payments for directors (included in other operating expenses)	**–**	388	**–**	–	**–**	388
– Other emoluments	**6**	7	**–**	–	**6**	7
	554	962	**–**	–	**554**	962
Employees' salaries and benefits expenses	**1,437**	2,108	**1,411**	664	**2,848**	2,772
Share-based payments for employees (included in other operating expenses)	**–**	136	**–**	–	**–**	136
Retirement benefits scheme contributions for staff other than directors	**272**	257	**18**	14	**290**	271
Total employees' benefits expenses	**2,263**	3,463	**1,429**	678	**3,692**	4,141
Amortisation of prepaid lease payments	**30**	64	**22**	42	**52**	106
Amortisation of intangible assets	**–**	–	**530**	110	**530**	110
Auditor's remuneration	**232**	279	**–**	–	**232**	279
Cost of inventories recognised as expense	**13,773**	17,577	**35,749**	11,655	**49,522**	29,232
Depreciation of property, plant and equipment	**1,461**	1,904	**886**	166	**2,347**	2,070
Impairment loss recognised in respect of intangible assets	**–**	–	**2,009**	–	**2,009**	–
Impairment loss recognised in respect of goodwill	**–**	–	**–**	21,340	**–**	21,340
Minimum lease payments under operating leases in respect of rented premises	**238**	240	**–**	–	**238**	240

10. Loss Per Share

For continuing and discontinued operations

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2009	2008
	US$'000	*US$'000*
Loss:		
Loss for the purpose of basic loss per share	**(53,877)**	(29,174)
Effect of dilutive potential ordinary shares:		
– Interest on convertible notes	**–**	984
– Change in fair value of embedded conversion option and early redemption option	**–**	(3,565)
– Exchange realignment of convertible notes	**–**	102
Loss for the purpose of diluted loss per share	**(53,877)**	(31,653)

Number of shares:

	2009	2008
Weighted average number of ordinary shares for purposes of calculation of basic loss per share	**13,011,979,501**	9,977,888,607
Effect of dilutive potential ordinary shares:		
– Convertible notes	**–**	826,502,732
Weighted average number of ordinary shares for the purpose of calculation of diluted loss per share	**13,011,979,501**	10,804,391,339

From continuing operations

The calculation of the basic and diluted loss per share from continuing operations attributable to the owners of the Company is based on the following data:

	2009	2008
	US$'000	*US$'000*
Loss for the year attributable to owners of the Company	**(53,877)**	(29,174)
Less: Loss for the year from discontinued operation	**(2,371)**	(20,147)
Loss for the purpose of basic loss per share from continuing operations	**(51,506)**	(9,027)
Effect of dilutive potential ordinary shares:		
– Interest on convertible loan notes	**–**	984
– Change in fair value of embedded conversion option and early redemption option	**–**	(3,565)
– Exchange realignment of convertible notes	**–**	102
Loss for the purpose of diluted loss per share from continuing operations	**(51,506)**	(11,506)

The denominators used are the same as those detailed above for both basic and diluted loss per share.

From discontinued operation

Basic loss per share for the discontinued operation is US0.02 cent per share (2008: US0.20 cent per share), based on the loss for the year from the discontinued operation of US$2,371,000 (2008: US$20,147,000) and the denominator is detailed above for basic loss per share. Diluted loss per share for the discontinued operation is US0.02 cent (2008: US0.19 cent) and the denominator is detailed above for diluted loss per share.

The computation of diluted loss per share for the years ended 31 December 2009 and 31 December 2008 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during both years. It does not assume the exercise of the Company's outstanding warrants and conversion of all convertible notes for the year ended 31 December 2009 since their exercise and conversion would result in a decrease in the loss per share. It does not assume the exercise of the Company's outstanding warrants and conversion of certain convertible notes for year ended 31 December 2008 since their exercise and conversion would result in a decrease in the loss per share.

11. Trade and Other Receivables

	2009	2008
	US$'000	*US$'000*
Trade receivables, net of allowance	**1,159**	13,621
Other receivables	**1,823**	4,642
	2,982	18,263

Payment terms with customers are largely on credit. Invoices are normally payable within 30 to 90 days after issuance.

The following is an aged analysis of trade receivables based on invoice date at the end of the reporting period:

	2009	2008
	US$'000	*US$'000*
0-90 days	**1,088**	11,480
91-180 days	**71**	2,141
	1,159	13,621

12. Trade and Other Payables

	2009	2008
	US$'000	*US$'000*
Trade payables	**2,949**	5,000
Amounts due to minority shareholders of subsidiaries	**896**	1,415
Deposit received from proposed disposal of Prowealth	**15,742**	–
Other payables	**8,044**	7,755
	27,631	14,170

The amounts due to minority shareholders of subsidiaries are unsecured, interest-free and repayable on demand.

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	2009	2008
	US$'000	*US$'000*
0-90 days	**1,527**	3,559
91-180 days	**–**	19
More than 180 days	**1,422**	1,422
	2,949	5,000

DIVIDEND

The Board does not recommend payment of a final dividend for the year ended 31 December 2009 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2009, the Group's revenue from continuing and discontinued operations increased to approximately US$53,661,000 from approximately US$36,308,000 last year, representing an increase of approximately 47.79%.

Segmental Results

The turnover of the timber business for the year decreased to approximately US$15,605,000 from US$21,883,000 last year, representing a drop of approximately 28.69%. The segment result of the timber business had suffered a loss of US$948,000 from loss of US$8,062,000 in 2008, representing an improvement of approximately 88.24%.

The turnover of food processing and distribution business for the year increased to approximately US$38,056,000 from US$14,425,000 since acquisition in 2008, representing an increase of approximately 163.82%. The segment result of the food processing and distribution business had suffered a loss of approximately US$130,000 from profit of approximately US$1,904,000 in 2008, as a result of deteriorating performance in the food processing and distribution business in 2009.

Cost of Sales

The Group's cost of sales from continuing and discontinued operations for the year increased to approximately US$49,522,000 from approximately US$29,232,000 last year, representing an increase of approximately 69.41%.

Gross Profit

The Group's gross profit from continuing and discontinued operations for the year decreased to approximately US$4,139,000 from approximately US$7,076,000 last year, representing a drop of approximately 41.51%. Accordingly, the gross profit margin dropped to 7.71% for the year from 19.49% in 2008.

Other Income

The Group's other income from continuing and discontinued operations for the year increased to approximately US$ 2,580,000 from approximately US$1,757,000 of last year, representing an increase of approximately 46.84%. The increase was primarily due to the government grants of US$971,000 which have been received in 2009 for expenditures incurred in relation to energy saving and waste reduction and other subsidies granted for the Group's food processing and distribution business.

Other Gains and Losses

Other losses of the Group amounted to approximately US$42,026,000 for the year while the Group recorded a gain of approximately US$3,094,000 last year. The significant loss was mainly due to the net losses in fair values of derivative financial instruments and warrants of US$47,035,000 which comprised loss on initial recognition of convertible notes of approximately US$16,086,000 (2008: gain on initial recognition US$182,000), net losses in fair value of embedded conversion option and early redemption option of convertible notes of approximately US$16,770,000 (2008: gain in fair value of US$1,906,000) and net losses on fair value of warrants of approximately US$14,179,000 (2008: gain on fair value of US$177,000).

Selling and Distribution Costs

The Group's selling and distribution costs from continuing and discontinued operations for the year slightly increased to approximately US$2,389,000 from approximately US$2,230,000 last year, representing an increase of approximately 7.13%.

Administrative Expenses

The Group's administrative expenses from continuing and discontinued operations for the year increased to approximately US$7,686,000 from approximately US$5,341,000 last year, representing an increase of approximately 43.91%.

Impairment Loss recognised in respect of Intangible Assets

During the year ended 31 December 2009, impairment losses of US$1,956,000 and US$53,000, have been recognised in respect of customer relationship and license, respectively, which are attributable to the food processing and distribution segment.

Finance Costs

The Group's finance cost from continuing and discontinued operations for the year raised to approximately US$7,604,000 from approximately US$3,425,000 last year, representing an increase of approximately 122.01%. The significant increase was mainly due to the increase of interest expenses on the convertible notes.

Loss for the year and loss per share

The Group loss for the year attributable to owners of the Company increased to approximately US$53,877,000 from approximately US$29,174,000 last year, representing an increase of approximately 84.67%. Basic loss per share from continuing and discontinued operations of the Group was significantly increased from US0.29 cent for the year ended 31 December 2008 to US0.41 cent for the year ended 31 December 2009. Meanwhile diluted loss per share was approximated US0.41 cent for the year ended 31 December 2009 and diluted loss per share was US0.29 cent for the last year. The computation of diluted loss per share for the year ended 31 December 2009 and 31 December 2008 does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during both years. It does not assume the exercise of the Company's outstanding warrants and conversion of all convertible notes for the year ended 31 December 2009 since their exercise and conversion would result in a decrease in the loss per share. It does not assume the exercise of the Company's outstanding warrants and conversion of certain convertible notes for year ended 31 December 2008 since their exercise and conversion would result in a decrease in the loss per share.

BUSINESS REVIEW

The Company reviewed the existing businesses of the Group and considered to consolidate certain of its operations. Restructuring of certain of its existing businesses and disposal of under-performing operations of the Group are under consideration.

Timber Business

During the year, timber business resumed to be the core business of the Group. The turnover of the timber business decreased to approximately US$15,605,000 from approximately US$21,883,000 last year, representing a drop of approximately 28.69%. The segment result of the timber business had suffered from loss of US$948,000 as compared to US$8,062,000 in 2008. To weather the abrupt market environment, the Group has always attributed promptly adjustment of its product mix market structures, the Group managed to seize the opportunities arising from arising demand in emerging markets, and hence, steadily broadened its market share and bettered its market position.

Food Processing and Distribution Business

During the year, the segment result of the food processing and distribution business had suffered a loss of approximately US$130,000 from a profit of approximately US$1,904,000 last year. The performance of this segment falls short of the expectation of the Group as a result of the impact of the recent unstable global financial economy on the segment's major trading markets, namely, the United States of America ("USA") and Canada. In December 2009, the Company has entered into an agreement with a party connected to the Group, to dispose all of its entire interests in Prowealth, which carried out all of the Group's food processing and distribution business. The disposal was subsequently approved by its shareholders on 18 January 2010 and completed on 19 January 2010.

The Company's management continued to make efforts to restructure the business of the Group in order to improve the Group's overall competitiveness and profitability. The Group has been making losses since 1999, but managed to maintain a healthy cash position of approximately US$30,633,000 as at 31 December 2009. The segment's performance continue to be adversely impacted by the deteriorated demand in the USA, the Group is at risk of depleting its healthy cash position. Furthermore, turnover of this segment has been diminishing since the acquisition by the Group and the results has shifted from profit making prior to the acquisition to loss making thereafter. Taking into account the expected continuation of the deterioration of this segment's profitability due to weakened demand in the USA market and the purchase and processing costs of the food business remaining to be high in the PRC, the Company views that the disposal may avoid further deterioration of the commercial value of this segment to be borne by the Group and may limit the potential adverse impact of this segment to the Group's overall financial position.

Notwithstanding that the Company would suffer a loss on disposal, the Company was of the view that the disposal is conducted in the ordinary and usual course of the Group's business and in the interests of both the Company and the shareholders as a whole in that respect.

Future Plans and Prospects

Looking to 2010, economic and financial market indicators appeared to be supporting the general view that the worst of this economic crisis may be over and recovery is now on the way. With the recovery of the international economy, timber business is expected to showcase an astounding growth again. The Group will act a perspective of considerable uncertainty in the international financial markets, as major economies fall short of significant growth momentum after initial recovery amid a generally stabilized international marketplace. The Group will continue to penetrate timber products to overseas emerging markets in global in anticipation of the steady recovery from the global economic downturn. While the timber business segment mainly sources its revenue from USA currently, we are planning to expand its revenue source in Asia. However, we remain cautious of the uncertainties exist to various extent in the world economy this year. In longer term, we have open-minded corporate culture, rich experience in business operations team to seize opportunities, facing various challenges, and achieve growth by leaps and bounds. Looking ahead, we will proactively foster our corporate development strategies, and create new value for shareholders. When the right time comes, further acquisitions and ongoing effective expansion will deliver excellent growth opportunity for enhancing shareholders' value in the foreseeable future.

LIQUIDITY AND CAPITAL RESOURCES

As at 31 December, 2009, the Group's cash and bank balances amounted to US$30,633,000 (as at 31 December 2008: US$8,882,000), representing an increase of US$21,751,000. As at 31 December 2009, the bank and other borrowing amounted to US$23,083,000 (as at 31 December 2008: US$22,498,000).

During the year, net cash from operating activities was US$2,003,000. The net cash from investing activities was US$14,160,000, which was mainly due to deposits received from the proposed disposal of subsidiaries amounted US$15,742,000. The net cash from financing activities was US$5,677,000, which was mainly due to proceed from exercise of warrants amounted to US$3,552,000 and net proceeds from the issue of convertible notes of US$25,290,000. As a result, the net increase in cash and cash equivalents during the year was US$21,840,000.

Exercise of warrants

On 6 August 2009, the subscription price under the terms of the warrants was adjusted downwards from HK$0.074 to HK$0.026 with effect from 6 August 2009 as a result of the proposed placing of the Fulbond Convertible Notes and the total number of warrants was adjusted to 4,269,230,769. Subsequent to the price adjustments, registered holders of 1,058,769,221 warrants exercised their rights to subscribe for 1,058,769,221 ordinary shares in the Company at HK$0.026 per share. The aggregate fair value of warrants exercised at the dates immediately before the exercise was approximately US$3,767,000.

Redemption of convertible notes

On 10 December 2009, Sun Boom and Wise Virtue transferred the April Convertible Note, May SPA Convertible Note, Sun Boom Convertible Note and Wise Virtue Convertible Note to a private investment institution independent to the Group.

On 29 December 2009, the conversion price of the April Convertible Note, May SPA Convertible Note, Sun Boom Convertible Note and Wise Virtue Convertible Note was adjusted from HK$0.086 to HK$0.047 per share. Subsequent to the adjustment, on 30 December 2009, the holders of the April Convertible Note, May SPA Convertible Note and Sun Boom Convertible Note have exercised their options to require the Company to redeem the convertible note at the principle amount of US$3,700,000, US$15,613,000 and US$3,954,000, respectively. An aggregate gain on early redemption of these convertible notes of US$5,083,000 was recognised in profit or loss.

Issue of Fulbond Convertible Notes

On 6 August 2009, the Company announced that a placing agreement (the "Placing Agreement") was entered between the Company and a placing agent (the "Placing Agent"), whereby the Placing Agent has conditionally agreed to place, on a best efforts basis, zero coupon convertible notes in a maximum aggregate principal amount of HK$800,000,000 (equivalent to approximately US$103,226,000) (the "Fulbond Convertible Notes") which are convertible into ordinary shares of the Company at a conversion price of HK$0.01 per share. Pursuant to the Placing Agreement, the Company and the Placing Agent agreed that the placing can be completed partially by a maximum of 8 tranches provided that the aggregate principal amount of the convertible notes to be issued by the Company for each partial completion shall not be less than HK$100,000,000 and in multiple of HK$5,000,000.

On 28 September 2009, the Company issued a circular in connection with the placing, whose proceeds will provide additional funding to the Group and redemption of existing convertible notes issued by the Company. The placing shall proceed in two tranches namely, the First Tranche Fulbond Convertible Notes and the Second Tranche Fulbond Convertible Notes. Both the First Tranche Fulbond Convertible Notes (up to the aggregate principal amount of HK$450,000,000) and the Second Tranche Fulbond Convertible Notes (up to the aggregate principal amount of HK$350,000,000) fall under the placing subject to and upon the terms and conditions under the Placing Agreement. On 22 December 2009, the Stock Exchange has, upon application by the Company, granted, on a conditional basis, the listing of and permission to deal in a maximum of 20,000,000,000 conversion shares in an aggregate sum of HK$200,000,000 at the initial conversion price of HK$0.01 per share.

The partial completion of the placing of the First Fulbond Convertible Notes in the aggregate principal amount of HK$200,000,000 took place on 29 December 2009. The placing of the remaining First Tranche Fulbond Convertible Notes in an aggregate principal amount of HK$250,000,000 was completed on 14 January 2010.

In view of its strong liquidity and financial position, we will have sufficient resources to fund the daily operations and capital expenditure commitments and potential investment.

MATERIAL DISPOSAL OF SUBSIDIARIES

On 4 December 2009, the Group entered into an agreement with Sincerity Shine, being a party connected to the Group, to dispose all of its entire interests in Prowealth and its subsidiaries, which carried out all of the Group's food processing and distribution operations. Sincerity Shine is beneficially owned as to 50% by Ms. Huang, being the spouse of Mr. Li. Mr. Li was a substantial shareholder of the Company before Mr. Li disposed of his entire interest in the Company on 4 December 2009. Mr. Li is also a director of Prowealth and has beneficial interest in Wise Virtue. Wise Virtue was one of the vendors of Prowealth when Prowealth was acquired by the Group in October 2008. The Disposal was subsequently approved by the shareholders of the Company on 18 January 2010 and completed on 19 January 2010.

The net proceeds from the Disposal is expected to be less than the net carrying amount of the relevant assets and liabilities. Accordingly an impairment loss of intangible assets of US$2,009,000 has been charged to profit or loss in the consolidated statement of comprehensive income.

MATERIAL CONTINGENT LIABILITIES

The Group is not aware of any material contingent liabilities as at 31 December 2009.

EVENT AFTER THE REPORTING PERIOD

On 4 December 2009, the Group has entered into an agreement to dispose all of its entire interests in the Disposal Group, which carried out all of the Group's food processing and distribution operations. The Disposal was subsequently approved by its shareholders at the special general meeting on 18 January 2010 and the Disposal was completed on 19 January 2010.

On 12 January 2010, the Stock Exchange of Hong Kong Limited ("the Stock Exchange") has, upon application by the Company, granted, on a conditional basis, the listing of and permission to deal in a maximum of 25,000,000,000 conversion shares in an aggregate sum of HK$250,000,000 at the initial conversion price of HK$0.01 per share. On 14 January 2010, the Company has further issued the remaining First Trache Fulbond Convertible Note in an aggregate principal amount of HK$250,000,000. The management intends to use the proceeds from the issuance to redeem the existing convertible notes issued by the Company and to strengthen the cash position of the Group.

On 12 January 2010, certain of the holders of the First Tranche Fulbond Convertible Notes in an aggregate principal amount of HK$100,000,000 issued on 29 December 2009 have given notices to the Company to exercise the option to convert the First Tranche Fulbond Convertible Notes at the conversion price of HK$0.01 per share (the "Conversion"). As a result of the Conversion, a total of 10,000,000,000 ordinary shares of US$0.001 each, representing approximately 71.36% of the issued share capital of the Company prior to the Conversion and approximately 41.64% of the issued share capital of the Company as enlarged by the issue of the 10,000,000,000 ordinary shares, have been allotted and issued.

On 14 January 2010, pursuant to the terms and conditions of Wise Virtue Convertible Note and Sun Boom Convertible Note, the conversion price of the outstanding Wise Virtue Convertible Note and Sun Boom Convertible Note has been adjusted from HK$0.047 to HK$0.044, as a result of the completion of the further placing of the First Tranche Fulbond Convertible Notes. Save for the above adjustment, all other terms and conditions of Wise Virtue Convertible Note and Sun Boom Convertible Note remain unchanged.

On 4 March 2010, the holders of the Sun Boom Convertible Notes and Wise Virtue Convertible Note have exercised their option to redeem the remaining Sun Boom Convertible Notes of principal amount of HK$50,000,000 and Wise Virtue Convertible Note of principal amount of HK$80,265,260.

Subsequent to the end of reporting period, a total of 1,229,538,456 registered holders of warrants exercised their rights to subscribe for ordinary shares at HK$0.026 per share, which resulted an increase of 1,229,538,456 number of ordinary shares.

CAPITAL STRUCTURE

As at 31 December 2009, the Group's gearing ratio calculated on the basis of warrants, convertible notes, bank and other borrowings of approximately US$106,613,000 (as at 31 December 2008: US$61,567,000) and total assets of approximately US$80,190,000 (as at 31 December 2008: US$66,063,000), was 57.1% (as at 31 December 2008: 48.2%).

Subsequent to the price adjustments from HK$0.074 to HK$0.026 on 6 August 2009, registered holders of 1,058,769,221 warrants in November and December exercised their rights to subscribe for 1,058,769,221 ordinary shares in the Company at HK$0.026 per share. As at 31 December 2009, the number of the Company's issued shares was enlarged to 14,013,388,976 shares.

PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged certain property, plant and equipment and land use rights with aggregate carrying amounts of US$10,588,000 (2008: US$11,284,000) respectively to various banks and other financial institutions for securing the loans and general credit facilities granted to the Group.

FOREIGN EXCHANGE EXPOSURE

The Group's assets, borrowings and major transactions are primarily denominated in Hong Kong dollars, Renminbi or US dollars. It mainly settles business expenses in the PRC with Renminbi remittance and income in Renminbi and US dollars. The Group does not hedged against foreign exchange risk associated with the US dollars, as the management believes that the Hong Kong dollars will remain pegged to the US dollars in the foreseeable future. It either has not used any financial instruments to hedge against bank borrowings in Renminbi. The management will from time to time manage and monitor closely to ensure measures are taken against any adverse impacts on the exchange risk associated with the appreciating Renminbi.

HUMAN RESOURCES

The Group highly values its human resources and aims to attract, retain and develop high caliber individual committed to attaining our objectives. As at 31 December 2009, the Group had approximately 2,200 employees in Hong Kong and Mainland China. Employees of the Group are remunerated according to their qualifications, experience, job nature, performance and with reference to market conditions. Apart from discretionary performance bonus, the Group also provides other benefits such as medical insurance. The Company also operates a share option scheme for granting of options to eligible employees (including Directors).

CHANGE OF DIRECTORSHIP

On 27 July 2009, Mr. Yeung Kwok Yu was appointed as executive director of the Company.

On 27 July 2009, Mr. Lee Sun Man was appointed as executive director of the Company.

On 31 July 2009, Mr. Chiu Sui Keung was resigned as non-executive director of the Company.

On 5 August 2009, Mr. Yu Pan was appointed as independent non-executive director of the Company.

On 5 August 2009, Mr. Wong Man Hin, Raymond was resigned as independent non-executive director of the Company.

On 7 August 2009, Mr. Yam Tak Fai, Ronald was resigned as independent non-executive director of the Company.

On 10 August 2009, Mr. Leung Hoi Ying was appointed as independent non-executive director of the Company.

On 10 August 2009, Ms. Ma Yin Fan was appointed as independent non-executive director of the Company.

On 2 November 2009, Mr. Kwan Kam Hung, Jimmy was appointed as executive director of the Company.

On 2 November 2009, Mr. Wah Wang Kei, Jackie was appointed as executive director of the Company.

On 4 December 2009, Mr. Cheng Wyman, Paul was resigned as executive director of the Company.

CORPORATE GOVERNANCE

Code on Corporate Governance Practices

The Board considers that good corporate governance of the Company is crucial to safeguard the interests of the Shareholders and enhancing the performance of the Group. The Board and management of the Company are committed to enhancing corporate governance standard, in compliance with the principles set out in the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company has, throughout the year, complied with the relevant provisions of the Code, save for the deviation disclosed below.

Under Code Provision A.4.1, non-executive directors should be appointed for a specific term and be subject to re-election. All of the independent non-executive Directors, except Mr. Hong Po Kui, Martin, are not appointed for a specific term. However, all Directors are subject to the retirement and rotation once every three years in accordance with the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are comparable with those in the Code.

Under Code Provision A.4.2, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment. Mr. Yeung Kwok Yu, Mr. Lee Sun Man, Mr. Yu Pan, Ms. Ma Yin Fan, Mr. Leung Hoi Ying, Mr. Kwan Kam Hung, Jimmy and Mr. Wah Wang Kei, Jackie were appointed Directors of the Company during the year of 2009. They did not subject to election by shareholders at the next following general meeting of the Company after their respective appointments. At the forthcoming annual general meeting of the Company, resolutions will be put forth to approve their re-election.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out by the Stock Exchange in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors, all Directors have complied with the required standards of dealings as set out in the Model Code and the Company's own code of conduct during the review year.

Audit Committee

The Audit Committee comprises four independent non-executive Directors, namely Ms. Ma Yin Fan, Mr. Hong Po Kui, Martin, Mr. Yu Pan and Mr. Leung Hoi Ying. It is principally responsible for reviewing the accounting principles and practices adopted by the Group, as well as discussing and reviewing with management the internal control, auditing and financial reporting matters of the Group, including reviewing the audited annual financial statements of the Group for the year ended 31 December 2009.

Remuneration Committee

The Remuneration Committee comprises chairman of the Company and four independent non-executive directors, namely Mr. Zhang Xi, Mr. Hong Po Kui, Martin, Mr. Yu Pan, Mr. Leung Hoi Ying and Ms. Ma Yin Fan. It is primarily responsible for offering advice to the Board on the matters pertaining to the remuneration policy and remuneration structure of the directors and senior management of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2009 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

The auditor of the Company included a section of "Emphasis of Matters" in their independent auditor's report, the details of which are set as follows:

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements which indicates that the Group incurred a loss of US$54,108,000 during the year ended 31 December 2009 and, as of that date, the Group had net current liabilities of US$14,611,000 and net liabilities of US$59,511,000. These conditions, along with other matters set forth in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

INTERNAL CONTROL

The Board acknowledges its responsibility for the Group's system of internal control system to safeguard shareholders' investment and reviewing the effectiveness of such on an annual basis under Code Provision C.2.1.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company, nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2009.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company's website (www.fulbond.com). The 2009 Annual Report will be despatched to our shareholders on or before Friday, 30 April 2010 and will be available on the above websites in due course.

APPRECIATION

On behalf of the Board, my sincere thank to our loyal shareholders, suppliers and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to our management and all staff for their hard works and dedication throughout the year.

By order of the Board
Fulbond Holdings Limited
Zhang Xi
Chairman

Hong Kong, 20 April 2010

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Zhang Xi, Ms. Catherine Chen, Mr. Yeung Kwok Yu, Mr. Lee Sun Man, Mr. Kwan Kam Hung, Jimmy and Mr. Wah Wang Kei, Jackie; and four independent non-executive Directors, namely Mr. Hong Po Kui, Martin, Mr. Yu Pan, Ms. Ma Yin Fan and Mr. Leung Hoi Ying.