連發國際股份有限公司

Ever Fortune International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 875)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

The board of directors (the "Board") of Ever Fortune International Holdings Limited (the "Company") announce the audited results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2007 together with the comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2007

	Note	**2007** *HK$'000*	2006 *HK$'000* (Restated)
Continuing operations			
Turnover	*2*	**1,486**	—
Other income and gains	*4*	**1,815**	9,300
Staff costs		**(4,090)**	(3,072)
Depreciation		**(349)**	(95)
Impairment on intangible assets		**(708)**	—
Impairment on receivables		**—**	(78)
Provisions		**—**	(4,083)
Other operating expenses		**(16,423)**	(8,105)
Operating loss		**(18,269)**	(6,133)
Finance costs		**—**	(142)
Gain on disposal of subsidiaries		**4,429**	—
Loss before income tax	*5*	**(13,840)**	(6,275)
Income tax	*6*	**—**	—
Loss for the year from continuing operations		**(13,840)**	(6,275)
Discontinued operations			
Gain/(loss) for the year from discontinued operations	*7*	**10,967**	(132,636)
Loss for the year		**(2,873)**	(138,911)
Loss attributable to:			
Equity holders of the Company	*9*	**(2,873)**	(138,911)
Minority interest		**—**	—
		(2,873)	(138,911)
Dividends	*8*	**—**	—
Earnings/(loss) per share			
Basic	*10*		
– Continuing operations		**(HK0.54 cents)**	(HK0.25 cents)
– Discontinued operations		**HK0.43 cents**	(HK5.24 cents)
		(HK0.11 cents)	(HK5.49 cents)
Diluted		**N/A**	N/A

CONSOLIDATED BALANCE SHEET
As at 31 December 2007

	Note	**2007** **HK$'000**	2006 HK$'000
Non-current assets			
Property, plant and equipment		**1,137**	161
Leasehold land and land use rights		**—**	62,642
Biological assets		**—**	31,879
Intangible assets		**—**	708
		1,137	95,390
Current assets			
Leasehold land and land use rights		**—**	2,565
Biological assets		**—**	379
Inventories		**—**	82
Trade and other receivables	*11*	**1,204**	11,870
Cash balance at PRC Trust Co-operative Union		**—**	—
Cash and cash equivalents		**14,497**	1,772
		15,701	16,668
Current liabilities			
Trade and other payables	*12*	**58,450**	39,173
Provisions		**—**	103,378
Bank borrowing		**249**	498
Other borrowing		**86**	86
		58,785	143,135
Net current liabilities		**(43,084)**	(126,467)
Total assets less current liabilities		**(41,947)**	(31,077)
Capital and reserves attributable to the equity holders of the Company			
Issued capital	*13*	**25,325**	25,325
Reserves		**(67,272)**	(56,651)
		(41,947)	(31,326)
Minority interests		**—**	—
Total equity		**(41,947)**	(31,326)
Non-current liabilities			
Bank borrowing		**—**	249
Total assets less current liabilities		**(41,947)**	(31,077)

NOTES

1. BASIS OF PREPARATION

a) Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and accounting principles generally accepted in Hong Kong. They were also prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and Rules Governing the Listing Securities on the Stock Exchange. They have been prepared under the historical cost convention modified by the revaluation of certain assets as explained in the accounting policies in the notes to the financial statements, and on a going concern basis as explained in note 1(b) below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in the notes to the financial statements.

(i) Standards, amendment and interpretations effective in 2007

HKFRS 7, "Financial instruments: Disclosures", introduces new disclosures relating to financial instruments and the nature and extent of risks arising from those instruments. HKFRS 7 does not have any impact on the classification and valuation of the Group's financial instruments.

The amendment to HKAS 1 "Presentation of financial statements – capital disclosures" requires expanded disclosures in respect of information of the Group's and Company's capital and the objectives, policies and process for managing capital.

HK(IFRIC) – Int 8, "Scope of HKFRS 2", requires consideration of transactions involving the issuance of equity instruments, where the identifiable consideration received is less than the fair value of the equity instruments issued in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) – Int 10, "Interim financial reporting and impairment", prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group's financial statements.

(ii) Standards, amendments and interpretations effective in 2007 but not relevant for the Group's operations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group's operations:

- HKFRS 4, "Insurance contracts";
- HK(IFRIC) – Int 7, "Applying the restatement approach under HKAS 29, Financial reporting in hyper-inflationary economics"; and
- HK(IFRIC) – Int 9, "Re-assessment of embedded derivatives".

1. BASIS OF PREPARATION *(Continued)*

a) Basis of preparation *(Continued)*

(iii) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 January 2009.

- HKAS 23 (Revised), "Borrowing costs" (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, "Operating segments" (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed by management, but it appears that the number of reportable segments, as well as the manner in which the segments are reported, will likely be changed in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to Groups of cash generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments.

- HK(IFRIC) – Int 14 "HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction" (effective from 1 January 2008). HK(IFRIC) – Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) – Int 14 from 1 January 2008, but it is not expected to have any impact on the Group's financial statements.

1. BASIS OF PREPARATION *(Continued)*

a) Basis of preparation *(Continued)*

(iv) Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

The following interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after 1 January 2008 or later periods but are not relevant for the Group's operations:

- HK(IFRIC) – Int 11, "HKFRS 2 – Group and treasury share transactions", effective for accounting periods beginning on or after 1 March 2007. HK(IFRIC) – Int 11 provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have an impact on the Group's financial statements. It is not relevant for the Group's operations because none of the Group's companies have such transactions.

- HK(IFRIC) – Int 12, "Service concession arrangements" (effective from 1 January 2008).

  HK(IFRIC) – Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services.

  HK(IFRIC) – Int 12 is not relevant for the Group's operations because none of the Group's entities provides public sector services.

- HK(IFRIC) – Int 13, "Customer loyalty programmes" (effective from 1 July 2008). HK(IFRIC) – Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values.

  HK(IFRIC) – Int 13 is not relevant for the Group's operations because none of the Group's companies operate any loyalty programmes.

1. BASIS OF PREPARATION *(Continued)*

b) Material uncertainties in respect of going concern

The Group sustained a loss attributable to equity holders of the Company of HK$2,873,000 (2006: HK$138,911,000) for the year ended 31 December 2007. At 31 December 2007, the Group had net current liabilities and net liabilities of HK$43,084,000 (2006: HK$126,467,000) and HK$41,947,000 (2006: HK$31,326,000) respectively.

In view of the liquidity problems faced by the Group, the directors have adopted the following measures with the view to improve the Group's overall financial and cash flow position and to maintain the Group's existence as a going concern:

(i) the directors have been and will continue to seek financial support from its substantial shareholder to provide adequate funds for the Group to meet its financial obligations as they fall due, both present and future;

(ii) the Group successfully implemented new business strategies which included the termination of unprofitable business (i.e. nurturing, trading and selling of tree seedlings and seeds) and disposal of certain off-strategy subsidiaries to generate additional cash flows for the Group's operations. The Group's net loss decreased from HK$138,911,000 in 2006 to HK$2,873,000 in 2007;

(iii) the Group has been taking active steps to work on a valid resumption proposal, involving open offer, placing of shares, acquisition of Hong Kong assets and capital reorganisation, which would enable the Group to derive sufficient operating cash flow in 2008; and

(iv) the directors are planning to adopt various cost control measures to reduce various general and administrative and other operating expenses.

In the opinion of the directors, when the above-mentioned measures are successfully implemented, the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements. Accordingly, the directors are of the view that it is appropriate to prepare the financial statements on a going concern basis.

Should the Group be unable to implement the above measures and fail to continue in business as a going concern, adjustments would have to be made to restate the values of the assets to their immediate recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the financial statements.

2. TURNOVER

Turnover represents revenue arising on sales of tree seedlings and seeds, and rental income for the year. An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follow:

	2007	2006
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Rental income from exhibition centre	**1,486**	—
Discontinued operations		
Sales of tree seedlings and seeds *(note 7)*	**390**	1,705
	1,876	1,705

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Group comprises the following main business segments:

(a) Exhibition : Management of exhibition and event centre.

(b) Tree seedlings and seeds : Nurturing, selling and trading of tree seedlings and seeds.

Further details of the discontinued operation under the segment of nurturing, selling and trading of tree seedlings and seeds are set out in note 7.

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

3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

An analysis of the Group's turnover, contribution to profit/(loss) from operations for the years ended 31 December 2007 and 2006 and certain assets, liabilities and expenditure information regarding business segments is as follow:

	Continuing operations		**Discontinued operations**			
	Exhibition and event centre		**Tree seedlings and seeds**		**Consolidated**	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	**1,486**	—	**390**	1,705	**1,876**	1,705
Segment result	**(64)**	(52)	**(5,345)**	(132,637)	**(5,409)**	(132,689)
Unallocated operating income					**1,668**	9,279
Unallocated operating expenses					**(19,873)**	(15,347)
Operating loss					**(23,614)**	(138,757)
Finance costs					**—**	(154)
Gain on disposal of subsidiaries						
– segment	**—**	—	**16,312**	—	**16,312**	—
– unallocated					**4,429**	—
Loss before income tax					**(2,873)**	(138,911)
Income tax expenses					**—**	—
Loss for the year					**(2,873)**	(138,911)

3. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

Business segments *(Continued)*

	Continuing operations		Discontinued operations			
	Exhibition and event centre		Tree seedlings and seeds		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Depreciation and amortisation						
— segment	—	—	(2,695)	(2,565)	(2,695)	(2,565)
— unallocated					(349)	(95)
Impairment loss on other receivables						
— segment	—	—	—	(28,529)	—	(28,529)
— unallocated					—	(78)
Impairment loss on intangible assets						
— segment	—	—	—	—	—	—
— unallocated					(708)	—
Provisions						
— segment	—	—	—	(98,314)	—	(98,314)
— unallocated					—	(4,083)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	—	—	2,056	3,912	2,056	3,912
Segment assets	8,531	8,005	—	99,321	8,531	107,326
Unallocated assets					8,307	4,732
Total assets					16,838	112,058
Segment liabilities	—	—	—	101,961	—	101,961
Unallocated liabilities					58,785	41,423
Total liabilities					58,785	143,384
Capital expenditure incurred during the year						
— segment	—	—	—	4	—	4
— unallocated					1,329	45
Total					1,329	49

Geographical Segments

All of the activities of the Group are based in Mainland China and all of the Group's turnover and loss before income tax are derived from Mainland China. Accordingly, no geographical segment information is presented.

4. OTHER INCOME AND GAINS

	2007	2006
	HK$'000	*HK$'000*
Interest income	**268**	22
Reversal of provision for legal claim	**1,543**	—
Debts waived by creditors	**—**	9,253
Others	**151**	117
	1,962	9,392
Representing:		
Continuing operations	**1,815**	9,300
Discontinued operations *(note 7)*	**147**	92
	1,962	9,392

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

(a) Finance costs

	2007	2006
	HK$'000	*HK$'000*
Interest expenses on		
— bank borrowing	**—**	135
— other borrowing wholly repayable within five years	**—**	19
	—	154
Representing:		
Continuing operations	**—**	142
Discontinued operations *(note 7)*	**—**	12
	—	154

(b) Staff costs

	2007	2006
	HK$'000	*HK$'000*
Salaries, wages and allowance (including directors' remuneration)	**4,086**	3,090
Retirement benefits scheme contribution	**74**	36
	4,160	3,126
Representing:		
Continuing operations	**4,090**	3,072
Discontinued operations *(note 7)*	**70**	54
	4,160	3,126

(c) Other items

	2007	2006
	HK$'000	*HK$'000*
Continuing operations:		
Auditors' remuneration		
— audit services	**465**	530
— other services	**4,552**	—
Depreciation	**349**	95
Minimum lease payments under an operating lease in respect of land and buildings	**1,165**	668
Exchange loss, net	**272**	—
Impairment loss on other receivables	**—**	78
Impairment loss on intangible asset	**708**	—
Legal and professional fees	**5,379**	4,104
Provisions	**—**	4,083
Discontinued operations: *(note 7)*		
Amortisation of leasehold land and land use rights	**2,695**	2,565
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**2,056**	3,912
Exchange loss, net	**—**	1
Impairment loss on other receivables	**—**	28,529
Legal and professional fees	**131**	279
Provisions	**—**	98,314

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2006: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

A reconciliation between tax expense and accounting loss at applicable tax rates is as follow:

Group

	2007	2006
	HK$'000	*HK$'000*
Loss from continuing and discontinued operations before income tax	**(2,873)**	(138,911)
Tax credit at the applicable tax rate	**(1,381)**	(44,876)
Tax exemption	**1,869**	43,788
Income not subject to tax	**(3,780)**	(1,624)
Expenses not deductible for tax	**701**	963
Tax losses not recognised	**2,591**	1,754
Others	**—**	(5)
Income tax	**—**	—

Under the current PRC tax law, the subsidiary of the Group which is engaged in the nurturing, selling and trading of tree seedlings and seeds is exempted from PRC corporate income tax.

On 16 March 2007, the People's Republic of China promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for a subsidiary from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

7. DISCONTINUED OPERATIONS

Pursuant to the resolution passed by the independent shareholders at the special general meeting on 27 December 2007, the Company disposed of its entire equity interest in North Asia Forest Development Limited ("North Asia") and the amount due to the Company from North Asia and Zhangjiakou Xing Fa Development Company Limited ("Zhangjiakou Xing Fa") (formerly known as "Hebei Bashang Nursery Company Limited") at a total consideration of HK$3 to an independent third party. North Asia was an investment holding company and its principal asset is a 70% equity interest in Zhangjiakou Xing Fa. Zhangjiakou Xing Fa was principally engaged in nurturing, selling and trading of tree seedlings and seeds.

7. DISCONTINUED OPERATIONS *(Continued)*

The gain/(loss) from the discontinued operations is analysed as follows:

	From 1 January 2007 to 27 December 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000*
Loss from operation of North Asia	**(5,345)**	(132,636)
Gain on disposal of North Asia	**16,312**	—
	10,967	(132,636)

The results of North Asia for the period from 1 January 2006 to 27 December 2007 are as follows:

	From 1 January 2007 to 27 December 2007 *HK$'000*	For the year ended 31 December 2006 *HK$'000*
Turnover	**390**	1,705
Other income and gains	**147**	92
Raw materials and consumables used	**(193)**	(527)
Staff costs	**(70)**	(54)
Amortisation of leasehold land and land use rights	**(2,695)**	(2,565)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**(2,056)**	(3,912)
Impairment loss on other receivables	**—**	(28,529)
Provisions	**—**	(98,314)
Other operating expenses	**(868)**	(520)
Operating loss	**(5,345)**	(132,624)
Finance costs	**—**	(12)
Loss before income tax	**(5,345)**	(132,636)
Income tax expenses	**—**	—
Loss for the period/year	**(5,345)**	(132,636)

During the year, North Asia utilised the Group's net operating cash flows by HK$983,000 (2006: contributed HK$32,007,000) and contributed HK$1,000 (2006: paid HK$1,000) in respect of investing activities.

No tax charge arose on the disposal of North Asia.

8. DIVIDENDS

The Board do not recommend the payment of any final dividend for the year ended 31 December 2007 (2006: Nil).

9. LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$17,369,000 (2006: HK$6,711,000) which has been dealt with in the financial statements of the Company.

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$2,873,000 (2006: HK$138,911,000) and the weighted average number of 2,532,543,083 (2006: 2,532,543,083) ordinary shares in issue during the year.

(ii) From continuing operations

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$13,840,000 (2006: HK$6,275,000) and the weighted average number of 2,532,543,083 (2006: 2,532,543,083) ordinary shares in issue during the year.

(iii) From discontinued operations

The calculation of basic loss per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$10,967,000 (2006: loss of HK$132,636,000) and the weighted average number of 2,532,543,083 (2006: 2,532,543,083) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share amount for the current and prior years have not been disclosed as there were no dilutive potential shares in issue during both years.

11. TRADE AND OTHER RECEIVABLES

Group

	2007	2006
	HK$'000	*HK$'000*
Trade receivables *(note a)*	**—**	22,478
Less: allowance for doubtful debts *(note b)*	**—**	(22,478)
	—	—
Other receivables, deposit and prepayments *(note c)*	**1,204**	3,887
Loan receivable *(note d)*	**—**	7,983
	1,204	11,870

Notes:

(a) The Group's trading terms with its customers were mainly on credit. The credit period is generally for a period ranging from 90 to 180 days, except for certain major/well-established customers, whereby the credit period is extended beyond 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of the trade receivables was as follows:

Group

	2007	2006
	HK$'000	*HK$'000*
Over 365 days	**—**	22,478

Upon the disposal of North Asia on 28 December 2007, the Group had no trade receivables as at 31 December 2007.

(b) Impairment loss in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly.

Movement in the allowance for doubtful debts:

Group

	2007	2006
	HK$'000	*HK$'000*
At 1 January	**22,478**	22,478
Disposal of subsidiaries attributable to discontinued operations	**(22,478)**	—
At 31 December	**—**	22,478

11. TRADE AND OTHER RECEIVABLES *(Continued)*

Notes: (Continued)

(c) The balance as at 31 December 2006 mainly included a security deposit of HK$3,300,000 placed at the High Court of the Hong Kong Special Administrative Region (the "High Court") in relation to the litigation as disclosed in the note to the financial statements. Upon full and final settlement of the legal claim, the remaining balance of the security deposit together with interest thereon had been repaid to the Company during the year.

(d) The loan was unsecured, bearing interest at 5.58% per annum and was repaid on 14 March 2007.

(e) The carrying amounts of trade receivables, prepayments and other receivables approximated their fair value.

12. TRADE AND OTHER PAYABLES

Group

	2007	2006
	HK$'000	*HK$'000*
Trade payables	**—**	747
Other payables and accruals	**2,884**	8,637
Due to related companies	**55,566**	29,789
	58,450	39,173

Notes:

(a) The following is an age analysis of trade payables as at the balance sheet date:

Group

	2007	2006
	HK$'000	*HK$'000*
Within 90 days	**—**	—
91 days to 180 days	**—**	—
181 days to 365 days	**—**	—
Over 365 days	**—**	747
	—	747

(b) Since the disposal of North Asia on 28 December 2007, the Group had no trade payables as at 31 December 2007.

13. ISSUED CAPITAL

	2007	2006
	HK$'000	*HK$'000*
Authorised:		
160,000,000,000 ordinary shares of HK$0.01 each	1,600,000	1,600,000
Issued and fully paid:		
2,532,543,083 (2006: 2,532,543,083) ordinary shares of HK$0.01 each	25,325	25,325

There was no movements in the share capital of the Company for the current and prior years.

AUDIT QUALIFICATION

Except for the limitations in the scope of the work as explained below, the auditors conducted their audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that the auditors comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement. However, because of the matters described in the basis for disclaimer of opinion paragraph, the auditors were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

1. Scope limitation – Prior year's audit scope limitation affecting opening balances and comparative figures

As shown in the previous auditor's report, the auditors disclaimed their opinion on the Group's financial statements for the year ended 31 December 2006 because of the significance of the possible effects of the limitation in evidence available to the auditors in respect of certain matters set out therein. Any adjustment found to be necessary to the opening net liabilities of the Group would have a consequential effect on its results for the year ended 31 December 2007. In respect of the limitation on their work in the prior year described above, the auditors were unable to express their opinion on the fairness of the balances brought forward as at 1 January 2007 and the comparative figures included in these financial statements.

2. Scope limitation – Gain from discontinued operations

As detailed in the note to the financial statements, the Group disposed of a subsidiary, North Asia Forest Development Limited ("North Asia") during the year which principal asset is a 70% equity interest in Zhangjiakou Xing Fa Development Limited ("Zhangjiakou Xing Fa") which had issued certain corporate guarantees as disclosed in the note to the financial statements. Since there was insufficient information and explanations available for the auditors to confirm the completeness of the guarantees and to ascertain the related actual or contingent liabilities arising therefrom, the auditors are unable to determine the carrying amount of the net liabilities of Zhangjiakou Xing Fa on the date of disposal and whether the gain from discontinued operations of approximately HK$10,967,000 as shown in the consolidated income statement has been fairly stated and the details of the disposal have been properly disclosed.

The auditors were unable to carry out alternative audit procedures to satisfy themselves as to the matters set out in paragraphs 1 and 2 above.

Any adjustment that might have been found to be necessary in respect of the matters set out above would have a consequential effect on the financial positions of the Group and the Company as at 31 December 2007, the net loss and cash flows of the Group for the year then ended and the related disclosures in the financial statements.

In forming the audit opinion, the auditors have considered the adequacy of the disclosure made in the note to the financial statements which describes the liquidity issues and financial difficulties experienced by the Group and the measures undertaken by the Group to ensure that adequate cash resources are available to the Group. Specifically, the Group is dependent upon the continuing financial support of its substantial shareholder. On the assumption that there are successful outcome from the measures undertaken as described in the note to the financial statements, the directors consider that the Group will be able to meet in full its financial obligations as they fall due in the foreseeable future.

The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuing financial support from its substantial shareholder and the successful outcome of the measures undertaken as described in the note to the financial statements to ensure that adequate cash resources are available to meet the Group's future working capital and financial requirements. The financial statements do not include any adjustments that might be necessary should the implementation of the above measures be unsuccessful. The auditors consider that appropriate disclosures have been made. However, in view of the extent of the material uncertainties relating to the measures mentioned above that might cast significant doubt on the Group's ability to continue as a going concern, the auditors have disclaimed their opinion. The financial statements do not include any adjustments that would be necessary if the various measures as described above fail to take place. Any adjustment to the financial statements may have a consequential significant effect on the Group's net loss of HK$2,873,000 for the year, its net current liabilities of HK$43,084,000 and its net liabilities of HK$41,947,000 as at 31 December 2007.

Disclaimer of opinion: Disclaimer on view given by financial statements

Because of the significance of the possible effects of the scope limitations in relation to (i) prior year's audit scope limitation and (ii) gain from discontinued operations and the material uncertainties relating to the going concern basis as set out above, the auditors do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group reports a loss of HK$2,873,000 for the year ended 31 December 2007. The operations of the subsidiary, Zhangjiakou Xing Fa, disposed during the year, only achieved a turnover of about HK$390,000. The operations of another new subsidiary, Hao King, management right on an exhibition centre has terminated on 10 October 2007, achieved a turnover of about HK$1,486,000, representing rental and services income from running of an exhibition centre.

The Company has submitted a resumption proposal to the Stock Exchange on 6 August 2007. The resumption proposal will involved an open offer, placing of shares and acquisition of serviced apartments and elderly home businesses. On 4 March 2008, the Stock Exchange informed the financial adviser of the Company that the Listing Division considered the acquisition of the serviced apartments and elderly home businesses to be a reverse takeover of the Company under the Listing Rules. The Company has lodged an appeal the Listing Committee in respect of this ruling of the Listing Division and a hearing date was set on 13 May 2008. Further announcements will be made by the Company as and when there is any material development in relation to the Company's quest for resumption of trading of the shares on the Stock Exchange.

Liquidity and financial resources

The Group financed the operations primarily from advance from shareholders. As at 31 December 2007, the Group had cash and bank balances of HK$14,497,000 (31 December 2006: HK$1,772,000) and unsecured bank loan of HK$249,000 (31 December 2006: HK$498,000), repayable within one year and unsecured bank loan of HK$Nil (31 December 2006: HK$249,000), repayable after one year but within two years.

Charges on assets

Save as disclosed, the Group had not pledged any other asset to its bankers as at 31 December 2007.

Gearing Ratio

As at 31 December 2007, the Group's gearing ratio was 3.49 (31 December 2006: 1.28), which was arrived at by dividing the total liabilities by total assets as at 31 December 2007.

Contingent liabilities and guarantees

As at 31 December 2007, the Group had not provided any guarantees in favor of any third party nor were there any significant contingent liabilities.

Exposure to foreign exchange risk

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Presently, there is no hedging policy with respect to the Group's foreign exchange exposure. The Group's transactional currency is mainly RMB as substantially most of the turnover are in RMB. The Group's transactions foreign exchange exposure was insignificant.

(i) Exposure to currency risk

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	The Group	
	2007	2006
	HK$'000	*HK$'000*
Trade and other receivables	**—**	8,020
Cash and cash equivalents	**8,524**	1,747
Trade and other payables	**(10)**	(1,805)
Overall net exposure	**8,514**	7,962

(ii) Sensitivity analysis

During the year ended 31 December 2007, if RMB has strengthened/weakened by 5% against the HK$, with all other variable held constant, equity would have been approximately HK$426,000 (2006: HK$398,000), higher and lower and loss for the year would have been approximately HK$283,000 (2006: HK$6,635,000), higher and lower.

Capital expenditure

The Group had removed its office in Hong Kong in July 2007. Accordingly, there are additions of leasehold improvements, furniture and computer equipment amounting to approximately HK$1,329,000.

Material acquisitions and disposals

Save as disclosed, there has not been any material acquisitions or disposals of assets and subsidiaries of the Group.

Employee and remuneration policies

As at 31 December 2007, the Group has a total of 10 (2006: 44) employee. It is the corporate policy of the Group to set the remuneration of its employee at a level consummate with their responsibilities, experience and qualification and in line with market conditions.

The Company has adopted a share option scheme in June 2002. Eligible participants under the share option scheme include, among others, the Company's directors, independent non-executive directors, other directors/ employee of the Group. At 31 December 2007, there are no outstanding share option.

PROSPECT

The Company has already submitted a resumption proposal to the Stock Exchange of Hong Kong Limited, which involves the injection of new business to the Group. The Directors are working closely with the financial advisors so as to obtain approval from the Stock Exchange. Once approval is obtained, the Company will be put into a healthly position for the benefit of all shareholders.

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

During the year ended 31 December 2007, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

To the best knowledge of and so far as is known to the current members of the Board, the Company has complied with the Code Provisions set out in the CG Code throughout the year ended 31 December 2007, save for the following provision:

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

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

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

AUDIT COMMITTEE

The current audit committee of the Company comprises Mr. So Hoi Pan, Mr. Yim Hing Wah and Mr. Zhao Wen, all of whom are independent non-executive directors of the Company. The audit committee has reviewed the final results of the Company for the year ended 31 December 2007.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been agreed by the Group's auditors, CCIF CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2007. The work performed by CCIF CPA Limited 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 CCIF CPA Limited on the preliminary announcement.

THE MODEL CODE

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 to the Listing Rules. Having made specific enquiries with all the directors of the Company, the directors confirmed for year ended 31 December 2007 have complied with the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of Listing Rules.

PROCEEDINGS INVOLVING THE COMPANY

On 31 May 2005, Tiffit Securities (Hong Kong) Limited (Provisional Liquidators appointed) ("Tiffit") issued a writ of summons in the High Court of Hong Kong against the Company, claiming an amount of HK$1,600,000, being commission for services allegedly provided by Tiffit to the Company. On 10 May 2006, the Court ordered the parties to exchange evidence and to fix a date for hearing of the action. Tiffit has not be able to comply with the Court's order to exchange evidence with the Company. On 27 February 2007, provisional liquidators were appointed for Tiffit and the action has been stayed since then.

SUBSEQUENT EVENTS

On 14 March 2008, two subsidiaries of the Group, namely Hao King and Yuk King were deregistered.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the websites of the Company (www.875.com.hk) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2007 will be dispatched to shareholders of the Company and available on the above websites in due course.

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

By Order of the Board
Zhou Wenjun
Chairman

Hong Kong, 16 April 2008

As at the date of this announcement, the directors of the Company comprises eight directors, including five executive directors, namely, Mr. Zhou Wenjun, Mr. Ji Kewei, Mr. Ding Jiangyong, Mr. Dai Jun and Mr. Sun Kejun and three independent non-executive directors, namely, Mr. So Hoi Pan, Mr. Yim Hing Wah and Mr. Zhao Wen.