連發國際
Ever Fortune International

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 2008

The board of directors (the "Board") of Ever Fortune International Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
			(Restated)
Continuing operations			
Turnover	*3*	–	–
Other revenue and other net income	*4*	**160**	1,668
Staff costs		**(2,296)**	(4,090)
Depreciation		**(485)**	(349)
Impairment on intangible assets		–	(708)
Administrative and other operating expenses		**(10,683)**	(14,725)
Loss from operations		**(13,304)**	(18,204)
Finance costs		**(6)**	–
Gain on disposal of subsidiaries		**455**	4,429
Loss before taxation		**(12,855)**	(13,775)
Income tax	*7*	–	–
Loss for the year from continuing operations		**(12,855)**	(13,775)
Discontinued operations			
Gain for the year from discontinued operations	*8*	**878**	10,902
Loss for the year	*6*	**(11,977)**	(2,873)
Attributable to:			
Equity shareholders of the Company	*10*	**(11,977)**	(2,873)
Minority interests		–	–
		(11,977)	(2,873)
Dividends	*9*	–	–
Earnings/(loss) per share	*11*		
Basic and diluted			
– Continuing operations		**(HK0.50cents)**	(HK0.54cents)
– Discontinued operations		**HK0.03cents**	HK0.43cents
		(HK0.47cents)	(HK0.11cents)

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Note	**2008**	2007
		HK$'000	*HK$'000*
Non-current assets			
Fixed assets		**652**	1,137
Intangible assets		**–**	–
		652	1,137
Current assets			
Other receivables		**1,245**	1,204
Cash and cash equivalents		**3,067**	14,497
		4,312	15,701
Current liabilities			
Bank and other borrowings, unsecured		**86**	335
Other payables		**59,699**	58,450
		59,785	58,785
Net current liabilities		**(55,473)**	(43,084)
Net liabilities		**(54,821)**	(41,947)
Capital and reserves			
Share capital	*12*	**25,325**	25,325
Reserves		**(80,146)**	(67,272)
Total equity attributable to equity shareholders of the Company		**(54,821)**	(41,947)
Minority interests		**–**	–
Total equity		**(54,821)**	(41,947)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

1. BASIS OF PREPARATION

a) Statement of compliance and basis of preparation of the financial statements

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The HKICPA has issued certain amendments and interpretations which are or have become effective. It has also issued certain new and revised HKFRSs which are first effective or available for early adoption for the current accounting period of the Group and the Company.

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

b) Material uncertainties in respect of going concern

The Group sustained a loss attributable to equity holders of the Company of approximately HK$11,977,000 (2007: HK$2,873,000) for the year ended 31 December 2008. At 31 December 2008, the Group had net current liabilities and net liabilities of HK$55,473,000 (2007: HK$43,084,000) and HK$54,821,000 (2007: HK$41,947,000) 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 on a going concern basis:

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

(ii) the Company has entered into a restructuring agreement with a potential investor in December 2008 for the implementation of a new restructuring proposal involving, among other things, capital reorganisation, debt restructuring, subscription of new shares and subscription of convertible preference shares, which would enable the Group to derive sufficient operating cash flow in 2009; and

1. **BASIS OF PREPARATION (Continued)**

b) Material uncertainties in respect of going concern (Continued)

(iii) 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 value of 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. **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current year, the Group has where applicable applied the following amendments and interpretations ("new HKFRSs") issued by the HKICPA which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior year adjustment is required.

The Group has not early applied any of the following new and revised standards, amendments or interpretations which have been issued but are not yet effective for annual periods beginning on 1 January 2008.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC)-Int 13	Customer Loyalty Programmes[4]
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[3]

[1] Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5 which is effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 January 2009

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods beginning on or after 1 July 2008

[5] Effective for annual periods beginning on or after 1 October 2008

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

The Company's directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover represented revenue arising on sales of tree seedlings and seeds, and rental income. The amount of each significant category of revenue recognised in turnover, for both continuing and discontinued operations, is as follows:

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Continuing operations	**–**	–
Discontinued operations		
Rental income from exhibition centre	**–**	1,486
Sales of tree seedlings and seeds	**–**	390
	–	1,876
	–	1,876

4. OTHER REVENUE AND OTHER NET INCOME

	Continuing operations		**Discontinued operations**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		*(Restated)*		*(Restated)*
Other revenue						
Interest income on bank deposit	**46**	20	**16**	51	**62**	71
Other loan interest income	**–**	–	**–**	92	**–**	92
Other interest income	**–**	105	**–**	–	**–**	105
Total interest income on financial assets not at fair value through profit or loss	**46**	125	**16**	143	**62**	268
Others	**–**	–	**–**	151	**–**	151
	46	125	**16**	294	**62**	419
Other net income						
Debts waived by creditor	**114**	–	**–**	–	**114**	–
Reversal of provision for legal claim	**–**	1,543	**–**	–	**–**	1,543
	114	1,543	**–**	–	**114**	1,543
	160	1,668	**16**	294	**176**	1,962

5. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

(a) Assets holding: Assets holding

(b) Exhibition: Management of exhibition and event centres

(c) Agriculture trading: nurturing and trading of tree seedlings and seeds.

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

An analysis of the Group's turnover, contribution to loss from operations for the years ended 31 December 2008 and 2007 and certain assets, liabilities and expenditure information regarding business segments is as follows:

	Continuing operations		Discontinued operations							
	Assets holding		Exhibition		Agriculture trading		Total		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		*(Restated)*				*(Restated)*		*(Restated)*
Revenue:										
External sales	**–**	–	**–**	1,486	**–**	390	**–**	1,876	**–**	1,876
Inter-segment sales	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
Total revenue	**–**	–	**–**	1,486	**–**	390	**–**	1,876	**–**	1,876
Results:										
Segment result	**(13,182)**	(15,969)	**(61)**	(226)	**–**	(5,346)	**(61)**	(5,572)	**(13,243)**	(21,541)
Interest income									**62**	268
Unallocated corporate expenses									**(122)**	(2,341)
Loss from operations									**(13,303)**	(23,614)
Finance costs									**(6)**	–
Gain on disposal of subsidiaries										
– segments	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– unallocated									**455**	4,429
Gain on disposal of subsidiaries attributable to discontinued operations										
– segment	**–**	–	**877**	–	**–**	16,312	**877**	16,312	**877**	16,312
Loss before taxation									**(11,977)**	(2,873)
Income tax									**–**	–
Loss for the year									**(11,977)**	(2,873)

5. SEGMENT REPORTING (Continued)

Business segments (Continued)

	Continuing operations		Discontinued operations							
	Assets holding		Exhibition		Agriculture trading		Total		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		*(Restated)*				*(Restated)*		*(Restated)*
Other information:										
Capital expenditure										
– segment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– unallocated									**–**	1,329
Depreciation and amortisation										
– segment	**(457)**	(247)	**–**	–	**–**	(2,695)	**–**	(2,695)	**(457)**	(2,942)
– unallocated									**(28)**	(102)
Impairment on intangible assets										
– segment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–
– unallocated									**–**	(708)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**–**	–	**–**	–	**–**	2,056	**–**	2,056	**–**	2,056
Assets:										
Segment assets	**4,964**	3,259	**–**	8,531	**–**	–	**–**	8,531	**4,964**	11,790
Unallocated corporate assets									**–**	5,048
Consolidated total assets									**4,964**	16,838
Liabilities:										
Segment liabilities	**59,785**	58,763	**–**	–	**–**	–	**–**	–	**59,785**	58,763
Unallocated corporate liabilities									**–**	22
Consolidated total liabilities									**59,785**	58,785

5. SEGMENT REPORTING (Continued)

Geographical segments

The Group participates in two principal economic environments, Hong Kong and the PRC. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

Revenue from external customer

	2008			2007		
	Continuing operations	**Discontinued operations**	**Consolidated**	Continuing operations	Discontinued operations	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**–**	**–**	**–**	–	–	–
The PRC	**–**	**–**	**–**	–	1,876	1,876
	–	**–**	**–**	–	1,876	1,876

Carrying amount of segment assets

	2008			2007		
	Continuing operations	**Discontinued operations**	**Consolidated**	Continuing operations	Discontinued operations	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**4,964**	**–**	**4,964**	3,287	–	3,287
The PRC	**–**	**–**	**–**	5,020	8,531	13,551
	4,964	**–**	**4,964**	8,307	8,531	16,838

Additions to property, plant and equipment

	2008			2007		
	Continuing operations	**Discontinued operations**	**Consolidated**	Continuing operations	Discontinued operations	Consolidated
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	**–**	**–**	**–**	1,329	–	1,329
The PRC	**–**	**–**	**–**	–	–	–
	–	**–**	**–**	1,329	–	1,329

6. LOSS FOR THE YEAR

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

(a) Finance costs

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other interest expense	**6**	–	**–**	–	**6**	–
Total interest expense on financial liabilities not at fair value through profit or loss	**6**	–	**–**	–	**6**	–

(b) Staff costs (including directors' emoluments)

Salaries, wages and other benefits	**2,243**	4,016	**2**	70	**2,245**	4,086
Contributions to defined contributed retirement plans	**53**	74	**–**	–	**53**	74
	2,296	4,090	**2**	70	**2,298**	4,160

(c) Other items

Depreciation for property, plant and equipment	**485**	349	**–**	–	**485**	349
Amortisation of prepaid lease payments	**–**	–	**–**	2,695	**–**	2,695
Total depreciation and amortisation	**485**	349	**–**	2,695	**485**	3,044
Operating lease charges: minimum lease payments	**2,411**	1,165	**–**	–	**2,411**	1,165
Auditors' remuneration						
-audit services	**350**	465	**–**	–	**350**	465
-other services	**1,557**	4,552	**–**	–	**1,557**	4,552
Net foreign exchange losses	**84**	–	**–**	272	**84**	272
Legal and professional fee	**3,984**	5,379	**–**	131	**3,984**	5,510
Gain on disposal of subsidiaries	**(455)**	(4,429)	**(877)**	(16,312)	**(1,332)**	(20,741)
Impairment loss on intangible asset	**–**	708	**–**	–	**–**	708
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**–**	–	**–**	2,056	**–**	2,056

7. INCOME TAX

No Hong Kong Profits Tax has been provided for in the financial statements as the Group has no assessable profits for the year (2007: Nil).

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profits tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009.

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

8. DISCONTINUED OPERATIONS

(a) 連雲港豪景實業有限公司

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

The gain/(loss) from the discontinued operations of 連雲港豪景 is analysed as follows:

	From 1 January 2008 to 14 March 2008	For the year ended 31 December 2007
	HK$'000	*HK$'000*
Gain/(loss) from operations of連雲港豪景	**1**	(65)
Gain on disposal of連雲港豪景	**877**	–
	878	(65)

During the year, 連雲港豪景 contributed HK$16,000 (2007: HK$Nil) to the Group in respect of investing activities.

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

(b) North Asia Forest Development Limited

Pursuant to the resolution passed by the independent shareholders at the special general meeting held on 27 December 2007, the Company disposed of the 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") for 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.

8. **DISCONTINUED OPERATIONS (Continued)**

(b) North Asia Forest Development Limited (Continued)

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

	From 1 January 2007 to 27 December 2007
	HK$'000
Loss from operations of North Asia	(5,345)
Gain on disposal of North Asia	16,312
	10,967

During the prior year, North Asia utilised the Group's net operating cash flows by HK$983,000 and contributed HK$1,000 in respect of investing activities.

No tax charge arose on the disposal of North Asia.

(c) Summary of the discontinued operations

The gain/(loss) from the discontinued operations is summarised below:

	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Gain/(loss) from operations	**1**	(5,410)
Gain on disposals of discontinued operations	**877**	16,312
	878	10,902

9. **DIVIDENDS**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2008 (2007: Nil).

10. **LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY**

The consolidated loss attributable to equity shareholders of the Company includes a loss of HK$13,987,000 (2007: HK$17,369,000) which has been dealt with in the financial statements of the Company.

11. 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$11,977,000 (2007: HK$2,873,000) and the weighted average number of 2,532,543,083 (2007: 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$12,855,000 (2007: HK$13,775,000 (restated)) and the weighted average number of 2,532,543,083 (2007: 2,532,543,083) ordinary shares in issue during the year.

(iii) From discontinued operations

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK$878,000 (2007: HK$10,902,000 (restated)) and the weighted average number of 2,532,543,083 (2007: 2,532,543,083) ordinary shares in issue during the year.

(b) Diluted

Diluted loss per share is equal to basic earnings per share as there were no dilutive ordinary shares outstanding for both years presented.

12. SHARE CAPITAL

Authorised and issued share capital

	2008		2007	
	No. of shares	***HK$'000***	*No. of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**160,000,000,000**	**1,600,000**	160,000,000,000	1,600,000
Ordinary shares, issued and fully paid:				
At 1 January and 31 December	**2,532,543,083**	**25,325**	2,532,543,083	25,325

There was no movement in the share capital of the Company for the current and the previous year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

AUDIT QUALIFICATION

Except for the limitation in the scope of audit work as explained below, the auditors conducted the 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 matter described in the basis for disclaimer of opinion paragraph, the auditors were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to the going concern basis

As explained in note 1(b), which indicates that the Group incurred a consolidated loss attributable to equity shareholders of the Company of approximately HK$11,977,000 for the year ended 31 December 2008 and had consolidated net current liabilities of approximately HK$55,473,000 as at 31 December 2008, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuing financial support from the Company's substantial shareholder and the successful outcome of the measures undertaken as described in note 1(b) to ensure that adequate cash resources are available to meet in full its financial obligations as they fall due in the foreseeable future.

The financial statements do not include any adjustments that may 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 loss for the year and net liabilities as at 31 December 2008.

Disclaimer of opinion: Disclaimer on view given by financial statements

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, 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 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in the opinion of the auditors, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying the audit opinion, the auditors draw to the shareholders' attention that as disclosed in note 8(b), the income statement for the year ended 31 December 2007 includes the loss incurred by North Asia Forest Development Limited ("North Asia") for the period from 1 January 2007 to the date of its disposal amounting to HK$5,345,000 and the gain on disposal of HK$16,312,000. The principal asset of North Asia is a 70% equity interest in Zhangjiakou Xing Fa Development Company Limited ("Zhangjiakou Xing Fa") which had issued certain corporate guarantees. Since there was insufficient information and explanations available for the auditors to confirm the completeness of the guarantees and to ascertain the related actual and 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 for the year ended 31 December 2007 disclosed as comparative figures to the financial statements has been fairly stated.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2008 have been agreed by the Group's auditors, CCIF CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2008. The work performed by CCIF CPA Limited in this respect did not constitute as 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 HKICPA and consequently no assurance has been expressed by CCIF CPA Limited on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group was dormant and reports a loss of HK$11,977,000 for the year ended 31 December 2008. Certain subsidiaries were either disposed of or deregistered during 2008. Discontinued operations resulted in a gain of HK$878,000.

Liquidity and financial resources

The Group financed the operations primarily from advance from shareholders. As at 31 December 2008, the Group had cash and bank balances of HK$3,067,000 (31 December 2007: HK$14,497,000) and unsecured bank loan of HK$Nil (31 December 2007: HK$249,000), repayable within one year.

Charges on assets

Save as disclosed, the Group had not pledged any other asset to its bankers as at 31 December 2008.

Gearing Ratio

As at 31 December 2008, the Group's gearing ratio was 12.04 (31 December 2007: 3.49), which was arrived at by dividing the total liabilities by total assets as at 31 December 2008.

Contingent liabilities and guarantees

As at 31 December 2008, the Group had not provided any guarantees in favor of any third party nor were there any significant contingent liabilities.

Exposure to credit risk

As at 31 December 2008, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated balance sheet after deducting any impairment allowance.

In respect of other receivables, in order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its debtors' financial position and conditions are performed on each and every major debtor periodically. These evaluations focus on the debtor's past history of making payments when due and current ability to pay, and take into account information specific to the debtor as well as pertaining to the economic environment in which the debtor operates. The Group does not require collateral in respect of its financial assets. Debts are usually due within 90 to 180 days from the date of billing.

At the balance sheet date, the Group has a certain concentration of credit risk as approximately 99% (2007: nil) of the total receivables was a receivable from a third party. No analysis of the age of financial assets is disclosed as none of the balances is past due nor impaired as at the balance sheet dates.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Exposure to liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

Exposure to interest rate risk

Interest rate risk is the risk the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As the Group has no interest-bearing liabilities, the Group's expenses and financing cash flows are independent of changes in market interest rates.

The Group is exposed to interest rate risk as its bank deposits are all interest-bearing. All bank deposits are short-term deposits with maturities less than or equal to three months. Management does not anticipate any significant impact resulting from the change in interest rates because the Group's bank balances are carried at low interest rates and the interest income therefore is not significant.

As the interest rate risk to the Group is not significant and therefore, no sensitivity analysis presented.

Exposure to currency risks

The Group had previously held certain investments in foreign operations, which net assets were 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 Hong Kong dollars as the Group has ceased the operation in the PRC during the year. The foreign exchange exposure of the Group's transactions was therefore insignificant.

As the exchange rate risk to the Group is not significant and therefore, no sensitivity analysis presented.

Capital expenditure

The Group had no additions of leasehold improvements, furniture and computer equipment in 2008 (2007: HK$1,329,000)

Material acquisitions and disposal

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

Employees and remuneration policies

As at 31 December 2008, the Group has a total of 4 (2007: 10) employees. It is the corporate policy of the Group to set the remuneration of its employees 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/employees of the Group. At 31 December 2008, there are no outstanding share option.

PROSPECTS

On 19th December 2008, the Company entered into a restructuring agreement which included a business plan to reactivate its previously discontinued agriculture trading business. Two special purpose vehicles, Trade Day Holdings Limited and Trade Front Limited, have been set up to specialize in different forms of agriculture trading, namely:

a. Trade Front Limited is principally engaged in the sourcing and trading, as a supplier from overseas to the PRC, of a wide range of seedlings in the form of bean seeds and bean sprouts. It was set up as a subsidiary of the Company on 15th January 2009 and, at the date of the publication of the Annual Report, the trading business is already in operations with the first batch of black bean seeds to be delivered from Myammar to the PRC, pending relevant approval; and

b. Trade Day Holdings Limited is principally engaged in the sourcing and trading of a wide range of vegetables in Hong Kong and the PRC. It was set up as a subsidiary of the Company on 18th February 2009 and at the date of the publication of the Annual Report, it is already in its second month of full operations.

In terms of future business direction for the Group, the Directors are confident that, based on their experience and expertise in the agriculture industry in the PRC, the foundation has been laid for future business and network developments in this key industry.

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

During the year ended 31 December 2008, 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 2008, 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 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 retire and be 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 Group for the year ended 31 December 2008.

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 that for the year ended 31 December 2008 they 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

With the completion of the disposals of its operating subsidiaries in December 2007, the Group is no longer involved in any of the proceedings.

SUBSEQUENT EVENTS

Following the signing of the restructuring agreement in 19 December 2008, the Board approved a detail business plan to reactivate the Group's previously discontinued agriculture trading business in 18 February 2009. The Group set up two subsidiaries, namely Trade Front Limited ("Trade Front") and Trade Day Holdings Limited ("Trade Day"), which are principally engaged in the trading of agricultural produce, in 15 January 2009 and 18 February 2009 respectively.

In March 2009, a potential investor agreed to provide a loan facility of up to HK$10 million for the working capital of Trade Front and Trade Day to reactivate the Group's previously discontinued agriculture trading business. The loan facility is secured by the entire share capital of each of Trade Front, Trade Day and their immediate holding company, First Novel Limited.

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 2008 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, 17 April 2009

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.

* *For identification purpose only*