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 2011

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 2011 together with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Note	**2011**	2010
		HK$'000	*HK$'000*
Turnover	*3*	**15,810**	15,097
Cost of sales		**(15,398)**	(14,776)
Gross profit		**412**	321
Other income	*3*	**895**	9
Distribution costs		**(125)**	(291)
Administrative and other operating expenses		**(13,314)**	(9,660)
Loss before tax	*5*	**(12,132)**	(9,621)
Income tax expense	*6*	**–**	–
Loss for the year and total comprehensive loss for the year	*8*	**(12,132)**	(9,621)
Attributable to:			
Equity shareholders of the Company		**(12,132)**	(9,621)
Dividends		**–**	–
Loss per share	*9*	**(HK0.48 cents)**	(HK0.38 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**131,838**	15
Construction in progress		**32,310**	–
Goodwill		**31,678**	–
		195,826	15
Current assets			
Inventories		**4,451**	–
Biological assets		**4,851**	–
Trade and other receivables	*10*	**52,431**	941
Bank balances and cash		**42,319**	435
		104,052	1,376
Current liabilities			
Trade and other payables	*11*	**274,965**	66,614
Bank and other borrowings		**80,005**	6,336
Obligation under a finance lease		**140**	–
Current tax payable		**4,024**	–
		359,134	72,950
Net current liabilities		**(255,082)**	(71,574)
Net liabilities		**(59,256)**	(71,559)
Capital and reserves			
Share capital	*12*	**25,325**	25,325
Reserves		**(109,016)**	(96,884)
Deficiency in shareholders' fund		**(83,691)**	(71,559)
Non-current liabilities			
Government subsidy	*11*	**24,224**	–
Obligation under a finance lease		**211**	–
		24,435	–
		(59,256)	(71,559)

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Ever Fortune International Holdings Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda and its principal place of business is Room 2109, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. The Company and its subsidiaries (collectively referred to as the "Group") are engaged in assets and investment holding and growing, processing and trading of agricultural produce.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Trading of the shares of the Company had suspended since 28 April 2005. The Company had resumed its trading of shares on 28 February 2012.

The consolidated financial statements are presented in Hong Kong dollars (rounded to thousand), which is the same as the functional currency of the Company.

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

In current year, the Group has applied, for the first time, a number of new and revised Standards, Amendment and Interpretations issued by the HKICPA as follows:

HKAS 24 (revised 2009)	Related Party Disclosures
HK(IFRIC) 19	Extinguishing Financial Liabilities with Equity Instruments
HK(IFRIC) 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HKFRSs (Amendments)	Improvements of HKFRSs issued in 2010

The application of the new and revised Standards, Amendments and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements for the current or comparative periods except that the following set out information on the significant changes in accounting policies for the current and previous accounting periods reflected in the financial statements. Accordingly, no prior period adjustment has been made.

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

		Effective for accounting periods beginning on or after
HKFRS 7	Disclosures – Transfer of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 7 (Amendment)	Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (Revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (Revised 2011)	Associate and joint ventures	1 January 2013
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014

The Group has already commenced an assessment of the impact of the new and revised HKFRSs but is not yet in a position to state whether the new and revised HKFRSs would have a significant impact on its results of operation and financial position.

3. TURNOVER AND OTHER INCOME

Turnover represents revenue arising on the trading of agricultural produce. An analysis of turnover and other income for the years is as follows:

	2011	2010
	HK$'000	*HK$'000*
Turnover from sales of agricultural produce	**15,810**	15,097
Other income		
Sundry income	**895**	9
Total revenue	**16,705**	15,106

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provide information about components of the Group. The information is reported to and reviewed by the senior management for the purposes of resource allocation and performance assessment.

The senior management considers the business from the business operation nature perspective.

The Group has presented the following two reportable segments. These segments are managed separately.

a) Assets holding: Holding of assets

b) Agricultural produce: Growing, processing and trading of agricultural produce

No reportable operating segment has been aggregated.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of central administration costs. This is the measure reported to the senior management for the purposes of resource allocation and performance assessment. Taxation charge/(credit) is not allocated to a reportable segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The revenue from external parties reported to the senior management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

All assets and liabilities are allocated to reportable segments.

The Group operates in two principal geographical areas-Hong Kong and the PRC. Segment information by geographical segment is presented for the Group's non-current assets are principally attributable to Hong Kong and the PRC. No segment information by geographical segment is presented for the Group's revenue as it is attributable to a single geographical region, which is Hong Kong.

An analysis of the Group's reportable segments is reported below:

	Assets holding		Agricultural produce		Total	
	2011	2010	**2011**	2010	**2011**	2010
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Revenue from external customers	**–**	–	**15,810**	15,097	**15,810**	15,097
Reporting segment						
Loss before taxation	**(11,836)**	(6,750)	**(296)**	(2,871)	**(12,132)**	(9,621)
Depreciation	**(8)**	(186)	**–**	–	**(8)**	(186)
Allowance for impairment of trade receivables	**–**	–	**(17)**	(658)	**(17)**	(658)
Reportable segment assets	**31,247**	528	**268,631**	863	**299,878**	1,391
Reportable segment liabilities	**173,442**	72,236	**210,127**	714	**383,569**	72,950
Additions to property, plant and equipment	**–**	2	**–**	–	**–**	2

(b) Reconciliation of reportable segment loss

	2011	2010
	HK$'000	*HK$'000*
Reportable segment loss derived from Group's external customers	**(12,132)**	(9,621)
Loss before tax per consolidated statement of comprehensive income	**(12,132)**	(9,621)

(c) Information about major customers

Revenues from customers contributing 10% or more of the total sales of the Group are as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A	*	4,013
Customer B	*	2,666
Customer C	**3,127**	*
Customer D	**12,683**	*

* The corresponding revenue did not contribute over 10% of the total sales of the Group.

(d) Geographical information

The Group's operation is primarily derived from external customers based in Hong Kong and all assets of the operation were located in Hong Kong and the PRC.

	2011	2010
	HK$'000	*HK$'000*
Non-current assets other than goodwill		
Property, plant and equipment		
– Hong Kong	**1,534**	15
– the PRC	**130,304**	–
Construction in progress		
– the PRC	**32,310**	–
	164,148	15

5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Employee benefits expense:		
– Salaries, wages and other benefits	**1,165**	641
– Contributions to defined contribution retirement plan	**38**	21
	1,203	662
Auditors' remuneration		
– Audit fee	**1,382**	375
– Other services	**3,080**	1,405
Cost of inventories recognised as an expense	**12,292**	14,776
Depreciation of property, plant and equipment	**8**	186
Allowance for impairment of trade receivables *(Note 10)*	**17**	658
Loss on disposal of property, plant and equipment	**5**	6
Minimum lease payments under operating leases	**144**	1,118

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not have any assessable profits in Hong Kong during the year.

A reconciliation between taxation and loss before tax at applicable tax rates is as follows:

	2011	2010
	HK$'000	*HK$'000*
Loss before tax	**(12,132)**	(9,621)
Notional tax on loss before tax	**(2,001)**	(1,587)
Tax effect of non-deductible expenses	**1**	302
Tax effect of non-taxable income	**(147)**	(1)
Tax effect of unused tax losses/deductible temporary differences not recognised	**2,147**	1,286
Tax charge for the year	**–**	–

7. DIVIDENDS

The Board does not recommend the payment of dividend for the year ended 31 December 2011 (2010: Nil).

8. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

The consolidated loss for the year attributable to equity shareholders of the Company includes a loss of HK$11,058,000 (2010: HK$6,645,000), which has been dealt with in the financial statements of the Company.

9. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity shareholders of the Company of HK$12,132,000 (2010: HK$9,621,000) and the weighted average of 2,532,543,083 (2010: 2,532,543,083) ordinary shares in issue during the year.

Diluted loss per share is same as basic loss per share because there were no potential dilutive shares outstanding during the years 2010 and 2011.

10. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**26,261**	118
Less: Allowance for doubtful receivables	**(807)**	–
	25,454	118
Other receivables	**9,353**	–
Deposits and prepayments	**17,624**	823
	52,431	941

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

	2011	2010
	HK$'000	*HK$'000*
Current	**12,469**	–
Less than 90 days	**3,578**	–
Over 90 days	**10,214**	118
	26,261	118

The aged analysis of the trade receivables that are past due but not impaired is as follows:

	2011	2010
	HK$'000	*HK$'000*
Less than 60 days past due	**7,079**	–
Over 60 days past due	**6,699**	118
	13,778	118

Note: The Group does not hold any collateral on these balances and has not provided for impairment allowance.

The Group has provided fully for all receivables over 360 days because historical experience is that such receivables that are past due beyond 360 days are generally not recoverable.

Movements in the allowance for doubtful receivables are as follows:

	2011	2010
	HK$'000	*HK$'000*
Balance at 1 January	–	–
Increase in allowance recognised in profit or loss *(Note 5)*	17	658
Amounts written off as uncollectible	(17)	(658)
Acquisitions through business combinations	807	–
Balance at 31 December	807	–

Included in the allowance for doubtful receivables made for the year are individually impaired trade receivables with a balance of HK$17,000 (2010: HK$658,000) which have been considered not recoverable. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables *(Note (a) and (b))*	8,580	644
Other payables and accruals *(Note (b))*	158,924	2,337
Amounts due to related companies	54,032	59,032
Amounts due to directors	52,253	4,601
Government subsidy	25,400	–
	299,189	66,614

Note:

(a) Trade payables principally comprise amounts outstanding for trade purchases. All trade payables are due within 1 month or on demand.

(b) Trade and other payables are non-interest bearing and have an average term of 1 month.

12. SHARE CAPITAL

	2011	2010
	HK$'000	*HK$'000*
Authorised:		
160,000,000,000 ordinary shares of $0.01 each at the beginning and end of the year	**1,600,000**	1,600,000
Issued and fully paid:		
2,532,543,083 ordinary shares of $0.01 each at the beginning and end of the year	**25,325**	25,325

PRELIMINARY ANNOUNCEMENT OF THE RESULTS AGREED BY AUDITORS

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 2011 as set out in this preliminary announcement have been agreed by the Group's auditor, Mabel Chan & Co., to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2011. The work performed by Mabel Chan & Co. 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 Mabel Chan & Co. on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Listing Resumption

At the request of the Company, trading of the Company's shares was suspended on 28 April 2005 (the "Suspension") as a result of a delay in the publication of the annual results and dispatch of the annual report of the Company for the year ended 31 December 2004. Subsequently, the annual results announcement and the annual report were published in January 2006. The Company was placed in the second stage of the delisting procedures pursuant to Practice Note 17 of the Listing Rules on 9 June 2006.

On 19 December 2008, Right Day Holdings Limited (the "Investor") and the Company entered into a restructuring agreement ("Original Restructuring Agreement") setting out the terms of the restructuring of the Company. Subsequently, they entered into several agreements to revise certain terms of the Original Restructuring Agreement.

In March 2009, the Group recommended its agricultural produce trading business.

The Company was placed in the third stage of the delisting procedures pursuant to Practice Note 17 of the Listing Rules with effect from 11 March 2010.

In order to expand its agricultural produce business, the Group has entered into the acquisition agreements to acquire the entire equity interest of each of Natural Farm Limited ("Natural Farm"), Polygold Food Limited ("Polygold") and Modern Excellence Limited ("Modern Excellence") and their subsidiaries.

The Company had taken active steps to work on a valid resumption proposal which would enable the Company to comply with Rule 13.24 of the Listing Rules and to address the concerns raised by the Stock Exchange in relation to the Suspension. On 11 April 2011, the Company submitted a resumption proposal ("Resumption Proposal") to the Stock Exchange. On 15 April 2011, the Stock Exchange informed the Company in writing that it was allowed to proceed with the Resumption Proposal, subject to the satisfaction of certain conditions ("Resumption Conditions") within six months from 15 April 2011.

The primary objective of the Resumption Proposal was to inject working capital into the Company to expand the Group's business operations and to discharge all the debts of the Company which are owed to the Creditors. The details of the Resumption Proposal were set out in the circular of the Company dated 30 November 2011 and were approved by the shareholders of the Company at a Special General Meeting on 23 December 2011. Subsequently on 9 February 2012, a creditors' meeting was held and the creditors approved the scheme of arrangement as set out in the explanatory statement dated 17 January 2012.

The Company has applied for and the Stock Exchange has agreed to extend the deadline for meeting the above Resumption Conditions to 14 February 2012. On 14 February 2012, the deadline was further extended to 28 February 2012.

On 27 February 2012, the Company announced that the Resumption Proposal had been completed and the Resumption Conditions have been fulfilled to the satisfaction of the Stock Exchange. Trading of the Company's share resumed on the Main Board of the Stock Exchange on 28 February 2012.

Financial results and Business review

During the year, the Group's trading activities remained steady and achieved a turnover of HK$15,810,000, which represented an increase of 4.7% over last year. Furthermore, because of increase in administrative and other operating expenses resulting mainly from professional fees, the Group reported a loss of HK12,132,000 for the year ended 31 December 2011. As part of the Resumption Proposal involved the acquisition of subsidiaries which were completed on 29 December 2011, the operating results of the enlarged Group were not included in the consolidated financial statement for the year ended 31 December 2011. If the acquisition had been completed on 1 January 2011, total Group turnover for 2011 would have been approximately HK$285,529,000 and profit for 2011 would have been approximately HK$22,900,000.

Liquidity and financial resources

The Group financed the operations primarily from advance from major shareholders and the Investor. However, as the material acquisitions detailed below were completed on 29 December 2011, the asset and liabilities of the Group changed significantly as the newly acquired subsidiaries were consolidated at 31 December 2011. As at 31 December 2011, the Group had bank balances and cash of HK$42,319,000 (31 December 2010: HK$435,000)

Charges on assets

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

Buildings with carrying amount of approximately HK$10,737,000 (2010: HK$Nil) have been pledged to secure banking facilities of RMB20,000,000 granted to the Group.

Gearing Ratio

As at 31 December 2011, the Group's gearing ratio was 1.28 (31 December 2010: 52.44), which was arrived at by dividing the total liabilities by total assets as at 31 December 2011.

Contingent liabilities and guarantees

As at 31 December 2011, the Group had not provided any guarantees in favor of any third party nor were there any significant contingent liabilities.

Exposure to credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset as stated in the consolidated statement of financial position. The Group is exposed to credit risk from its operating activities (primarily for trade receivables). The Group performs ongoing credit evaluation of the debtors' financial condition and maintain an account for allowance for doubtful debts based upon the expected collectible of all trade receivables. The Group has a diversified portfolio of businesses and as at balance sheet date, there were no significant concentration of credit with any entity.

The credit risk on bank balances is minimal because the counterparties are banks with high credit-rating.

Exposure to liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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 amount of cash and adequate committed lines of funding to meet its liquidity requirements in the short and longer term. In addition, the Group relies on loans from related companies and a potential investor, an independent third party, as significant sources of liquidity. As at 31 December 2011, the Group's total available facilities from the potential investor were approximately HK$72,500,000 (2010: HK$10,000,000), of which HK$59,530,000 (2010: HK$6,250,000) were utilised at the end of the reporting period.

Exposure to interest rate risk

The Group's bank and other borrowings amounted to HK$80,005,000 (2010: HK$6,300,000) of which interest is charged at floating interest rates. The Group's interest rate risk primarily relates to the interest bearing bank balances and borrowings. The Group currently has not used any interest rate swaps to hedge its exposure to interest rate but may enter into interest rate hedging instruments in the future to hedge any significant interest rate exposure should the need arise.

A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2011 would decrease/increase by HK$111,000. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings. No sensitivity analysis was presented for the year ended 31 December 2010 as the group had insignificant interest bearing bank balance only.

Material acquisitions ("Acquisitions")

(a) On 23 December 2009, the Company has entered into a conditional sale and purchase agreement with an independent party for the acquisition of the entire equity interest in Natural Farm, which engaged in vegetable trading business and operates a vegetable processing centre in Dongguan, at a total consideration of HK$48,750,000, now revised to HK$36,828,941. The total consideration of HK$36,828,941 will be satisfied by (i) HK$3,078,941 in cash; and (ii) HK$33,750,000 by the issue of Class B Preference Shares ("Preference Shares") of the Company at an issue price of HK$0.15 per share. The Preference Shares shall be issued in two phases: each of 50% shall be issued after the issue of the audited financial statements of Natural Farm for the years ending 31 March 2011 and 2012 respectively. The consideration of the acquisition is subject to the following adjustments: (i) If the average net profit after tax of Natural Farm for the years ending 31 March 2011 and 2012 is less than HK$7,500,000, the shortfall will be adjusted by reducing the number of Preference Shares to be issued; and (ii) If the net asset value (plus shareholder's loan of HK$8,078,941 assigned to the Company) of Natural Farm as at the completion of the acquisition is less than HK$8,796,254.06, the shortfall will be paid by the vendor to the Company in cash.

    On 29 December 2011, the Group completed the above acquisition.

(b) On 23 December 2009, the Company has entered into a conditional sale and purchase agreement with two independent parties for the acquisition of the entire equity interest in Polygold, which is engaged in vegetable retailing business, at a total consideration of HK$16,250,000. The total consideration of HK$16,250,000 will be satisfied by (i) HK$5,000,000 in cash; and (ii) HK$11,250,000 by the issue of Class B Preference Shares ("Preference Shares") of the Company at an issue price of HK$0.15 per share. The Preference Shares shall be issued in two phases: each of 50% shall be issued after the issue of the audited financial statements of Polygold for the years ending 31 March 2011 and 2012 respectively. The consideration of the acquisition is subject to the following adjustments: (i) If the average net profit after tax of Polygold for the years ending 31 March 2011 and 2012 is less than HK$2,500,000, the shortfall will be adjusted by reducing the number of Preference Shares to be issued; and (ii) If the net asset value of Polygold as at the completion of the acquisition is less than HK$1,871,890.60, the shortfall will be paid by the vendors to the Company in cash.

    On 29 December 2011, the Group completed the above acquisition.

(c) On 2 August 2010, the Company has entered into a conditional sale and purchase agreement with two independent parties for the acquisition of the entire equity interest in Modern Excellence, the holding company of Congyu Group which is engaged in growing, processing and sales of agricultural produce at a total consideration of HK$143,000,000. The total consideration of HK$143,000,000 will be satisfied by (i) HK$35,750,000 in cash; and (ii) HK$107,250,000 by the issue of Class B Preference Shares ("Preference Shares") of the Company at an issue price of HK$0.15 per share. The Preference Shares shall be issued in two phases: each of 50% shall be issued after the issue of the audited financial statements of Modern Excellence for the years ending 31 December 2011 and 2012 respectively. The consideration of the acquisition is subject to the following adjustments: (i) If the average net profit after tax of Modern Excellence for the years ending 31 December 2011 and 2012 is less than HK$20,000,000, the shortfall will be adjusted by reducing the number of Preference Shares to be issued; and (ii) If the net asset value of Modern Excellence as at the completion of the acquisition is less than RMB88,302,701, the shortfall will be paid by the vendors to the Company in cash.

    On 29 December 2011, the Group completed the above acquisition.

Employees and remuneration policies

As at 31 December 2011, the Group has a total of 771 (2010: 4) 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 2011, there is no outstanding share option.

PROSPECTS

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

(a) Expansion of the sales network

The Directors believe that a foundation of the sales network has already been established.

With the growth of the Group after completion of the Acquisitions as mentioned before, it will go through a period of consolidation and coordination. Through the Acquisitions, the Company has formed an enlarged Group of total turnover of over HK$280 million for 2012. Coverage of sales network in domestic market, export market and PRC market have been achieved by the Acquisitions.

(b) Expansion of the Group's sourcing network and vegetable processing capabilities

It is the intention of the Directors to expand the Group's vegetable sourcing network in the PRC. The expansion plan will be implemented through the investments in vegetable plantation. The Congyu Group has over 8.1 million sq. m. of leased farmland. Natural Farm and Luliang Natural Farm has over 1.3 million sq. m. of leased farmland. The Group has established altogether over 9.4 million sq. m. of leased farmland in vegetable plantation after the completion of the Acquisitions.

(c) Investment in the production base

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

(d) Investment in equipment and distribution centre

Pending funding support from the PRC government, the Group may invest in setting up new refrigerated storage, processing and distribution centre in Zengcheng, Guangdong, to cope with the increased output volume of vegetables export to Hong Kong, and to open up the domestic market in the Mainland, in particular, to supply vegetables for the Hong Kong fast-food chains that are actively developing the Mainland market. The Group will further invest in automated processing machines to increase production capacity for supply to other airlines in addition to Lufthansa airlines for deep-processed vegetables products for in-flight meals. Furthermore, the Group may invest in computerized bar code system to enhance the operation and planning of the processing centre of the farm, as well as the monitoring of the human resources and pesticide residue.

(e) Vertical integration model

The acquisition of the Modern Excellence has allowed the Group to vertically integrate its vegetable business. The Group promotes further processed products of Polygold to domestic market by taking advantage of value-added tax concession of the Modern Excellence for the self-produced agricultural products according to the tentative regulations on the value-added tax of the PRC.

Based on the integration of the agriculture businesses via the acquisitions of Natural Farm, Polygold and Modern Excellence, it is believed that the Group will become one of the leading players in the PRC vegetable market with vegetable processing capabilities as well as its own cultivation bases. As a result of the Acquisitions, there is an extensive processing platform which covers a wide area of different weather belts with processing methods which enables the Group to produce a wide variety of vegetable products for its customer base.

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

During the year ended 31 December 2011, 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 2011, 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 has amended the Company's bye-law 99 through a Special Resolution passed on 23 December 2011 to comply with the said Code Provision A.4.2. The new bye-law 99 provides at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

AUDIT COMMITTEE

The Company has established the audit committee with written terms of reference in accordance with the Listing Rules. The primary duties of the audit committee are to review the Company's interim and annual reports and accounts and to provide advice and comments thereon to the Board. The audit committee is also responsible for reviewing internal control procedures of the Group.

The current audit committee of the Company comprises Ms. Estella Yi Kum Ng, Mr. Tommy Yu Yan Cheung, J.P., and Professor Japhet Sebastian Law, 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 2011.

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 2011 they have complied with the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of Listing Rules.

EVENTS AFTER THE REPORTING DATE

(a) Restructuring of the Company

The proposed restructuring of the Company involved (1) capital restructuring; (2) debt restructuring; (3) subscription for new shares; (4) issue of preference shares and consideration shares; (5) very substantial acquisitions; (6) connected transactions; (7) application for whitewash wavier and special deals consent; and (8) amendments to bye-laws (the "Proposed Restructuring"). Details of the Proposed Restructuring were set out in the circular of the Company issued on 30 November 2011, and were approved by the shareholders of the Company at a special general meeting on 23 December 2011 (the "Restructuring").

On 27 February 2012, the (1) capital restructuring; (2) debt restructuring; (3) subscription for new shares; and part of (4) issue of preference shares and consideration shares under the Restructuring were completed with details as follows:

Capital Restructuring

The capital restructuring under the Restructuring which involved (i) capital reduction; (ii) share consolidation; (iii) capital change; (iv) reduction in share premium account (the "Capital Restructuring") was completed.

The estimated financial effect of the Capital Restructuring comprises of a decrease of approximately HK$22,160,000 in issued share capital; a decrease of approximately HK$163,532,000 in share premium; a decrease of approximately HK$136,547,000 in contributed surplus; and a decrease in approximately HK$412,239,000 in accumulated losses.

Debt Restructuring

The debt restructuring under the Restructuring, details were set out in the scheme documents of the Company dated 17 January 2012 (the "Scheme"), became operational on 27 February 2012 and the Company issued and allotted a total of 1,380,000,000 Class A preference shares to the scheme administrator of the Scheme (the "Scheme Administrator") on the same date.

On 27 Febraury 2012, the entire share capital of the subsidiaries of the Company under the Scheme were transferred to a company held by the Scheme Administrator in trust for the Creditors of the Scheme in accordance with the Scheme for a cash consideration of HK$1.

The estimated financial effect of the subscription for new shares comprises of a decrease of approximately HK$67,421,000 in the Group's indebtedness, an increase in Class A preference shares of HK$13,800,000 and a gain on restructuring of approximately HK$53,621,000.

Subscription for new shares

The Company allotted to Right Day Holdings Limited a total of 1,000,000,000 ordinary shares at the price of HK$0.10 each, for a total consideration of HK$100,000,000.

The estimated financial effect of the subscription for new shares comprises of an increase of HK$10,000,000 in issued share capital; an increase of HK$90,000,000 in share premium and net cash proceeds of approximately HK$87,800,000.

Issue of consideration shares

The Company issued 4,000,000 ordinary shares to Quam Capital Limited, being settlement of its services fee as the financial advisor to the Company with regard to the Restructuring.

The estimated financial effect of the issue of new ordinary shares comprises of an increase of HK$40,000 in issued share capital; an increase of HK$360,000 in share premium; and a decrease of approximately HK$400,000 in other payables.

(b) Connected Transaction

On 23 February 2012, the Company entered into a Consultancy Agreement with Dr. Hui Ho Ming Herbert ("Dr. Hui"), a former executive director of the Company, whereby Dr. Hui has been engaged as an independent consultant of the Company for a term of one year commencing from the date on which the Company resumes trading on the main board of the Stock Exchange of Hong Kong Limited.

Pursuant to the Consultancy Agreement, Dr. Hui is entitled to a monthly consultancy fee of HK$200,000. Under the Listing Rules, this transaction is considered as a connected transaction subject to independent Shareholders' approval in additional to relevant reporting and announcement requirements. The Consultancy Agreement shall have no effect until independent Shareholders' approval is obtained.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 4 June 2012 to 6 June 2012, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the Annual General Meeting, unregistered holders of shares of the Company should ensure that all the share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1 June 2012.

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 2011 will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Mr. Wu Wai Chung, Michael
Chairman

Hong Kong, 28 March 2012

As at the date of this notice, the Board comprises eight Directors, including three executive Directors, namely Mr. Shi Lanjiang (Chief Executive Officer), Mr. Chu Yuet Chung and Mr. Yang Jianzun; two non-executive Directors being Mr. Ji Kewei and Mr. Wu Wai Chung, Michael; and three independent non-executive Directors, namely Mr. Tommy Yu Yan Cheung, J.P., Ms. Estella Yi Kum Ng and Professor Japhet Sebastian Law.

* *For identification purpose only*