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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 2009

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 2009 together with the comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Continuing operations			
Turnover	*3*	**36,659**	–
Cost of sales		**(32,568)**	–
Gross profit		**4,091**	–
Other revenue and other net income	*4*	**38**	160
Distribution costs		**(1,460)**	–
Staff costs		**(1,634)**	(2,296)
Depreciation		**(461)**	(485)
Administrative and other operating expenses		**(7,691)**	(10,683)
Loss from operations		**(7,117)**	(13,304)
Finance costs	*6(a)*	**–**	(6)
Gain on disposal of subsidiaries		**–**	455
Loss before taxation		**(7,117)**	(12,855)
Income tax	*7*	**–**	–
Loss for the year from continuing operations		**(7,117)**	(12,855)
Discontinued operation			
Gain for the year from discontinued operation	*8*	**–**	878
Loss for the year	*6*	**(7,117)**	(11,977)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Attributable to:			
Owners of the Company	*10*	**(7,117)**	(11,977)
Dividends	*9*	**–**	–
(Loss)/earnings per share	*11*		
Basic and diluted			
– Continuing operations		**(HK0.28cents)**	(HK0.50 cents)
– Discontinued operation		**–**	HK0.03 cents
		(HK0.28cents)	(HK0.47 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Note	**2009** **HK$'000**	2008 *HK$'000*
Loss for the year		**(7,117)**	(11,977)
Other comprehensive income/(loss) for the year			
Exchange differences on translation of financial statements of overseas subsidiaries		–	335
Exchange reserve realised upon disposal of a subsidiary attributable to discontinued operation		–	(877)
Exchange reserve realised upon disposal of subsidiaries		–	(355)
Total comprehensive loss for the year (net of tax)		**(7,117)**	(12,874)
Attributable to:			
Owners of the company	*10*	**(7,117)**	(12,874)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**205**	652
Intangible assets		**–**	–
		205	652
Current assets			
Trade and other receivables	*12*	**6,704**	1,245
Cash and cash equivalents		**103**	3,067
		6,807	4,312
Current liabilities			
Other borrowings		**3,486**	86
Trade and other payables	*13*	**65,464**	59,699
		68,950	59,785
Net current liabilities		**(62,143)**	(55,473)
Net liabilities		**(61,938)**	(54,821)
Capital and reserves			
Share capital	*14*	**25,325**	25,325
Reserves		**(87,263)**	(80,146)
Total equity		**(61,938)**	(54,821)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

The financial statements of the Group 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. The 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 2009 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 amounts 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 owners of the Company of approximately HK$7,117,000 (2008: HK$11,977,000) for the year ended 31 December 2009. At 31 December 2009, the Group had net current liabilities and net liabilities of approximately HK$62,143,000 (2008: HK$55,473,000) and HK$61,938,000 (2008: HK$54,821,000) 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 obtained the confirmation from its substantial shareholder that the latter will continue 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 an agreement with a potential investor in December 2008 for the implementation of a 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 cash flow to finance its operations;

1. BASIS OF PREPARATION (CONTINUED)

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

(iii) Trade Day Holdings Limited ("Trade Day"), a wholly-owned subsidiary of the Group, is engaged in the trading of agricultural produce and the business of which formed the major business activities for the Group as a whole. In addition, on 23 December 2009, the Company has entered into two conditional sale and purchase agreements to acquire the entire equity interest in two companies, namely Natural Farm Limited ("Natural Farm") and Polygold Food Limited ("Polygold"), which are principally engaged in vegetable trading and retailing businesses. The directors believe that the future cash flow generated from trading of agricultural produce will sufficiently improve the liquidity and financial position and will help to maintain the Group's ability to continue as a going concern; 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 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

(a) In the current year, the Group has where applicable applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") that are first effective for the current accounting period.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellation
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 which is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 & HKAS 30 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers

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

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

- HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's chief operating decision maker, and has resulted in additional reportable segments being identified and presented (see note 5). Corresponding amounts have been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (Revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

(b) POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2009

Up to the date of issue of these financial statements, the HKICPA has issued the following Amendments, new Standards and Interpretations which are not yet effective for the year ended 31 December 2009.

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

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008 [1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009 [2]
HKAS 24 (Revised)	Related Party Disclosures [5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKAS 32 (Amendment)	Classification of Rights Issues [4]
HKAS 39 (Amendment)	Eligible hedged items [1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters [3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions [3]
HKFRS 3 (Revised)	Business Combinations [1]
HKFRS 9	Financial Instruments [7]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement [5]
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners [1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments [6]

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

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.

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

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

In addition, as part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, leasees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land at revalued amount.

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

3. TURNOVER

Turnover represents revenue arising on the trading of agricultural produce. The amount of revenue recognised in turnover, for both continuing and discontinued operations, during the year is as follows:

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Trading of agricultural produce	**36,659**	–
Discontinued operation		
Rental income from exhibition centre	**–**	–
	36,659	–

4. OTHER REVENUE AND OTHER NET INCOME

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Other revenue						
Interest income on bank deposit	**–**	46	**–**	16	**–**	62
Total interest income on financial assets not at fair value through profit or loss	**–**	46	**–**	16	**–**	62
Others	**38**	–	**–**	–	**38**	–
	38	46	**–**	16	**38**	62
Other net income						
Debts waived by creditor	**–**	114	**–**	–	**–**	114
	38	160	**–**	16	**38**	176

5. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker for the purposes of resource allocation and performance assessment.

The chief operating decision maker considers the business from the business operation nature perspective.

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

a) Assets holding: Holding of assets

b) Agricultural produce: Trading of agricultural produce

c) Exhibition: Management of exhibition and event centres

No reportable operating segment has been aggregated.

5. SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's chief operating decision maker 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 chief operating decision maker 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 chief operating decision maker is measured in a manner consistent with that in the income statement.

All assets and liabilities are allocated to reportable segments.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

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

	Continuing operations				Discontinued operation			
	Assets holding		Agricultural produce		Exhibition		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue								
Revenue from external customers	**–**	–	**36,659**	–	**–**	–	**36,659**	–
Reportable segment (Loss)/profit before taxation	**(6,664)**	(13,182)	**(453)**	–	**–**	878	**(7,117)**	(12,304)
Gain on disposal of subsidiaries attributable to discontinued operation	**–**	–	**–**	–	**–**	877	**–**	877
Depreciation	**(461)**	(457)	**–**	–	**–**	–	**(461)**	(457)
Reportable segment assets	**1,411**	4,964	**5,601**	–	**–**	–	**7,012**	4,964
Reportable segment liabilities	**66,155**	59,785	**2,795**	–	**–**	–	**68,950**	59,785
Additions to property, plant and equipment	**14**	–	**–**	–	**–**	–	**14**	–

5. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of reportable segment profit

	2009	2008
	HK$'000	*HK$'000*
Profit		
Reportable segment loss derived from Group's external customers	**(7,117)**	(12,304)
Gain on disposal of subsidiaries	**–**	455
Finance costs	**–**	(6)
Unallocated head office and corporate expenses	**–**	(94)
Depreciation	**–**	(28)
Consolidated loss before taxation	**(7,117)**	(11,977)

(c) Information about major customers

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

	2009	2008
	HK$'000	*HK$'000*
Customer A	**23,695**	–
Customer B	**12,964**	–

6. LOSS FOR THE YEAR

Loss for the year is arrived at after charging/(crediting) the following:

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(a) Finance costs						
Other interest expense	**–**	6	**–**	–	**–**	6
Total interest expense on financial liabilities not at fair value through profit or loss	**–**	6	**–**	–	**–**	6
(b) Staff costs						
Salaries, wages and other benefits	**1,591**	2,243	**–**	2	**1,591**	2,245
Contributions to defined contribution retirement plans	**43**	53	**–**	–	**43**	53
	1,634	2,296	**–**	2	**1,634**	2,298
(c) Other items						
Depreciation for property, plant and equipment	**461**	485	**–**	–	**461**	485
Operating lease charges: minimum lease payments	**2,431**	2,411	**–**	–	**2,431**	2,411
Auditor's remuneration						
– audit services	**460**	350	**–**	–	**460**	350
– other services	**150**	1,557	**–**	–	**150**	1,557
Net foreign exchange losses	**–**	84	**–**	–	**–**	84
Legal and professional fees	**1,405**	3,984	**–**	–	**1,405**	3,984
Gain on disposal of subsidiaries	**–**	(455)	**–**	(877)	**–**	(1,332)
Cost of inventories	**32,568**	–	**–**	–	**32,568**	–

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 (2008: Nil).

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

8. DISCONTINUED OPERATION

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 from the discontinued operation of 連雲港豪景 is analysed as follows:

	From 1 January 2008 to 14 March 2008
	HK$'000
Gain from operation of 連雲港豪景	1
Gain on disposal of 連雲港豪景	877
	878

During the year ended 31 December 2008, 連雲港豪景 contributed HK$16,000 to the Group in respect of investing activities.

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

9. DIVIDENDS

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

10. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company includes a loss of HK$7,684,000 (2008: HK$13,987,000) which has been dealt with in the financial statements of the Company.

11. (LOSS)/EARNINGS PER SHARE

(a) Basic

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to owners of the Company of HK$7,117,000 (2008: HK$11,977,000) and the weighted average number of 2,532,543,083 (2008: 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 owners of the Company of HK$7,117,000 (2008: HK$12,855,000) and the weighted average number of 2,532,543,083 (2008: 2,532,543,083) ordinary shares in issue during the year.

(iii) From discontinued operation

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of HK$Nil (2008: HK$878,000) and the weighted average number of 2,532,543,083 (2008: 2,532,543,083) ordinary shares in issue during the year.

(b) Diluted

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

12. TRADE AND OTHER RECEIVABLES

	2009	2008
	HK$'000	*HK$'000*
Trade receivables	**5,259**	–
Other receivables	**–**	65
Loans and receivables	**5,259**	65
Prepayments and deposits	**1,445**	1,180
	6,704	1,245

All of the trade receivables are expected to be recovered within one year.

The following is an age analysis of trade receivables as at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
Current	**3,574**	–
1 to 3 months overdue	**1,685**	–
	5,259	–

Trade receivables are due within 60 days from the date of billing.

13. TRADE AND OTHER PAYABLES

	2009	2008
	HK$'000	*HK$'000*
Trade payables	**2,029**	–
Other payables and accruals	**2,903**	2,658
Amounts due to related companies	**57,041**	57,041
Amounts due to directors	**3,491**	–
Financial liabilities measured at amortised cost	**65,464**	59,699
Analysed for reporting purposes as		
– Current liabilities	**65,464**	59,699
– Non-current liabilities	**–**	–
	65,464	59,699

The following is an age analysis of trade payables as at the end of the reporting period:

	2009	2008
	HK$'000	*HK$'000*
Due within 1 month or on demand	**2,029**	–

14. SHARE CAPITAL

Authorised and issued share capital

	2009		2008	
	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 owners 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 disclosed in note 1(b), the Group incurred a consolidated loss attributable to owners of the Company of approximately HK$7,117,000 for the year ended 31 December 2009 and had consolidated net current liabilities and net liabilities of approximately HK$62,143,000 and HK$61,938,000 respectively as at 31 December 2009 and 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 to be 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.

In view of the extent of the material uncertainties relating to the measures mentioned above that might cast a 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 in note 1(b) were unsuccessful or 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 2009. However, the auditors consider that appropriate disclosures have been made.

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 consolidated 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 2009 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 consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SCOPE OF WORK OF AUDITORS

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2009 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 2009. 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 re-activated the business of trading in agricultural produce during 2009 and achieved a turnover of HK$36,659,000. However, because of the general high level of administrative expenses, the Group reported a loss of HK$7,117,000 for the year ended 31 December 2009.

Liquidity and financial resources

The Group financed the operations primarily from advance from major shareholders. As at 31 December 2009, the Group had cash and bank balances of HK$103,000 (31 December 2008: HK$3,067,000).

Charges on assets

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

Gearing Ratio

As at 31 December 2009, the Group's gearing ratio was 9.83 (31 December 2008: 12.04), which was arrived at by dividing the total liabilities by total assets as at 31 December 2009.

Contingent liabilities and guarantees

As at 31 December 2009, the Group had not provided any guarantees in favour of any third party nor were there any significant contingent liabilities.

Exposure to credit risk

As at 31 December 2009, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

In respect of trade and 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 condition is 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 60 days from the date of billing.

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk. At the end of the reporting period, the Group has a certain concentration of credit risk as 100% (2008: Nil) of the total trade and other receivables was due from two (2008: Nil) customers. The amounts were fully recovered subsequent to the end of the reporting period and the directors consider that such concentration of credit risk would not result in any credit default exposure to the Group.

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 amount of cash and adequate support from major shareholders to meet its liquidity requirements in the short and longer term.

Exposure to interest rate risk

Interest rate risk is the risk that 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 significant interest-bearing assets and liabilities, the Group's exposure to interest rate risk is mininum.

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

Exposure to currency risk

The Group's assets and liabilities are all denominated in Hong Kong Dollars. There is no significant exposure to the fluctuation of foreign exchange rate, but the Group will closely monitor the market and make appropriate adjustment and measures when necessary.

As there is no exchange rate risk exposure to the Group, no sensitivity analysis is presented.

Capital expenditure

The Group had an addition of furniture and fixtures of HK$14,000 in 2009 (2008: HK$Nil).

Material acquisitions and disposal

Save as disclosed, there has not been any material acquisitions or disposals of assets of the Group in 2009 (2008: Nil).

Employees and remuneration policies

As at 31 December 2009, the Group has a total of 4 (2008: 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 2009, there are no outstanding share option.

PROSPECTS

The Group will continue to maintain steady growth of our trading operation in agricultural produce. In the meantime, active efforts are being made to develop a viable resumption proposal to be submitted to the Stock Exchange.

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

During the year ended 31 December 2009, 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 2009, 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 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 2009.

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 2009 they have complied with the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of Listing Rules.

SUBSEQUENT EVENTS

(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 is the supplier of Trade Day and engaged in vegetable trading business and operates a vegetable processing centre in Dongguan, at a total consideration of HK$48,750,000. The total consideration of HK$48,750,000 will be satisfied by (a) HK$15,000,000 in cash; and (b) HK$33,750,000 by the issue of preference shares of the Company at an issue price of HK$0.15. 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: (a) 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 (b) If the net asset value (plus shareholder's loan of HK$20,000,000 assigned to the Company) of Natural Farm as at the completion of the acquisition is less than HK$20,717,313.06, the shortfall will be paid by the vendor to the Company in cash.

    Up to the date of approval of the financial statements, the acquisition has not yet completed and there is insufficient financial information available to the Group to identify and determine the fair value to be assigned to the identifiable assets, liabilities and contingent liabilities assumed for the purpose of allocation of purchase price and calculation of goodwill.

(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 and is one of the major vegetables suppliers to Wellcome supermarkets in Hong Kong, at a total consideration of HK$16,250,000. The total consideration of HK$16,250,000 will be satisfied by (a) HK$5,000,000 in cash; and (b) HK$11,250,000 by the issue of preference shares of the Company at an issue price of HK$0.15. 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: (a) 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 (b) 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.

    Up to the date of approval of the financial statements, the acquisition has not yet completed and there is insufficient financial information available to the Group to identify and determine the fair value to be assigned to the identifiable assets, liabilities and contingent liabilities assumed for the purpose of allocation of purchase price and calculation of goodwill.

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 2009 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, 23 April 2010

As at the date of this announcement, the Board comprises seven Directors, including five executive Directors, namely Mr. Zhou Wenjun (Chairman), Mr. Ji Kewei (Deputy Chairman and Chief Executive Officer), Mr. Ding Jiangyong, Mr. Dai Jun (Vice President) and Mr. Sun Kejun (Vice President) and two independent non-executive Directors, namely Mr. So Hoi Pan and Mr. Zhao Wen.

* *For identification purpose only*