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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 2010

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 2010 together with the comparative figures for the year ended 31 December 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Turnover	*3*	**15,097**	36,659
Cost of sales		**(14,776)**	(32,568)
Gross profit		**321**	4,091
Other income	*3*	**9**	38
Distribution costs		**(291)**	(1,460)
Administrative and other operating expenses		**(9,660)**	(9,786)
Loss before tax		**(9,621)**	(7,117)
Income tax expense	*5*	**–**	–
Loss for the year and total comprehensive loss for the year	*7*	**(9,621)**	(7,117)
Attributable to:			
Equity shareholders of the Company		**(9,621)**	(7,117)
Dividends		**–**	–
Loss per share		**(HK0.38 cents)**	(HK0.28 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	Note	**2010**	2009
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**15**	205
		15	205
Current assets			
Trade and other receivables	*9*	**941**	6,704
Bank balances and cash		**435**	103
		1,376	6,807
Current liabilities			
Other borrowings		**6,336**	3,486
Trade and other payables	*10*	**66,614**	65,464
		72,950	68,950
Net current liabilities		**(71,574)**	(62,143)
Net liabilities		**(71,559)**	(61,938)
Capital and reserves			
Share capital	*11*	**25,325**	25,325
Reserves		**(96,884)**	(87,263)
Total equity		**(71,559)**	(61,938)

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared under the historical cost basis and in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(b) Material uncertainties in respect of going concern

The Group sustained a loss attributable to equity shareholders of the Company of approximately HK$9,621,000 (2009:HK$7,117,000) for the year ended 31 December 2010. At 31 December 2010, the Group had net current liabilities and net liabilities of approximately HK$71,574,000 (2009: HK$62,143,000) and HK$71,559,000 (2009: HK$61,938,000) 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 ability to continue 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 and when 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;

(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;

(iv) Trade Soar Limited ("Trade Soar"), a wholly-owned subsidiary of the Group, is dormant during the year. On 2 August 2010, this company has entered into a conditional sale and purchase agreement to acquire the entire equity interest in a company, namely Modern Excellence Limited ("Modern Excellence"), which is principally engaged in growing, processing and sales of agricultural produce. The directors believe that the future cash flow generated from growing, processing and sales 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

(v) 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 current year, the Group has applied, for the first time, a number of new and revised Standards, Amendments and Interpretations issued by the HKICPA.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HKFRS 5 (Revised)	Non-current assets held for sale and discontinued operations – plan to sell the controlling interest in a subsidiary
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owner

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.

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

		Effective for accounting periods beginning on or after
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 24 (Revised)	Related Party Disclosures	1 January 2011
HKFRS 7	Disclosures – Transfer of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement	1 January 2011
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010	*

* Effective for accounting periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

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:

	2010	2009
	HK$'000	*HK$'000*
Turnover from sales of agricultural produce	**15,097**	36,659
Other income		
Sundry income	**9**	38
Total revenue	**15,106**	36,697

4. SEGMENT REPORTING

Operating segments are identified on the basis of internal reports which provide 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 two reportable segments. These segments are managed separately.

a) Assets holding: Holding of assets

b) Agricultural produce: 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 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 consolidated statement of comprehensive income.

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:

	Assets holding		Agricultural produce		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue						
Revenue from external customers	**–**	–	**15,097**	36,659	**15,097**	36,659
Reporting segment Loss before taxation	**(6,750)**	(6,664)	**(2,871)**	(453)	**(9,621)**	(7,117)
Depreciation	**(186)**	(461)	**–**	–	**(186)**	(461)
Allowance for impairment of trade receivables	**–**	–	**(658)**	–	**(658)**	–
Reportable segment assets	**528**	1,411	**863**	5,601	**1,391**	7,012
Reportable segment liabilities	**72,236**	66,155	**714**	2,795	**72,950**	68,950
Additions to property, plant and equipment	**2**	14	**–**	–	**2**	14

(b) Reconciliation of reportable segment loss

	2010	2009
	HK$'000	*HK$'000*
Reportable segment loss derived from Group's external customers	**(9,621)**	(7,117)
Loss before tax per consolidated statement of comprehensive income	**(9,621)**	(7,117)

(c) Information about major customers

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

	2010	2009
	HK$'000	*HK$'000*
Customer A	*****	*
Customer B	**4,013**	23,695
Customer C	**2,666**	12,964

* 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 that operation were located in Hong Kong. No geographical information is presented in accordance with HKFRS 8 "Operating Segments".

5. 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:

	2010	2009
	HK$'000	*HK$'000*
Loss before tax	**(9,621)**	(7,117)
Notional tax on loss before tax	**(1,587)**	(1,174)
Tax effect of non-deductible expenses	**302**	1,107
Tax effect of non-taxable income	**(1)**	–
Tax effect of unused tax losses/deductible temporary differences not recognised	**1,286**	67
Tax charge for the year	**–**	–

6. DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 31 December 2010 (2009: Nil).

7. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

The consolidated loss for the year attributable to equity shareholders of the Company includes a loss of HK$6,645,000 (2009: HK$7,684,000), which has been dealt with in the financial statements of the Company.

8. LOSS PER SHARE

The calculation of basic loss per share is based on loss attributable to equity shareholders of the Company of HK$9,621,000 (2009: HK$7,117,000) and the weighted average of 2,532,543,083 (2009: 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 2009 and 2010.

9. TRADE AND OTHER RECEIVABLES

	2010	2009
	HK$'000	*HK$'000*
Trade receivables	**118**	5,259
Less: Allowance for doubtful receivables	**–**	–
	118	5,259
Deposits and prepayments	**823**	1,445
	941	6,704

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:

	2010	2009
	HK$'000	*HK$'000*
Current	**–**	3,574
Less than 90 days	**–**	1,685
Over 90 days	**118**	-
	118	5,259

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

	2010	2009
	HK$'000	*HK$'000*
Less than 90 days	**–**	1,685
Over 90 days	**118**	–
	118	1,685

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 240 days because historical experience is that such receivables that are past due beyond 240 days are generally not recoverable.

Movements in the allowance for doubtful receivables are as follows:

	2010	2009
	HK$'000	*HK$'000*
Balance at 1 January	**–**	–
Increase in allowance recognised in profit or loss	**658**	–
Amounts written off as uncollectible	**(658)**	–
Balance at 31 December	**–**	–

Included in the allowance for doubtful receivables made for the year are individually impaired trade receivables with a balance of HK$658,000 (2009: HK$Nil) 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.

10. TRADE AND OTHER PAYABLES

	2010	2009
	HK$'000	*HK$'000*
Trade payables *(Note (a) and (b))*	**644**	2,029
Other payables and accruals *(Note (b))*	**2,337**	2,903
Amounts due to related companies	**59,032**	57,041
Amounts due to directors	**4,601**	3,491
	66,614	65,464

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.

11. SHARE CAPITAL

	2010	2009
	HK$'000	*HK$'000*
Authorised:		
160,000,000,000 ordinary shares of $0.01 each	**1,600,000**	1,600,000
Issued and fully paid:		
2,532,543,083 ordinary shares of $0.01 each	**25,325**	25,325

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

Except for the limitation in the scope of audit work as explained below, the auditor 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 auditor 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 paragraphs, the auditor was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

As disclosed in note 1(b), the Group incurred a consolidated loss attributable to equity shareholders of the Company of approximately HK$9,621,000 for the year ended 31 December 2010 and had consolidated net current liabilities and net liabilities of approximately HK$71,574,000 and HK$71,559,000 respectively as at 31 December 2010 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 3 to the consolidated financial statements to ensure that adequate cash resources are available to meet in full its financial obligations as, and when they fall due in 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, we have disclaimed our opinion. The consolidated financial statements do not include any adjustments that would be necessary if the various measures as described in note 3 to the consolidated financial statements were unsuccessful or failed to take place. Any adjustment to the consolidated financial statements may have a consequential significant effect on the group's loss for the year and net liabilities as at 31 December 2010. However, we consider that appropriate disclosures have been made.

Disclaimer of opinion

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SCOPE OF WORK OF AUDITOR

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 2010 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 2010. 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

Business review

During the year, the Group's trading in agricultural produce suffered from severe competition and achieved a turnover of HK$15,097,000. Furthermore, because of the level of administrative and other operating expenses, the Group reported a loss of HK$9,621,000 for the year ended 31 December 2010.

Liquidity and financial resources

The Group financed the operations primarily from advance from major shareholders. As at 31 December 2010, the Group had bank balances and cash of HK$435,000 (31 December 2009: HK$103,000).

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 2010, the Group's gearing ratio was 52.44 (31 December 2009: 9.83), which was arrived at by dividing the total liabilities by total assets as at 31 December 2010.

Contingent liabilities and guarantees

As at 31 December 2010, the Group had not provided any guarantees in favour 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. At the end of the reporting period, the Group has a certain concentration of credit risk in respect of trade receivables as 100% (2009: 100%) of the total trade and other receivables was due from one (2009: two) customers. The directors of the Company consider that such concentration of credit risk would not result in any default exposure to the Group.

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 2010, the Group's total available facilities from the potential investor were approximately HK$10,000,000 (2009: HK$10,000,000), of which HK$6,250,000 (2009: HK$3,400,000) were utilised at the end of the reporting period.

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 no capital expenditure during the year.

Material acquisitions and disposals

Save as disclosed, there has not been any material acquisitions or disposals of assets of the Group in 2010 (2009: Nil).

Employees and remuneration policies

As at 31 December 2010, the Group has a total of 4 (2009: 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 2010, there are no outstanding share option.

PROSPECTS

In view of the experience in 2010, the Group, in consultation with the Right Day Holdings Limited, the investor to the resumption proposal of the Group (the "Investor"), will continue to strive for a better return in the trading operation of agricultural produce for the next year.

With the assistance of the Investor and vendors of acquisition targets, the Group further submitted a revised resumption proposal dated 11 April 2011 which involves, inter alia, the acquisition of three operations: vegetable trading, vegetable retailing and growing, processing and sales of vegetables, to the Stock Exchange.

Conditional approval on such proposal has been obtained from the Stock Exchange and the Group, with the assistance of the Investor, will endeavor to fulfill all the necessary conditions so as to obtain the formal approval for the resumption of trading of the Company's shares.

Once the acquisitions as mentioned in the proposal are completed, the Group will be able to combine these operations under the same control. On the basis of the enlarged operation, it is expected that substantial improvement to operating results will be achieved.

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

During the year ended 31 December 2010, 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 2010, 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 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 the Board. The audit committee is also responsible for reviewing internal control procedures of the Group.

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 2010.

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 2010 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) 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 (i) HK$15,000,000 in cash; and (ii) 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: (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$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 these 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, 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 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: (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.

    Up to the date of approval of these 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.

(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, 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 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 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.

    Up to the date of approval of these 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.

(d) On 15 April 2011, the Company obtained a conditional approval to the resumption proposal dated 11 April 2011 submitted by the Group with the assistance of the Investor, details of which will be released in a separate announcement.

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 2010 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, 18 April 2011

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*