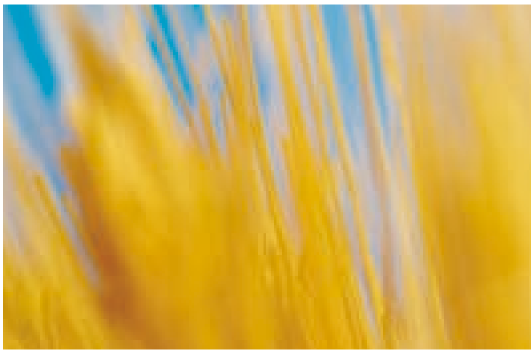
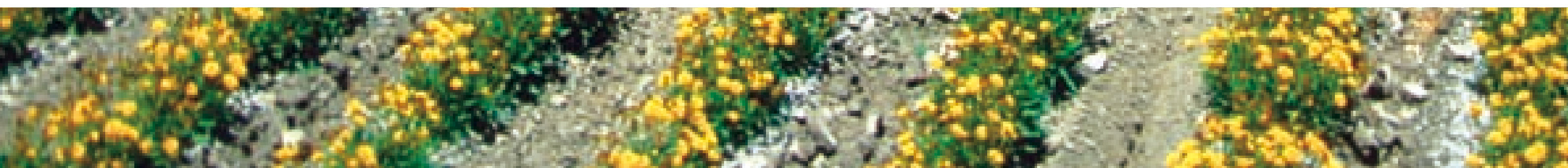
連發國際股份有限公司

Ever Fortune International Holdings Limited

Stock Code : 875

Annual Report 2008





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Corporate Information

BOARD OF DIRECTORS

Executive directors

Mr. Zhou Wenjun *(Chairman)*
Mr. Ji Kewei *(Deputy Chairman and Chief Executive Officer)*
Mr. Ding Jiangyong
Mr. Dai Jun
Mr. Sun Kejun

Independent non-executive directors

Mr. So Hoi Pan
Mr. Yim Hing Wah
Mr. Zhao Wen

AUDIT COMMITTEE

Mr. Yim Hing Wah
Mr. So Hoi Pan
Mr. Zhao Wen

REMUNERATION COMMITTEE

Mr. So Hoi Pan
Mr. Yim Hing Wah
Mr. Zhao Wen

COMPANY SECRETARY

Mr. Chui Chi Yun, Robert

QUALIFIED ACCOUNTANT

Mr. Fong Chi Wing

AUTHORISED REPRESENTATIVES

Mr. Zhou Wenjun
Mr. Chui Chi Yun, Robert

REGISTERED OFFICE

Canon's Court
22 Victoria Street Hamilton
HM12 Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2001-02, 20th Floor
Li Po Chun Chambers
189 Des Voeux Road Central Hong Kong

AUDITORS

CCIF CPA Limited

LEGAL ADVISORS

Angela Ho & Associates (as to Hong Kong laws)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor, Tesbury Centre,
28 Queen's Road East,
Wanchai, Hong Kong

STOCK CODE

875

CORPORATE WEBSITE

http://www.875.com.hk

Chairman's Statement

Dear Shareholders

I am pleased to present my fourth report since my appointment as your Chairman.

During the year 2008, the Group's main work continues to revolve around the application to the Hong Kong Stock Exchange regarding the resumption proposal. The business of the Group remains dormant. Accordingly, the Group incurred a loss of HK$11,977,000 during the year.

Moving forward, and within the year 2009, the Group has reactivated the trading of agricultural produce and has also prepared to submit a resumption proposal to the Hong Kong Stock Exchange. In this regard, I believe that there will be a positive response.

For the efforts and dedication during the past year, I would like to thank all staff members of the Company and our professional advisers. I believe that the Company's business will significantly improve and the trading of our Company's shares will soon be resumed in the Hong Kong Stock Exchange, bringing all shareholders a favourable result.

Zhou Wenjun
Chairman

17 April 2009

Management Discussion and Analysis

BUSINESS REVIEWS AND PROSPECTS

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

Liquidity and financial resources

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

Charges on assets

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

Gearing Ratio

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

Contingent liabilities and guarantees

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

Exposure to credit risk

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

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

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

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

Exposure to liquidity risk

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

Exposure to interest rate risk

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

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

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

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

Exposure to currency risks

The Group had previously held certain investments in foreign operations, which net assets were exposed to foreign currency translation risk. Presently, there is no hedging policy with respect to the Group's foreign exchange exposure. The Group's transactional currency is mainly Hong Kong dollars as the Group has ceased the operations in the PRC during the year. The foreign exchange exposure of the Group's transactions was therefore insignificant.

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

Management Discussion and Analysis

Capital expenditure

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

Material acquisitions and disposals

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

Employee and remuneration policies

As at 31 December 2008, the Group has a total of 4 (2007: 10) employees. It is the corporate policy of the Group to set the remuneration of its employees at a level commensurate with their responsibilities, experience and qualification and in line with market conditions.

The Company has adopted a share option scheme in June 2002. Eligible participants under the share option scheme include, among others, the Company's directors, independent non-executive directors, other directors/employees of the Group. At 31 December 2008, there are no outstanding share option.

PROSPECTS

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

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

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

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

EXECUTIVE DIRECTORS

Zhou Wenjun, *Chairman*

Mr. Zhou Wenjun, aged 47, has been appointed as an executive director and the Chairman of the Company since 12 April 2006. He is a senior accountant and senior economist in The People's Republic of China (the "PRC"). He graduated from Macquarie University, Australia and obtained a degree of Master of Economics. Mr. Zhou is currently the chairman and general manager of 江蘇連雲發展集團有限公司 (Jiangsu Lianyun Developing Group Company Limited) ("Jiangsu Lianyun"), the chairman of 江蘇金海投資有限公司 (Jiangsu Jinhai Investment Company Limited) ("Jiangsu Jinhai"), a wholly-owned subsidiary of Jiangsu Lianyun. Mr. Zhou is the sole director of Wonderland Group (Hong Kong) Corporation Limited ("Wonderland Group"), which is wholly owned by Jiangsu Jinhai. He is also the chairman and a director of Ever Fortune Holdings Group Limited ("Ever Fortune Holdings"), a substantial shareholder of the Company owned as to 60% by Wonderland Group and holding approximately 20.95% of the issued share capital of the Company. Accordingly, each of Jiangsu Lianyun, Jiangsu Jinhai and Wonderland Group is deemed to be interested in approximately 20.95% of the issued share capital of the Company under the Securities and Futures Ordinance ("SFO"). Mr. Zhou has been involved in various top management positions in the PRC and has extensive experience in business management.

Ji Kewei, *Deputy Chairman and Chief Executive Officer*

Mr. Ji Kewei, aged 49, has been appointed as an executive director, the Deputy Chairman and Chief Executive Officer of the Company since 12 April 2006. He is a senior economist. He holds a Master of Business Administration degree and a Doctor of Philosophy degree in Economics. Mr. Ji has over 20 years of experience in banking, securities, investment and top management. Mr. Ji is the chairman of Concord Group (B.V.I.) Limited ("Concord Group") and the deputy chairman of Ever Fortune Holdings. Concord Group holds 40% of Ever Fortune Holdings, which holds approximately 20.95% of the issued share capital of the Company. In addition, Concord Group directly holds 0.79% of the Company. Accordingly, Concord Group is deemed to be interested in approximately 21.74% of the issued share capital of the Company under the SFO and both Concord Group and Ever Fortune Holdings are substantial shareholders of the Company. He is a brother of Mr. Ji Da Wei who is the sole shareholder of Evertop Investment Holdings Limited, which owns 34% of the issued shares of Concord Group and is deemed to be interested in the 21.74% issued shares of the Company under the SFO.

Ding Jiangyong

Mr. Ding Jiangyong, aged 39, has been appointed as an executive director of the Company with effect from 31 October, 2005. He attended the Wuhan Technology University of Survey and Mapping and obtained an education certificate. He has extensive experience in real estate development including execution of projects, infrastructure design, development and sales and marketing. Mr. Ding is currently the chairman of China Wallink Holding Group Co., Ltd. ("China Wallink") and the chairman of three of China Wallink's subsidiaries.

Dai Jun

Mr. Dai Jun, aged 38, has been appointed as an executive director and a Vice President of the Company since 12 April 2006. He is a registered accountant (non-practising) and senior accountant in the PRC. He graduated from Beijing University and obtained a Master degree in Business Administration. Mr. Dai is a director of Ever Fortune Holdings, which is indirectly held as to 60% by Jiangsu Jinhai. Both Jiangsu Jinhai and Ever Fortune Holdings are substantial shareholders of the Company deemed to be interested in approximately 20.95% of the issued share capital of the Company under the SFO.

Directors and Senior Management

Sun Kejun

Mr. Sun Kejun, aged 38, has been appointed as an executive director and a Vice President of the Company since 12 April 2006. He graduated from China Agricultural University and obtained a Bachelor degree in Engineering. On 4 December 2008, he obtained a Master of Business Administration degree from The Chinese University of Hong Kong. He is currently the vice president of Wonderland Group, which is indirectly wholly owned by Jiangsu Lianyun. He is a director of Ever Fortune Holdings, which is held as to 60% by Wonderland Group and holding approximately 20.95% of the issued share capital of the Company. Accordingly, each of Jiangsu Lianyun and Wonderland Group are substantial shareholders of the Company and deemed to be interested in approximately 20.95% of the issued share capital of the Company under the SFO. Mr. Sun has 10 years' experience in financial sector in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

So Hoi Pan

Mr. So Hoi Pan, aged 65, has been appointed as an independent non-executive director of the Company since 12 April 2006. Mr. So is the chairman and managing director of Haw Hong (Holdings) Limited.

Yim Hing Wah

Mr. Yim Hing Wah, aged 45, has been appointed as an independent non-executive director of the Company since 12 April 2006. He holds a Bachelor degree with Honors in Accountancy from Hong Kong Polytechnic University. He is an associate member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Chartered Association of Certified Accountants and a member of the Hong Kong Securities Institute. He is the audit partner of Chan, Yim, Cheng & Co. He has over 16 years' experience in auditing, accounting and financial management. He had worked with Deloitte Touche Tohmatsu for over eight years. Mr. Yim is an independent non-executive director of China Haisheng Juice Holdings Co., Ltd., Far East Technology International Limited, Jiangsu Nandasoft Company Limited, Powerleader Science & Technology Company Limited and Launch Tech Company Limited, all of which are listed on The Stock Exchange of Hong Kong Limited.

Zhao Wen

Mr. Zhao Wen, aged 40, has been appointed as an independent non-executive director of the Company since 12 April 2006. He graduated from the Institute of International Relationship in 1991. He has over 10 years' experience in investment and merger and acquisition activities. He is currently the Chairman of the board of Nanjing Hyperion Investment & Consultant Co. Ltd.

SENIOR MANAGEMENT

Ji Kewei, *Chief Executive Officer*

Mr. Ji Kewei has been appointed as an executive director, the Deputy Chairman and Chief Executive Officer of the Company since 12 April 2006. His biographical details are set out above.

Dai Jun, *Vice President*

Mr. Dai Jun has been appointed as an executive director and a Vice President of the Company since 12 April 2006. His biographical details are set out above.

Sun Kejun, *Vice President*

Mr. Sun Kejun has been appointed as an executive director and a Vice President of the Company since 12 April 2006. His biographical details are set out above.

Fong Chi Wing, *Qualified Accountant and Financial Controller*

Mr. Fong Chi Wing, aged 41, joined the Company in July 2007, has over 10 years relevant experience. He is a fellow member of the Association of Chartered Certified Accountants and an associated member of the Hong Kong Institute of Certified Public Accountants.

Corporate Governance Report

The board of directors of the Company (the "Board") is pleased to present this Corporate Governance Report for the year ended 31 December 2008.

The board of directors recognizes the importance of good corporate governance to the Company's healthy growth and will devote considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs in future. The Company's corporate governance practices will be based on principles and code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

To the best knowledge of and so far as is known to the current members of the Board, the Company has complied with the Code Provisions set out in the CG Code throughout the year ended 31 December 2008, save for the following provision:

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

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

To conform with Code Provision A.4.2, the Company in practice has complied with and adopted the said Code Provision A.4.2. According to the current corporate governance practices of the Company, all directors of the Company shall retire and be eligible 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.

THE BOARD

Composition

The Board currently comprises the following directors:

Executive directors:
Mr. Zhou Wenjun *(Chairman)*
Mr. Ji Kewei *(Deputy Chairman and Chief Executive Officer)*
Mr. Ding Jiangyong
Mr. Dai Jun
Mr. Sun Kejun

Independent non-executive directors:
Mr. So Hoi Pan
Mr. Yim Hing Wah
Mr. Zhao Wen

The list of directors (by category) is disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The biography of the current members of the Board is disclosed under "Directors and Senior Management" on pages 7 to 9.

During the year ended 31 December 2008, the Board has at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. Mr. Yim Hing Wah, an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Chartered Association of Certified Accountants, possesses the appropriate professional qualification required under Rule 3.10(2) of the Listing Rules.

The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

Board Meetings

Code Provision A.1.1 stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals.

Code Provision A.1.3 stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend.

During the year ended 31 December 2008, 9 Board Meetings have been held. Details of the attendance of the directors are as follows:

	Number of Board Meetings attended/Number of Board Meeting held
Executive directors	
Mr. ZHOU Wenjun	6/9
Mr. JI Kewei	9/9
Mr. DING Jiangyong	4/9
Mr. DAI Jun	9/9
Mr. SUN Kejun	8/9
Non-executive directors	
Mr. SO Hoi Pan	4/9
Mr. YIM Hing Wah	2/9
Mr. ZHAO Wen	5/9

Corporate Governance Report

Responsibilities

The management and control of the business of the Company are vested in its Board. It is the duty of the Board to establish policies, strategies and plans, and to provide leadership in the attainment of the objective of creating value to shareholders.

The Board has delegated a schedule of responsibilities to the senior management of the Company. These responsibilities include the implementation of decisions of the Board, the co-ordination and direction of day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the production and operating plans and budgets, and supervising and monitoring the control systems.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Appointment and Succession Planning of Directors

The Board will review its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations. An external recruitment agency may be engaged to carry out the recruitment and selection process when necessary.

Induction for Directors

Each newly appointed director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

BOARD COMMITTEES

The Board has established 2 committees, namely, Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference.

All members of each Board committees are independent non-executive directors and the list of the members of each Board committee is set out under "Corporate Information" on page 2.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Remuneration Committee

The Remuneration Committee is established and comprising three independent non-executive directors, namely Mr. So Hoi Pan, Mr. Yim Hing Wah and Mr. Zhao Wen.

The terms of reference of the Remuneration Committee are posted on the Company's website. The principal functions include:

– to recommend to the Board on the Company's policies and structure for the remuneration of the directors and senior management of the Group;

– to determine the remuneration packages of all executive directors and senior management of the directors and senior management of the Group; and

– to review and approve their performance-based remuneration.

The principal elements of executive remuneration package now only include basic salary. The emoluments of executive directors are based on skill, knowledge and involvement in the Company's affairs of each director and are determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

The Remuneration Committee consults the chairman and chief executive officer about its proposals relating to the remuneration of other executive directors. During the year, a meeting of the Remuneration Committee was duly held and attended by all committee members for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the senior executives and other related matters. The meeting was chaired by Mr. So Hoi Pan.

Audit Committee

The Audit Committee was established in April 2006 to review the Group's financial reporting, internal controls and make relevant recommendations to the Board. The terms of reference of the Audit Committee are posted on the Company's website. The Audit Committee comprises three independent non-executive directors, namely Mr. Yim Hing Wah, Mr. So Hoi Pan and Mr. Zhao Wen. The chairman of the Audit Committee is Mr. Yim Hing Wah.

The Audit Committee held two meetings in 2008. Details of the attendance record of the committee meetings are as follows:

Committee members	**Attendance**
Mr. So Hoi Pan	2/2
Mr. Yim Hing Wah	1/2
Mr. Zhao Wen	2/2

The Group's 2008 half-yearly report and 2007 annual report have been reviewed by the Audit Committee, which was of the opinion that such reports were prepared in accordance with the applicable accounting standards and requirements. For 2007 annual report, the Audit Committee met with the external auditors to discuss auditing, internal control, statutory compliance and financial reporting matters before recommending it to the Board for approval. The committee also monitored the Company's progress in implementing the cord provisions on corporate governance practices as required under the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Having made specific enquires with all the Directors of the Company, the directors confirmed for the year ended 31 December 2008 have complied with the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix 10 of the Listing Rules.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the financial statements of the Company.

The scope limitation on the audit of the financial statements for the year ended 31 December 2008 together with the qualified opinion of the auditors are set out in the "Independent Auditor's Report" on pages 21 to 22.

AUDITORS' REMUNERATION

The remuneration paid to the external auditors of the Company in respect of audit services for the year ended 31 December 2008 amounted to HK$ 350,000.

Non-audit services rendered to the Company by its external auditors during the year under review amounted to HK$ 1,557,000.

INTERNAL CONTROLS

Pursuant to the Code Provision 2.1, the board of directors should ensure that the Company maintains sound and effective internal controls to safeguard the shareholders' investment and the Company's assets.

The Board has engaged an external consultancy firm to assist in reviewing the internal control system and report the contents and result of such review to the audit committee and the board of directors. The Board believes that the Group is responsible to improve the internal control system continuously.

On behalf of the Board

Zhou Wenjun
Chairman

17 April 2009

The directors present their report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are assets and investment holding. The principal activities of the subsidiaries of the Company are set out in note 17 to the financial statements.

FINANCIAL RESULTS

The results for the Group for the year ended 31 December 2008 are set out in the financial statements of the Group on pages 23 to 85.

CASH FLOW POSITION

The cash flow position of the Group for the year ended 31 December 2008 is set out and analysed in the consolidated cash flow statement on page 27.

DIVIDEND

The directors of the Company have resolved not to declare any dividend (2007: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the current year and the last four financial years is set out on page 86.

RESERVES

Movements in the reserves of the Group during the years are set out in the consolidated statement of changes in equity on page 26.

Movements in the reserves of the Company during the years are set out in note 25(b) to the financial statements.

FIXED ASSETS

The movements of the fixed assets of the Group for the year ended 31 December 2008 are set out in notes 14(a) and 14(c) to the financial statements.

SUBSIDIARIES

Particulars of the principal subsidiaries are set out in note 17 to the financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

In the year under review, the Group was dormant.

Report of the Directors

SHARE CAPITAL AND SHARE OPTIONS

Details of the Company's share capital and share options as of 31 December 2008 are set out in notes 25(c) and 24 to the financial statements respectively.

The Company has adopted a share option scheme on 21 June 2002 (the "Scheme"). All outstanding options have been cancelled during prior year.

DIRECTORS

The directors of the Company during the year and up to the date of this report are as follows:

Executive directors:
Mr. Zhou Wenjun *(Chairman)*
Mr. Ji Kewei *(Deputy Chairman and Chief Executive Officer)*
Mr. Ding Jiangyong
Mr. Dai Jun
Mr. Sun Kejun

Independent non-executive directors:
Mr. So Hoi Pan
Mr. Yim Hing Wah
Mr. Zhao Wen

In accordance with bye-law 99 of the bye-laws of the Company, Mr. Zhou Wenjun, Mr. Ji Kewei and Mr. Ding Jiangyong, will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, none of the directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") or which were required to be entered in the register required to be kept by the Company under section 352 of the SFO.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS UNDER THE SFO

So far as is known to the directors of the Company, as at 31 December 2008, the persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long position in the shares of the Company

Name of shareholder	Capacity	Number of shares	Percentage of shareholding
Ever Fortune Holdings Group Limited (formerly known as "Chinabond International Limited")	Beneficial owner	530,530,000	20.95%
Wonderland Group (Hong Kong) Corporation Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
Jiangsu Jinhai Investment Company Limited	Interest of a controlled corporation	530,530,000 (Note 1)	20.95%
Concord Group (B.V.I.) Limited	Interest of a controlled corporation	550,530,000 (Note 1)	21.74%
Legend (Group) Investment Limited	Interest of a controlled corporation	550,530,000 (Note 1 and 2)	21.74%
China Wallink Holding Group Co., Ltd.	Interest of a controlled corporation	550,530,000 (Note 1 and 2)	21.74%
Evertop Investment Holdings Limited	Interest of a controlled corporation	550,530,000 (Note 1 and 3)	21.74%
Mr. Ji Da Wei	Interest of a controlled corporation	550,530,000 (Note 1 and 3)	21.74%
China Huaxing (HK) International Company Limited	Interest of a controlled corporation	550,530,000 (Note 1 and 4)	21.74%
China Huaxing Group Company	Interest of a controlled corporation	550,530,000 (Note 1 and 4)	21.74%
Mr. Chen Xin	Beneficial owner	430,000,000	16.98%
Mr. Chan Hung Shek	Beneficial owner	334,000,000	13.19%

Report of the Directors

Notes:

1. Ever Fortune Holdings Group Limited (formerly knowns as Chinabond International Investment Limited) ("Ever Fortune Holdings") is now holding 530,530,000 shares in the Company, is owned as to 60% by Wonderland Group (Hong Kong) Corporation Limited ("Wonderland Group") and 40% by Concord Group (B.V.I.) Limited ("Concord Group").

   Wonderland Group is wholly owned by Jiangsu Jinhai Investment Company Limited ("Jinagsu Jinhai").

   Concord Group is held by Legend (Group) Investment Limited ("Legend"), Evertop Investment Holdings Limited ("Evertop"), and China Huaxing (HK) International Company Limited ("Huaxing (HK)") as to 33%, 34% and 33%, respectively.

   In addition, Concord Group also directly holds 20,000,000 shares in the Company. Accordingly, Jiangsu Jinhai and Wonderland Group were deemed to be interested in 530,530,000 shares held by Ever Fortune Holdings under the SFO.

   Legend, Evertop and Huaxing (HK) were deemed to be interested in 550,530,000 shares held by Ever Fortune Holdings and Concord Group under the SFO.

2. Legend was 99% owned by China Wallink Holding Group Co., Ltd. Accordingly, China Wallink Holding Group Co., Ltd. was deemed to be interested in 550,530,000 shares held by Concord Group under the SFO.

3. Evertop was wholly beneficially owned by Mr. Ji Da Wei. Accordingly, Mr. Ji Da Wei was deemed to be interested in 550,530,000 shares held by Concord Group under the SFO.

4. Huaxing (HK) was 98% owned by China Huaxing Group Company. Accordingly, China Huaxing Group Company was deemed to be interested in 550,530,000 shares held by Concord Group under the SFO.

Save as disclosed above, as at 31 December 2008, the Company had not been notified by any persons or companies (other than the directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed herein, at no time during the year ended 31 December 2008 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate; and none of the directors, or their spouses or children under the age of 18, had any right to subscribe for securities of the Company, or had exercised any such right during the year.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 28 to the financial statements, no contracts of significance in relation to the Group's businesses to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries not determinable by the employer within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

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

During the year under review, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which oblige the Company to offer new shares on a pro-rata basis to existing shareholders. Such obligations are provided for in the Listing Rules.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 10 to 14.

AUDIT COMMITTEE

The audit committee of the Company currently comprises Mr. So Hoi Pan, Mr. Yim Hing Wah and Mr. Zhao Wen who are independent non-executive directors of the Company. The audit committee has reviewed the audited financial statements of the Company for the year ended 31 December 2008.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors confirmation of his/her independence to Rule 3.13 of the Listing Rules. The Board has assessed the independence of all the independent non-executive directors and is satisfied with their independence.

Report of the Directors

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors, the directors confirmed that at least 25% of the total issued share capital of the Company was held by the public as at the date this report.

AUDITORS

The financial statements for the year ended 31 December 2008 were audited by CCIF CPA Limited who retire and, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

PROCEEDINGS INVOLVING THE COMPANY

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

On behalf of the Board

Zhou Wenjun
Chairman

17 April, 2009

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
EVER FORTUNE INTERNATIONAL HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Ever Fortune International Holdings Limited (the "Company") set out on pages 23 to 85, which comprise the consolidated and Company balance sheets as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the report.

Except for the limitation in the scope of our work as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we 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, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

MATERIAL UNCERTAINTIES RELATING TO THE GOING CONCERN BASIS

As explained in note 2(b) to the financial statements, which indicates that the Group incurred a consolidated loss attributable to equity shareholders of the Company of approximately HK$11,977,000 for the year ended 31 December 2008 and had consolidated net current liabilities of approximately HK$55,473,000 as at 31 December 2008, the consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the continuing financial support from the Company's substantial shareholder and the successful outcome of the measures undertaken as described in note 2(b) to the financial statements to ensure that adequate cash resources are available to meet in full its financial obligations as they fall due in the foreseeable future.

The financial statements do not include any adjustments that may be necessary should the implementation of the above measures be unsuccessful. We consider that appropriate disclosures have been made. However, in view of the extent of the material uncertainties relating to the measures mentioned above that might cast significant doubt on the Group's ability to continue as a going concern, we have disclaimed our opinion. The financial statements do not include any adjustments that would be necessary if the various measures as described above fail to take place. Any adjustment to the financial statements may have a consequential significant effect on the Group's loss for the year and net liabilities as at 31 December 2008.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS

Because of the significance of the matter described in the basis for disclaimer of opinion paragraph, we do not express an opinion on the financial statements as to whether they give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion, the financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matter

Without qualifying our opinion, we draw to your attention that as disclosed in note 8(b) to the financial statements, the income statement for the year ended 31 December 2007 includes the loss incurred by North Asia Forest Development Limited ("North Asia") for the period from 1 January 2007 to the date of its disposal amounting to HK$5,345,000 and the gain on disposal of HK$16,312,000. The principal asset of North Asia is a 70% equity interest in Zhangjiakou Xing Fa Development Company Limited ("Zhangjiakou Xing Fa") which had issued certain corporate guarantees as disclosed in notes 20(b)(i) and (ii) to the financial statements. Since there was insufficient information and explanations available for us to confirm the completeness of the guarantees and to ascertain the related actual and contingent liabilities arising therefrom, we are unable to determine the carrying amount of the net liabilities of Zhangjiakou Xing Fa on the date of disposal and whether the gain from discontinued operations of approximately HK$10,967,000 for the year ended 31 December 2007 disclosed as comparative figures to the financial statements has been fairly stated.

CCIF CPA Limited
Certified Public Accountants
Hong Kong, 17 April 2009

Sze Chor Chun, Yvonne
Practising Certificate Number P05049

Consolidated Income Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000 (Restated)
Continuing operations			
Turnover	4	**–**	–
Other revenue and other net income	5	**160**	1,668
Staff costs		**(2,296)**	(4,090)
Depreciation		**(485)**	(349)
Impairment on intangible assets	16	**–**	(708)
Administrative and other operating expenses		**(10,683)**	(14,725)
Loss from operations		**(13,304)**	(18,204)
Finance costs	6(a)	**(6)**	–
Gain on disposal of subsidiaries	27(b)	**455**	4,429
Loss before taxation		**(12,855)**	(13,775)
Income tax	7	**–**	–
Loss for the year from continuing operations		**(12,855)**	(13,775)
Discontinued operations			
Gain for the year from discontinued operations	8(c)	**878**	10,902
Loss for the year	6	**(11,977)**	(2,873)
Attributable to:			
Equity shareholders of the Company	11	**(11,977)**	(2,873)
Minority interests		**–**	–
		(11,977)	(2,873)
Dividends		**–**	–
Earnings/(loss) per share	12		
Basic and diluted			
– Continuing operations		**(HK0.50 cents)**	(HK0.54 cents)
– Discontinued operations		**HK0.03 cents**	HK0.43 cents
		(HK0.47 cents)	(HK0.11 cents)

The notes on pages 28 to 85 form part of these financial statements.

Consolidated Balance Sheet

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	14(a)	**652**	1,137
Intangible assets	16	**–**	–
		652	1,137
Current assets			
Other receivables	18	**1,245**	1,204
Cash and cash equivalents	19	**3,067**	14,497
		4,312	15,701
Current liabilities			
Bank and other borrowings, unsecured	21	**86**	335
Other payables	22	**59,699**	58,450
		59,785	58,785
Net current liabilities		**(55,473)**	(43,084)
Net liabilities		**(54,821)**	(41,947)
Capital and reserves	25(a)		
Share capital		**25,325**	25,325
Reserves		**(80,146)**	(67,272)
Total equity attributable to equity shareholders of the Company		**(54,821)**	(41,947)
Minority interests		**–**	–
Total equity		**(54,821)**	(41,947)

Approved and authorised for issued by the board of directors on 17 April 2009

Zhou Wenjun
Director

Ji Kewei
Director

The notes on pages 28 to 85 form part of these financial statements.

Balance Sheet

At 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Fixed assets	14(b)	**652**	1,109
Intangible assets	16	**–**	–
Interests in subsidiaries	17	**70**	13,957
		722	15,066
Current assets			
Other receivables	18	**1,245**	1,204
Cash and cash equivalents	19	**3,067**	946
		4,312	2,150
Current liabilities			
Bank and other borrowings, unsecured	21	**86**	335
Other payables	22	**59,699**	58,428
		59,785	58,763
Net current liabilities		**(55,473)**	(56,613)
Total assets less current liabilities		**(54,751)**	(41,547)
Non-current liabilities			
Due to subsidiaries	22	**(783)**	–
Net liabilities		**(55,534)**	(41,547)
Capital and reserves	25(b)		
Share capital		**25,325**	25,325
Reserves		**(80,859)**	(66,872)
Total equity		**(55,534)**	(41,547)

Approved and authorised for issued by the board of directors on 17 April 2009

Zhou Wenjun	**Ji Kewei**
Director	*Director*

The notes on pages 28 to 85 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Reserve fund HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007	25,325	163,532	3,168	126,883	5,477	(355,711)	(31,326)	–	(31,326)
Exchange differences on translation of financial statements of subsidiaries	–	–	–	–	(733)	–	(733)	–	(733)
Reserves realised upon disposal of subsidiaries attributable to discontinued operations (note 27(a))	–	–	(3,168)	–	(3,847)	–	(7,015)	–	(7,015)
Loss for the year	–	–	–	–	–	(2,873)	(2,873)	–	(2,873)
At 31 December 2007	25,325	163,532	–	126,883	897	(358,584)	(41,947)	–	(41,947)
At 1 January 2008	**25,325**	**163,532**	**–**	**126,883**	**897**	**(358,584)**	**(41,947)**	**–**	**(41,947)**
Exchange differences on translation of financial statements of subsidiaries	**–**	**–**	**–**	**–**	**335**	**–**	**335**	**–**	**335**
Reserves realised upon disposal of subsidiaries attributable to discontinued operations (note 27(a))	**–**	**–**	**–**	**–**	**(877)**	**–**	**(877)**	**–**	**(877)**
Reserves realised upon disposal of subsidiaries (note 27(b))	**–**	**–**	**–**	**–**	**(355)**	**–**	**(355)**	**–**	**(355)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**(11,977)**	**(11,977)**	**–**	**(11,977)**
At 31 December 2008	**25,325**	**163,532**	**–**	**126,883**	**–**	**(370,561)**	**(54,821)**	**–**	**(54,821)**

The notes on pages 28 to 85 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2008

	Note	2008 HK$'000	2007 HK$'000
Operating activities			
Loss from continuing and discontinued operations before taxation		**(11,977)**	(2,873)
Adjustments for:			
Interest income		**(62)**	(268)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets		**–**	2,056
Impairment loss on intangible assets		**–**	708
Amortisation of prepaid lease payments		**–**	2,695
Depreciation for property, plant and equipment		**485**	349
Gain on disposal of subsidiaries	27(b)	**(455)**	(4,429)
Gain on disposal of subsidiaries attributable to discontinued operations	27(a)	**(877)**	(16,312)
Finance costs		**6**	–
Debts waived by creditor		**(114)**	–
Operating loss before change in working capital		**(12,994)**	(18,074)
Increase in inventories		**–**	(2)
Increase in biological assets		**–**	(14)
(Increase)/decrease in other receivables		**(41)**	9,375
Increase in other payables		**1,363**	25,534
Decrease in provisions		**–**	(3,223)
Cash (used in)/generated from operations		**(11,672)**	13,596
Income tax paid		**–**	–
Net cash (used in)/generated from operating activities		**(11,672)**	13,596
Investing activities			
Interest received		**62**	268
Disposal of subsidiaries, net of cash disposed of	27	**100**	(45)
Payment for purchase of property, plant and equipment		**–**	(1,329)
Net cash generated from/(used in) investing activities		**162**	(1,106)
Financing activities			
Interest paid		**(6)**	–
Repayment of bank and other borrowings		**(249)**	(498)
Net cash used in financing activities		**(255)**	(498)
Net (decrease)/increase in cash and cash equivalents		**(11,765)**	11,992
Cash and cash equivalents at 1 January		**14,497**	1,772
Effect of foreign exchange rates changes		**335**	733
Cash and cash equivalents at 31 December	19	**3,067**	14,497

The notes on pages 28 to 85 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 December 2008

1. GENERAL INFORMATION

Ever Fortune International Holdings Limited (the "Company") and its subsidiaries (together the "Group") are principally engaged in assets holding, trading of agricultural produce and management of exhibition and event centres. During the year, the Group's management of exhibition and event centres operation was discontinued.

The Company is a limited liability company incorporated in Bermuda and its registered office is Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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. Note 3 provides information on initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Material uncertainties in respect of going concern

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Basis of preparation of the financial statements

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

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

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 31.

(d) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the consolidated balance sheet with equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and minority interests (continued)

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

Loans from holders of minority interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated balance sheet in accordance with note 2(l) depending on the nature of the liability.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less any impairment losses (see note 2(i)(ii)), unless the investment is classified as held for sale.

(e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(i)(ii)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in income statement.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(ii) Production right

Production right is amortised on a straight-line basis over its estimated useful life of 10 years commencing from the date when it is put into commercial production and is stated at cost less accumulated amortisation and any impairment losses.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible assets (continued)

(iii) Computer software development costs

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred. Costs that are directly associated with the development of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding cost beyond one year, are recognised as intangible assets.

Expenditure which enhances or extends the performance of computer software programme beyond their original specifications is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding a period of 5 years.

(iv) Motor vehicle registration licence

Motor vehicle registration licence can be used indefinitely with no expiry date. Therefore, no amortisation is provided. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

(f) Property, plant and equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses (see note 2(i)(ii)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net proceeds on disposal and the carrying amount of the item and are recognised in income statement on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Buildings	2% to 5%
Leasehold improvements	10 % or over the remaining period of the lease, whichever is higher
Plant, machinery and equipment	10% to 30%
Furniture and fixtures	10% to 20%
Motor vehicles	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Biological assets

Trees, tree seedlings and seeds are measured at their fair value less estimated point-of-sale costs. The fair value of trees is determined by referring to the market-determined prices of biological assets with similar size, species and age. Gain or loss arising on initial recognition of trees at fair value less estimated point-of-sale costs is dealt with in the income statement when it arises.

Agricultural produces comprise tree seedlings and seeds which are measured at their fair value less estimated point-of-sale costs at the time of harvest. The fair value of tree seedlings and seeds is determined by the directors with reference to the market-determined prices, cultivation area, species, growing conditions, cost incurred and expected yield.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in income statement as an integral part of the aggregate net lease payments made. Contingent rentals are written off as an expense of the accounting period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets

(i) Impairment of other receivables

Other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

If any such evidence exists, any impairment loss is determined and recognised as follows:

For receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where financial assets carried at amortised cost share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through income statement. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- investments in subsidiaries (except for those classified as being held for sale); and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e., a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to income statement in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 2(i)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(j) Other receivables

Other receivables are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(i)(i)).

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Other payables

Other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(n) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share-based payments

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using the binomial lattice model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year under review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in capital reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits (continued)

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided that those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Income tax (continued)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in income statement as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in income statement.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

(s) Borrowing costs

Borrowing costs are expensed in income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Related parties

For the purpose of these financial statements, parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(u) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include other receivables and property, plant and equipment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

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

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

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

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

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

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

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

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

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

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

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

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

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

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

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

4. TURNOVER

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

	2008 HK$'000	2007 HK$'000 (Restated)
Continuing operations	**–**	–
Discontinued operations		
Rental income from exhibition centre (note 8(a))	**–**	1,486
Sales of tree seedlings and seeds (note 8(b))	**–**	390
	–	1,876
	–	1,876

5. OTHER REVENUE AND OTHER NET INCOME

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

6. LOSS FOR THE YEAR

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

(a) Finance costs

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

(b) Staff costs (including directors' emoluments)

	Continuing operations 2008	Continuing operations 2007	Discontinued operations 2008	Discontinued operations 2007	Consolidated 2008	Consolidated 2007
Salaries, wages and other benefits	**2,243**	4,016	**2**	70	**2,245**	4,086
Contributions to defined contributed retirement plans	**53**	74	**–**	–	**53**	74
	2,296	4,090	**2**	70	**2,298**	4,160

(c) Other items

	Continuing operations 2008	Continuing operations 2007	Discontinued operations 2008	Discontinued operations 2007	Consolidated 2008	Consolidated 2007
Depreciation for property, plant and equipment	**485**	349	**–**	–	**485**	349
Amortisation of prepaid lease payments	**–**	–	**–**	2,695	**–**	2,695
Total depreciation and amortisation	**485**	349	**–**	2,695	**485**	3,044
Operating lease charges: minimum lease payments	**2,411**	1,165	**–**	–	**2,411**	1,165
Auditors' remuneration						
– audit services	**350**	465	**–**	–	**350**	465
– other services	**1,557**	4,552	**–**	–	**1,557**	4,552
Net foreign exchange losses	**84**	–	**–**	272	**84**	272
Legal and professional fee	**3,984**	5,379	**–**	131	**3,984**	5,510
Gain on disposal of subsidiaries	**(455)**	(4,429)	**(877)**	(16,312)	**(1,332)**	(20,741)
Impairment loss on intangible assets	**–**	708	**–**	–	**–**	708
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**–**	–	**–**	2,056	**–**	2,056

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

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

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

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

(b) Reconciliation between tax expense and accounting loss at applicable tax rates:

	2008 **HK$'000**	2007 HK$'000
Loss from continuing and discontinued operations before taxation	**(11,977)**	(2,873)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the tax jurisdictions concerned	**(1,978)**	(1,381)
Tax effect of profits entitled to tax exemption in the PRC	**–**	1,869
Tax effect of non-taxable income	**(237)**	(3,780)
Tax effect of non-deductible expenses	**602**	701
Tax effect of unused tax losses/deductible temporary differences not recognised	**1,613**	2,591
Actual tax expense	**–**	–

8. DISCONTINUED OPERATIONS

(a) 連雲港豪景實業有限公司

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

8. DISCONTINUED OPERATIONS (CONTINUED)

(a) 連雲港豪景實業有限公司 (Continued)

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

	From 1 January 2008 to 14 March 2008 HK$'000	For the year ended 31 December 2007 HK$'000
Gain/(loss) from operations of 連雲港豪景	**1**	(65)
Gain on disposal of 連雲港豪景 (note 27(a))	**877**	–
	878	(65)

The results of 連雲港豪景 for the period from 1 January 2007 to 14 March 2008 are as follows:

	From 1 January 2008 to 14 March 2008 HK$'000	For the year ended 31 December 2007 HK$'000
Turnover	**–**	1,486
Other revenue and other net income	**16**	147
Staff costs	**(2)**	–
Other operating expenses	**(13)**	(1,698)
Profit/(loss) from operations	**1**	(65)
Finance costs	**–**	–
Profit/(loss) before taxation	**1**	(65)
Income tax	**–**	–
Profit/(loss) for the period/year	**1**	(65)

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

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

The carrying amounts of the assets and liabilities of 連雲港豪景 at the date of deregistration have been disclosed in note 27(a).

8. DISCONTINUED OPERATIONS (CONTINUED)

(b) North Asia Forest Development Limited

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

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

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

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

	From 1 January 2007 to 27 December 2007 HK$'000
Turnover	390
Other revenue and other net income	147
Raw materials and consumables used	(193)
Staff costs	(70)
Amortisation of prepaid lease payments	(2,695)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	(2,056)
Other operating expenses	(868)
Loss from operations	(5,345)
Finance costs	–
Loss before taxation	(5,345)
Income tax	–
Loss for the period	(5,345)

8. DISCONTINUED OPERATIONS (CONTINUED)

(b) North Asia Forest Development Limited (Continued)

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

No tax charge arose on the disposal of North Asia.

The carrying amounts of the assets and liabilities of North Asia at the date of disposal have been disclosed in note 27(a).

(c) Summary of the discontinued operations

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

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

The results of 連雲港豪景 and North Asia from 1 January 2007 to the respective dates of discontinued operations are as follows:

	2008 HK$'000	2007 HK$'000 (Restated)
Turnover	**–**	1,876
Other revenue and other net income	**16**	294
Raw materials and consumables used	**–**	(193)
Staff costs	**(2)**	(70)
Amortisation of prepaid lease payments	**–**	(2,695)
Loss arising from changes in fair value less estimated point-of-sale costs of biological assets	**–**	(2,056)
Other operating expenses	**(13)**	(2,566)
Profit/(loss) from operations	**1**	(5,410)
Finance costs	**–**	–
Profit/(loss) before taxation	**1**	(5,410)
Income tax	**–**	–
Profit/(loss) for the period	**1**	(5,410)

9. DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Year ended 31 December 2008			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Ding Jiangyong	80	–	–	80
Mr. Ji Kewei	–	283	4	287
Mr. Zhou Wenjun	80	–	–	80
Mr. Sun Kejun	–	80	4	84
Mr. Dai Jun	–	80	4	84
Independent non-executive directors				
Mr. So Hoi Pan	50	–	–	50
Mr. Yim Hing Wah	50	–	–	50
Mr. Zhao Wen	50	–	–	50
	310	443	12	765

	Year ended 31 December 2007			
	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Retirement scheme contributions HK$'000	Total HK$'000
Executive directors				
Mr. Ding Jiangyong	80	–	–	80
Mr. Ji Kewei	–	1,788	12	1,800
Mr. Zhou Wenjun	80	–	–	80
Mr. Sun Kejun	192	–	9	201
Mr. Dai Jun	192	–	9	201
Independent non-executive directors				
Mr. So Hoi Pan	50	–	–	50
Mr. Yim Hing Wah	50	–	–	50
Mr. Zhao Wen	50	–	–	50
	694	1,788	30	2,512

Note:

The Company did not grant any share options during the current and prior years.

As at the balance sheet dates, no share options were held by directors of the Company. The details of the share option scheme are set out in note 24 to the financial statements.

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2007: three) was director of the Company whose emolument is included in the disclosures in note 9 above. The emoluments of the remaining four (2007: two) individuals were as follows:

	2008 HK$'000	2007 HK$'000
Salaries, allowances and other benefits in kind	**1,424**	1,075
Retirement scheme contributions	**39**	24
	1,463	1,099

Their emoluments were all within HK$1,000,000.

During the year, no emoluments or incentive payments were paid to the directors and the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

11. LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

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

12. EARNINGS/(LOSS) PER SHARE

(a) Basic

(i) From continuing and discontinued operations

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$11,977,000 (2007: HK$2,873,000) and the weighted average number of 2,532,543,083 (2007: 2,532,543,083) ordinary shares in issue during the year.

(ii) From continuing operations

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of HK$12,855,000 (2007: HK$13,775,000 (restated)) and the weighted average number of 2,532,543,083 (2007: 2,532,543,083) ordinary shares in issue during the year.

(iii) From discontinued operations

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

12. EARNINGS/(LOSS) PER SHARE (CONTINUED)

(b) Diluted

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

13. SEGMENT REPORTING

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

Business segments

The Group comprises the following main business segments:

(a) Assets holding: Assets holding

(b) Exhibition: Management of exhibition and event centres

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

Further details of the discontinued operations under the segments of exhibition and tree seedlings and seeds are set out in notes 8(a) and 8(b) to the financial statements respectively.

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

13. SEGMENT REPORTING (CONTINUED)

Business segments (Continued)

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

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

13. SEGMENT REPORTING (CONTINUED)

Business segments (Continued)

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

13. SEGMENT REPORTING (CONTINUED)

Geographical segments

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

Revenue from external customer

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

Carrying amount of segment assets

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

Additions to property, plant and equipment

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

14. FIXED ASSETS

(a) Property, plant and equipment

The Group

	Buildings HK$'000	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 January 2007	913	33	3,145	31	395	4,517
Exchange adjustments	60	–	206	2	12	280
Additions	–	1,046	24	259	–	1,329
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	(973)	–	(3,339)	(33)	(200)	(4,545)
At 31 December 2007	–	1,079	36	259	207	1,581
At 1 January 2008	–	**1,079**	**36**	**259**	**207**	**1,581**
Additions	–	–	–	–	–	–
Disposal of subsidiaries (note 27(b))	–	–	–	–	**(207)**	**(207)**
Write off	–	**(33)**	–	–	–	**(33)**
At 31 December 2008	–	**1,046**	**36**	**259**	–	**1,341**
Accumulated depreciation						
At 1 January 2007	913	16	3,131	31	265	4,356
Exchange adjustments	60	–	207	2	12	281
Charge for the year	–	199	4	44	102	349
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	(973)	–	(3,336)	(33)	(200)	(4,542)
At 31 December 2007	–	215	6	44	179	444
At 1 January 2008	–	**215**	**6**	**44**	**179**	**444**
Charge for the year	–	**364**	**6**	**87**	**28**	**485**
Disposal of subsidiaries (note 27(b))	–	–	–	–	**(207)**	**(207)**
Write off	–	**(33)**	–	–	–	**(33)**
At 31 December 2008	–	**546**	**12**	**131**	–	**689**
Net book value						
At 31 December 2008	–	**500**	**24**	**128**	–	**652**
At 31 December 2007	–	864	30	215	28	1,137

14. FIXED ASSETS (CONTINUED)

(b) Property, plant and equipment

The Company

	Leasehold improvements HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Total HK$'000
Cost				
At 1 January 2007	33	12	–	45
Additions	1,046	24	259	1,329
At 31 December 2007	1,079	36	259	1,374
At 1 January 2008	**1,079**	**36**	**259**	**1,374**
Write off	**(33)**	**–**	**–**	**(33)**
At 31 December 2008	**1,046**	**36**	**259**	**1,341**
Accumulated depreciation				
At 1 January 2007	16	2	–	18
Charge for the year	199	4	44	247
At 31 December 2007	215	6	44	265
At 1 January 2008	**215**	**6**	**44**	**265**
Charge for the year	**364**	**6**	**87**	**457**
Write off	**(33)**	**–**	**–**	**(33)**
At 31 December 2008	**546**	**12**	**131**	**689**
Net book value				
At 31 December 2008	**500**	**24**	**128**	**652**
At 31 December 2007	864	30	215	1,109

14. FIXED ASSETS (CONTINUED)

(c) Prepaid lease payments

The Group

	2008 **HK$'000**	2007 HK$'000
At 1 January	–	65,207
Exchange differences	–	4,179
Amortisation	–	(2,695)
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	–	(66,691)
At 31 December	–	–
Non-current portion	–	–
Current portion	–	–
	–	–

Note:

The Group's prepaid lease payments comprise:

	2008 **HK$'000**	2007 HK$'000
Land in PRC held on:		
– long leases	–	–
– medium-term lease	–	–
	–	–

15. BIOLOGICAL ASSETS

The Group

	2008 HK$'000	2007 HK$'000
Balance as at year end	**–**	–

(a) The biological assets, representing trees, tree seedlings and seeds are summarised as follows:

	Trees		Tree seedlings and seeds		Total
	M^3	HK$'000	Number	HK$'000	HK$'000
Balance at 1 January 2007	87,546	31,879	3,990,778	379	32,258
Increase due to growth/purchases	–	–	–	206	206
Changes in fair value less estimated point-of-sale costs	–	(2,056)	–	–	(2,056)
Exchange adjustments	–	2,019	–	26	2,045
Decrease due to sales	–	–	(2,246,707)	(193)	(193)
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	(87,546)	(31,842)	(1,744,071)	(418)	(32,260)
At 31 December 2007	–	–	–	–	–
Non-current		–		–	–
Current		–		–	–
		–		–	–

Upon disposal of North Asia on 28 December 2007 as set out in note 27(a), the Group had no biological assets as at 31 December 2007 and 2008.

(b) The fair value less estimated point-of-sale costs of the quantity and amount of agricultural produce harvested during the year were as follows:

	2008 Number	2007 Number
Trees	**–**	–
Tree seedlings	**–**	2,246,707

16. INTANGIBLE ASSETS

The Group

	Goodwill (note a) HK$'000	Production right (note b) HK$'000	Computer software development cost (note c) HK$'000	Other (note d) HK$'000	Total HK$'000
Cost					
At 1 January 2007	45,694	28,500	1,302	450	75,946
Write off	–	–	(1,302)	–	(1,302)
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	(45,436)	–	–	–	(45,436)
Disposal of subsidiaries (note 27 (b))	–	(28,500)	–	–	(28,500)
At 31 December 2007	258	–	–	450	708
At 1 January 2008	258	–	–	450	708
Disposal of subsidiaries (note 27(b))	(258)	–	–	(450)	(708)
At 31 December 2008	–	–	–	–	–
Accumulated amortisation and impairment					
At 1 January 2007	45,436	28,500	1,302	–	75,238
Impairment loss for the year	258	–	–	450	708
Write off	–	–	(1,302)	–	(1,302)
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	(45,436)	–	–	–	(45,436)
Disposal of subsidiaries (note 27(b))	–	(28,500)	–	–	(28,500)
At 31 December 2007	258	–	–	450	708
At 1 January 2008	258	–	–	450	708
Disposal of subsidiaries (note 27 (b))	(258)	–	–	(450)	(708)
At 31 December 2008	–	–	–	–	–
Net book value					
At 31 December 2008	–	–	–	–	–
At 31 December 2007	–	–	–	–	–

16. INTANGIBLE ASSETS (continued)

The Company

	Computer software development cost (note c) HK$'000
Cost	
At 1 January 2007	1,302
Write off	(1,302)
At 31 December 2007, 1 January 2008 and 31 December 2008	–
Accumulated amortisation	
At 1 January 2007	1,302
Write off	(1,302)
At 31 December 2007, 1 January 2008 and 31 December 2008	–
Net book value	
At 31 December 2008	–
At 31 December 2007	–

Notes:

(a) The amount of the goodwill capitalised arose from the acquisitions of two subsidiaries, Kwok Hong Company Limited ("Kwok Hong") of HK$258,000 and Zhangjiakou Xing Fa of HK$45,436,000 during the years ended 31 December 2006 and 31 December 2002 respectively.

Zhangjiakou Xing Fa was engaged in nurturing, selling and trading of tree seedlings and seeds, the business of which formed the major business activities for the Group. In view of the material effect of the provision for loss on a cash deposit amounting to RMB134,389,000 (approximately HK$126,845,000) made by Zhangjiakou Xing Fa during the year ended 31 December 2004, its ability to continue as a going concern was impaired. As a result, the directors decided that the goodwill arising from the acquisition of Zhangjiakou Xing Fa was fully impaired at the same year.

16. INTANGIBLE ASSETS (continued)

Notes: (Continued)

(a) Kwok Hong has not yet commenced business since its incorporation and its principal asset is a motor vehicle registration licence. The recoverable amount of goodwill arising from the acquisition of Kwok Hong was determined based on value in use calculations. However, in view of the full impairment made on the motor vehicle registration licence and the net liability position of Kwok Hong, the directors decided that full impairment on goodwill arising from acquisition of Kwok Hong was required.

Upon disposal of Kwok Hong as mentioned in note 27(b), the goodwill has been derecognised from the Group during the year.

The accumulated impairment losses of goodwill as at 31 December 2008 amounted to HK$nil (2007: HK$258,000).

(b) The production right represented the cost of acquiring the rights to produce, use and sell an immunological additive for shrimp feeds so as to improve the disease resistance of shrimps and to increase their survival rate.

Due to the discontinuance of the operations of the shrimp feeds business in mainland China in the second half of 2003, a provision for impairment had been made in respect of the production right based on its value in use in prior years.

During the year ended 31 December 2007, pursuant to the completion of disposal of certain subsidiaries as mentioned in note 27(b), the ownership in respect of the product right was derecognised from the Group.

(c) Computer software development cost represented the costs incurred for the establishment of the Group's computerised information system. Computer software development cost recognised as assets were amortised using the straight-line method over their estimated useful lives, not exceeding a period of 5 years.

(d) Other intangible asset represented a motor vehicle registration licence that can be used indefinitely with no expiry date. Therefore, no amortisation was provided. The recoverable amount of the motor vehicle registration licence was determined based on the estimated market value. The balance was stated at the estimated market value determined by the directors of the Group as at 31 December 2006. However, the directors were advised by an independent professional valuer during the prior year that the motor vehicle registration licence was not transferable. As a result, the directors decided that full impairment as at 31 December 2007 was required.

Upon disposal of Kwok Hong as mentioned in note 27(b), the other intangible asset has been derecognised from the Group during the year.

17. INTERESTS IN SUBSIDIARIES

	The Company 2008 HK$'000	2007 HK$'000
Unlisted shares at cost	**2**	572
Amounts due from subsidiaries (note a)	**68**	13,385
	70	13,957

Notes:

(a) Amounts due from subsidiaries are unsecured, interest-free and are not expected to be recovered within one year.

(b) Particulars of the subsidiaries of the Company as at the balance sheet date are as follow:

Name of company	Place of incorporation/ registration	Place of operation	Particulars of issued and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Ever Growth Asia Limited	HK	HK	HK$1	100%	100%	–	Dormant
Huge Summit Investments Limited	BVI	HK	US$100	100%	100%	–	Investment holding
Profit Dragon Management Limited	BVI	HK	US$100	100%	100%	–	Investment holding
Chinese Investment Limited	HK	HK	HK$10,000	100%	–	100%	Dormant
China Merchants Investments (H.K.) Limited	HK	HK	HK$10,000	100%	–	100%	Dormant

18. OTHER RECEIVABLES

	The Group and the Company 2008 HK$'000	2007 HK$'000
Other receivables	**65**	–
Loans and receivables	**65**	–
Prepayments and deposits	**1,180**	1,204
	1,245	1,204

Note:

The carrying amounts of prepayments and other receivables approximate their fair value.

19. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deposits with bank	**–**	5,010	**–**	–
Cash at banks and on hand	**3,067**	9,487	**3,067**	946
Cash and cash equivalents in the consolidated balance sheet and the consolidated cash flow statement	**3,067**	14,497	**3,067**	946

Cash and cash equivalents comprised deposits with bank and cash at banks, with the interest rate of 2.735% as at 31 December 2007. None of the cash and cash equivalents are interest-bearing as at 31 December 2008.

20. PROVISIONS

The Group

	Legal claim (note a)	**Guarantees (note b)**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2007	3,223	100,155	103,378
Used during the year	(1,680)	–	(1,680)
Credited to the income statement			
– Unused amounts reversed	(1,543)	–	(1,543)
Exchange difference	–	6,554	6,554
Disposal of subsidiaries attributable to discontinued operations (note 27(a))	–	(106,709)	(106,709)
At 31 December 2007 and 31 December 2008	–	–	–

The Company

	Legal claim (note a)
	HK$'000
At 1 January 2007	3,223
Used during the year	(1,680)
Credited to the income statement	
– Unused amounts reversed	(1,543)
At 31 December 2007 and 31 December 2008	–

20. PROVISIONS (continued)

Notes:

(a) Legal claim

The amount represented a provision for a legal claim brought against the Company by a law firm in relation to the legal fees and disbursements of approximately HK$3,223,000 for the provision of professional and legal services to the Company in prior years. The provision was recognised in the income statement during the year ended 31 December 2006. In the directors' opinion, after taking appropriate legal advice, the outcome of the legal claim will not give rise to any significant loss beyond the amount provided at 31 December 2006. Further on 17 July 2007, by way of a consent order proposed by the law firm, the Company paid the law firm an amount of HK$1,680,000 out of the security deposit in full and final settlement of the claim.

(b) Guarantees

(i) Zhangjiakou Xing Fa, a former 70%-owned subsidiary of the Company received a notice of arbitration from the arbitration office in Zhengzhou on 15 August 2006 about a guarantee provided by Zhangjiakou Xing Fa to the China Agricultural Bank on 4 July 2005 in respect of a bank loan granted to 河南省龍浩實業有限公司 ("河南龍浩"), a former related company of the Group. The China Agricultural Bank demanded repayment amounting to RMB73,005,000 (including principal of RMB63,100,000 and accrued interest up to the extent known by the directors of RMB9,905,000) (equivalent to a total of HK$71,392,000). At a hearing on 6 March 2007, the arbitration office ordered the verification of the authentication of certain evidence so as to determine whether it would have jurisdiction to hear the case. The directors had looked into the matter and in particular, the circumstances under which the guarantee was being granted and sought advice as to the appropriate course of action to be taken. The loss under the guarantee of RMB73,005,000 (equivalent to a total of HK$71,392,000) had been fully provided for in 2006. In the directors' opinion, after taking appropriate legal advice, the outcome of this litigation would not give rise to any significant loss beyond the amounts provided at 31 December 2006. In addition, the Group reserved their rights to demand compensation from 河南龍浩 after bearing the loss under the guarantee, if any.

(ii) In March 2007, Zhangjiakou Xing Fa received another execution notice from People's Court of Luoyang High-Tech Development Zone (the "Court") in mainland China about a guarantee provided by Zhangjiakou Xing Fa to Luoyang City Commercial Bank on 15 June 2005 in respect of a bank loan granted to 河南龍浩. Luoyang City Commercial Bank had demanded repayment amounting to RMB27,531,000 (including principal of RMB27,500,000 and execution charges of RMB31,000) (equivalent to a total of HK$26,922,000) and filed a prosecution to the Court.

20. PROVISIONS (continued)

Notes: (Continued)

(b) Guarantees (Continued)

(ii) Upon receiving the notice, the Group appointed an independent law firm to look into the matter and collect certain documents from the Court. It was found that on 14 June 2006, the Court had issued <民事調解書> in which Zhangjiakou Xing Fa was bound to bear the responsibility of providing the guarantee. In addition, Luoyang City Commercial Bank had the right to apply for the forced sale of certain prepaid lease payments of Zhangjiakou Xing Fa if 河南龍浩 failed to make the principal repayment of RMB27,500,000 on or before 15 August 2006 (the "Obligations"). The proceeds arising from such forced sale would first be used for repayment to Luoyang City Commercial Bank. Due to failure in fulfilling the Obligation by 河南龍浩, the Court further issued a <申報財產通知書> on 31 January 2007 by requesting Zhangjiakou Xing Fa to provide a breakdown of all of its assets to the Court on or before 23 March 2007.

According to a <民事裁定書> issued by the Court on 5 March 2007, the bank balance of Zhangjiakou Xing Fa was to be frozen. If the bank balance was not sufficient to cover the repayment to the Luoyang City Commercial Bank, asset of Zhangjiakou Xing Fa of equivalent amount would be seized and sold. Further on 13 March 2007, the Court issued a <人民法院執行通知書> and required Zhangjiakou Xing Fa to pay a sum of approximately RMB27,531,000 to the Court within the period from 13 March 2007 to 23 March 2007. On the same date, the Court issued a <協助執行通知書> to 尚義縣林業局, the minority shareholder of Zhangjiakou Xing Fa, asking them for assistance to seize certain prepaid lease payments of Zhangjiakou Xing Fa.

The directors had looked into the matter and in particular, the circumstances under which the guarantee was being granted and sought legal advice as to the appropriate course of action to be taken. The loss under the guarantee had been fully provided for in 2006. In the directors' opinion, after taking appropriate legal advice, the outcome of this litigation will not give rise to any significant loss beyond the amounts provided at 31 December 2006. In addition, the Group reserved their rights to demand compensation from 河南龍浩 after bearing the loss on the guarantee, if any.

Pursuant to the completion of disposal of Zhangjiakou Xing Fa as mentioned in note 27(a), all liabilities regarding these guarantees have been released from the Group during the year ended 31 December 2007.

21. BANK AND OTHER BORROWINGS, UNSECURED

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Bank loans (note (a))	**–**	249
Other loans (note (b))	**86**	86
	86	335

At 31 December 2008, the bank and other borrowings were repayable as follows:

	The Group and the Company	
	2008	2007
	HK$'000	HK$'000
Within 1 year or on demand	**86**	335

Notes:

(a) According to a consent order issued by the High Court dated 14 February 2005, the balance of approximately HK$1,217,000 was unsecured and to be repaid by instalment from 5 January 2005 to 30 June 2005. Interest was charged at the daily rate of HK$317 from 5 January 2005 to the date hereof and thereafter at judgement rate until full payment. After repaying two instalments of HK$120,000 each, the Company had defaulted further repayments.

On 31 July 2006, the Company entered into an agreement with the bank under which the Company undertakes to pay to the bank a sum of HK$996,000 by 24 equal monthly instalments of HK$41,500 each until full payment thereof commencing on 31 July 2006. The balance was fully settled during the year.

(b) No interest is charged (2007: Nil) on the outstanding balance.

22. OTHER PAYABLES

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Other payables and accruals	**2,658**	2,884	**2,658**	2,884
Amounts due to related companies (note 28(c))	**57,041**	55,566	**57,041**	55,544
Amounts due to subsidiaries	**–**	–	**783**	–
Financial liabilities measured at amortised cost	**59,699**	58,450	**60,482**	58,428
Analysed for reporting purposes as				
– Current liabilities	**59,699**	58,450	**59,699**	58,428
– Non-current liabilities	**–**	–	**783**	–
	59,699	58,450	**60,482**	58,428

23. INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the consolidated balance sheet and the movements during the year are as follows:

	Depreciation allowances in excess of related depreciation HK$'000	Tax losses HK$'000	Total HK$'000
Deferred tax arising from:			
At 1 January 2007	–	–	–
Charged/(credited) to income statement	28	(28)	–
At 31 December 2007	28	(28)	–
At 1 January 2008	28	(28)	–
Charged/(credited) to income statement	(28)	28	–
At 31 December 2008	–	–	–

(b) Deferred tax assets not recognised:

At the balance sheet date, the Group has unused tax losses of HK$35,902,000 (2007:HK$25,397,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profit streams.

24. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company operates a share option scheme (the "Scheme") for the purpose of recognising the contributions of eligible participants to the growth of the Group and to further motivate and encourage the eligible participants to contribute and improve their performance and efficiency. Eligible participants of the Scheme include the Company's directors, independent non-executive directors, other directors/employees of the Group or its investees, suppliers of goods or services to the Group or customers of the Group or its investees, persons/entities that provide research, development or other technological support, shareholders of any member of the Group or such other persons from time to time as determined by the directors. The Scheme was approved and adopted on 21 June 2002 (the "Adoption Date") and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

24. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

The total number of shares in respect of which options may be granted under the Scheme (excluding options lapsed) is not permitted to exceed 10% of the shares of the Company in issue as at the Adoption Date, without a prior approval from the Company's shareholders.

The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by all of the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK$5 million within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted on or before the close of business on the date specified in the offer document. The exercise period of the share options granted is to be determined by the directors, and will commence on the first business date from the date of the grant of the share options and end on the close of business on the last day of such period as determined by the directors, but no later than ten years from the date of the grant of the share options.

The exercise price of the share options is to be determined by the directors, but may not be less than the higher of (i) the closing price of the Company's shares published on daily quotation sheets of the Stock Exchange on the date of the grant of the share options; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the years ended 31 December 2008 and 2007, no option has been granted under the Scheme.

25. CAPITAL AND RESERVES

(a) The Group

	Attributable to equity shareholders of the Company								
	Share capital HK$'000	Share premium HK$'000	Reserve fund HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1 January 2007	25,325	163,532	3,168	126,883	5,477	(355,711)	(31,326)	–	(31,326)
Exchange differences on translation of financial statements of subsidiaries	–	–	–	–	(733)	–	(733)	–	(733)
Reserves realised upon disposal of subsidiaries attributable to discontinued operations (note 27(a))	–	–	(3,168)	–	(3,847)	–	(7,015)	–	(7,015)
Loss for the year	–	–	–	–	–	(2,873)	(2,873)	–	(2,873)
At 31 December 2007	25,325	163,532	–	126,883	897	(358,584)	(41,947)	–	(41,947)
At 1 January 2008	25,325	163,532	–	126,883	897	(358,584)	(41,947)	–	(41,947)
Exchange differences on translation of financial statements of subsidiaries	–	–	–	–	335	–	335	–	335
Reserves realised upon disposal of subsidiaries attributable to discontinued operations (note 27(a))	–	–	–	–	(877)	–	(877)	–	(877)
Reserves realised upon disposal of subsidiaries (note 27(b))	–	–	–	–	(355)	–	(355)	–	(355)
Loss for the year	–	–	–	–	–	(11,977)	(11,977)	–	(11,977)
At 31 December 2008	25,325	163,532	–	126,883	–	(370,561)	(54,821)	–	(54,821)

(b) The Company

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2007	25,325	163,532	153,519	(366,554)	(24,178)
Loss for the year	–	–	–	(17,369)	(17,369)
At 31 December 2007	25,325	163,532	153,519	(383,923)	(41,547)
At 1 January 2008	25,325	163,532	153,519	(383,923)	(41,547)
Loss for the year	–	–	–	(13,987)	(13,987)
At 31 December 2008	25,325	163,532	153,519	(397,910)	(55,534)

25. CAPITAL AND RESERVES (continued)

(c) Share capital

Authorised and issued share capital

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

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

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

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Company Act 1981 of Bermuda.

(ii) Reserve fund

Subsidiaries of the Group in the PRC, which are wholly-foreign-owned enterprises, follow the accounting principles and relevant financial regulations of the PRC applicable to wholly-foreign-owned enterprises ("PRC GAAP – WFOE"), in the preparation of its accounting records and financial statements. Pursuant to the accounting regulations for business enterprises (企業會計制度[財會(2000)25號]), the subsidiaries are required to appropriate 10% of the profit arrived at in accordance with PRC GAAP – WFOE for each year to a statutory reserve. The profit arrived at must be used initially to set off against any accumulated losses. The appropriations to statutory reserve, after offsetting against any accumulated losses, must be made before the distribution of dividends to shareholders. The appropriation is required until the statutory reserve reaches 50% of the registered capital. This statutory reserve is not distributable in the form of cash dividends, but may be used to set off losses or be converted into paid-in capital.

25. CAPITAL AND RESERVES (continued)

(d) Nature and purpose of reserves (continued)

(iii) Contributed surplus

The contributed surplus of the Group represents the difference between the aggregate of the nominal value of (i) the shares of the subsidiaries acquired pursuant to the Group reorganisation completed on 5 June 1998 (the 'Group Reorganisation'); (ii) the debt of approximately HK$17,039,000 (the "Debt") due by the then shareholders, Mr. Kwok Man Yu and his wife, Ms. Lam Yuk Ang, to Corasia International (BVI) Limited ("Corasia BVI"), the former holding company of the Group, and assumed by the Company under the Group Reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and (iii) the credit arising from the capital reduction of approximately HK$112,950,000.

The contributed surplus of the Company arose as a result of the Group Reorganisation and represents the excess of the then combined net assets of the subsidiaries acquired, as reduced by the balance of the Debt assumed by the Company by virtue of the capital reorganisation, over the nominal value of the shares of the Company issued in exchange thereof; and the credit arising from the capital reduction of approximately HK$112,950,000.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(r).

(e) Distributability of reserves

At 31 December 2008 and 2007, the Company has no reserves available for distribution to equity shareholders of the Company.

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

25. CAPITAL AND RESERVES (continued)

(f) Capital management (continued)

During the year, the Group monitors capital on the basis of a net debt to adjusted equity ratio, which was unchanged from the previous year. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'adjusted equity', as shown in the consolidated balance sheet, plus net debt.

The net debt to adjusted equity ratio did not apply as at 31 December 2008 and 2007 as the Group had total deficit for both years. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce existing debts upon successful resumption of trading of shares.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include other receivables, cash and cash equivalents, other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and currency risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

(a) Credit risk

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

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

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

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

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk

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

The following liquidity tables set out the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows and the earliest date the Group and the Company required to pay:

The Group

	2008						2007					
	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Carrying amount HK'000	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Carrying amount HK'000
Bank and other borrowings, unsecured	86	–	–	–	86	86	335				335	335
Other payables	59,699	–	–	–	59,699	59,699	58,450	–	–	–	58,450	58,450
	59,785	–	–	–	59,785	59,785	58,785	–	–	–	58,785	58,785

The Company

	2008						2007					
	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Carrying amount HK'000	Within 1 year or on demand HK'000	More than 1 year but less than 2 years HK'000	More than 2 years but less than 5 years HK'000	More than 5 years HK'000	Total contractual undiscounted cash flow HK'000	Carrying amount HK'000
Bank and other borrowings, unsecured	86	–	–	–	86	86	335	–	–	–	335	335
Other payables	59,699	–	–	–	59,699	59,699	58,428	–	–	–	58,428	58,428
	59,785	–	–	–	59,785	59,785	58,763	–	–	–	58,763	58,763

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Interest rate risk

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

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

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

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

(d) Currency risk

The Group had previously held certain investments in foreign operations, which net assets were exposed to foreign currency translation risk. Presently, there is no hedging policy with respect to the Group's foreign exchange exposure. The Group's transactional currency is mainly Hong Kong dollars as the Group has ceased the operations in the PRC during the year. The foreign exchange exposure of the Group's transactions was therefore insignificant.

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

	The Group	
	2008	2007
	RMB'000	RMB'000
Cash and cash equivalents	–	7,967
Other payables	–	(9)
Overall exposure arising from recognised assets and liabilities	–	7,958

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

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Fair values

The fair values of cash and cash equivalents, bank deposits, other receivables and other payables are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments. The carrying amounts of bank and other borrowings and amounts due to related companies approximate their fair values.

27. DISPOSAL OF SUBSIDIARIES

(a) Disposal of subsidiaries attributable to discontinued operations

For the year ended 31 December 2008

As explained in note 8(a), the Group deregistered its subsidiary, 連雲港豪景 on 14 March 2008. The net assets of 連雲港豪景 at the date of deregistration were as follows:

	2008 HK$'000
Net assets deregistered:	
Exchange reserve realised	(877)
Gain on deregistration of subsidiary attributable to discontinued operations (note 8(a))	877
Net inflow of cash and cash equivalents arising on the deregistration of subsidiary attributed to discontinued operations	–

The impact of 連雲港豪景 on the Group's results and cash flows in the current and the previous year has been disclosed in note 8(a).

27. DISPOSAL OF SUBSIDIARIES (continued)

(a) Disposal of subsidiaries attributable to discontinued operations (Continued)

For the year ended 31 December 2007

As explained in note 8(b), the Company disposed of its entire equity interest in North Asia and the amount due to the Company from North Asia and Zhangjiakou Xing Fa on 28 December 2007 for a total consideration of HK$3 to an independent third party. The net liabilities of North Asia at the date of disposal were as follows:

	2007 HK$'000
Net liabilities disposed of:	
Property, plant and machinery (note 14(a))	3
Prepaid lease payments (note 14(c))	66,691
Biological assets (note 15)	32,260
Inventory	84
Trade receivables	64
Prepayments, deposits and other receivables	1,227
Cash and bank balances	45
Other payables and accruals	(1,774)
Provisions (note 20)	(106,709)
Due to the Group	(11,414)
	(19,523)
Assignment of amounts due from the subsidiaries	10,226
Exchange reserve realised	(3,847)
Reserve fund realised	(3,168)
Gain on disposal of subsidiaries attributable to discontinued operations (note 8(b))	16,312
Consideration	–
Satisfied by:	
Cash	–
Net outflow of cash and cash equivalents arising on the disposal of subsidiaries attributed to discontinued operations:	
Cash and cash equivalents of the subsidiaries disposed of	(45)
Net outflow of cash and cash equivalents	(45)

The impact of North Asia on the Group's results and cash flows in the current and the previous year has been disclosed in note 8(b).

27. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries

For the year ended 31 December 2008

(i) Kwok Hong Company Limited

On 11 December 2008, the Group disposed of its 100% equity interest in Kwok Hong, which was engaged in holding a motor vehicle registration licence, to an independent third party for a consideration of HK$100,000. A gain of HK$100,000 arose from the disposal.

Details of the net assets disposed of at the date of disposal are as follows:

	2008 **HK$'000**
Net assets disposed of:	
Property, plant and equipment (note 14(a))	–
Intangible assets (note 16)	–
	–
Gain on disposal of a subsidiary	**100**
Consideration	**100**
Consideration, satisfied by:	
Cash	**100**
Net inflow of cash and cash equivalents in connection with the disposal of Kwok Hong	**100**

The results of Kwok Hong during the year ended 31 December 2008 have no significant impact on the Group's turnover or loss from operations before taxation for the year ended 31 December 2008.

27. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries (Continued)

For the year ended 31 December 2008 (Continued)

(ii) 連雲港旭景實業有限公司

Pursuant to the shareholders' resolution passed on 16 November 2007, other than the deregistration of 連雲港豪景 as disclosed in note 8(a), the Group also decided to apply for deregistration of a wholly-owned subsidiary, 連雲港旭景實業有限公司 ("連雲港旭景") which has not commenced business since its incorporation in 2007. The deregistration was completed on 14 March 2008.

Details of the net assets disposed of at the date of deregistration are as follows:

	2008 HK$'000
Net assets deregistered:	
Exchange reserve realised	(355)
Gain on deregistration of a subsidiary	355
Net inflow of cash and cash equivalents in connection with the deregistration of 連雲港旭景	–

The results of 連雲港旭景 during the year ended 31 December 2008 have no significant impact on the Group's turnover or loss from operations before taxation for the year ended 31 December 2008.

(iii) Summary of the disposal of subsidiaries

Details of the net assets disposed of at the respective dates of disposal are summaried below:

	2008 HK$'000
Net assets disposed of:	
Property, plant and equipment	–
Intangible assets	–
	–
Exchange reserve realised	(355)
Gain on disposal of subsidiaries	455
Consideration	100
Consideration, satisfied by:	
Cash	100

27. DISPOSAL OF SUBSIDIARIES (continued)

(b) Disposal of subsidiaries (Continued)

For the year ended 31 December 2007

Pursuant to the resolution passed by the independent shareholders at the special general meeting held on 27 December 2007, other than the disposal of North Asia to an independent third party as disclosed in note 8(b), the Company also disposed of its entire equity interests in First Dragoncom International Limited ("FDIL"), Corasia Technology Investments Limited, Macro-Invest Ltd. ("MIL"), Dragoncom Bio-Tech Limited ("DBTL"), Harvard Technology Limited ("HTL") and the amounts due from FDIL, First Dragoncom (Hong Kong) Limited, Corasia Bio-Technology Company Limited, MIL, DBTL and HTL to the Company to Ever Fortune Holdings Group Limited, a controlling shareholder of the Company for a total consideration of HK$2.

The details of net liabilities disposed of at the date of disposal were as follows:

	2007 HK$'000
Net liabilities disposed of:	
Production right (note 16)	–
Due from the Group	30
Other payables	(4,429)
Due to the Group	(300,609)
	(305,008)
Assignment of amounts due from the subsidiaries	300,579
Gain on disposal of subsidiaries	4,429
Consideration	–
Consideration, satisfied by:	
Cash	–
Net inflow of cash and cash equivalent in connection with the disposal of above subsidiaries	–

The results of the subsidiaries disposed of during the year ended 31 December 2007 had no significant impact on the Group's turnover or loss from operations before taxation for the year ended 31 December 2007.

28. MATERIAL RELATED PARTY TRANSACTIONS

Name of party	Relationship
Concord Credit Services Limited ("Concord Credit")	Mr. Ji Kewei is a common director
Concord Group BVI Limited ("Concord Group")	Mr. Ji Kewei is a common director
Pelican Securities Limited (formerly known as "Concord Capital Securities Limited") ("Pelican Securities")	Mr. Ji Kewei is a common director and a minority shareholder of the related company
Ever Fortune Holdings Group Limited ("Ever Fortune Holdings")	A controlling shareholder of the Company and Mr. Ji Kewei is a common director
Wonderland Group (Hong Kong) Corporation Limited ("Wonderland Group")	A 60% shareholder of Ever Fortune Holdings and Mr. Zhou Wenjun, Mr. Dai Jun and Mr. Sun Kejun are the common directors
Jiangsu Jinhai Investment Company Limited ("Jiangsu Jinhai")	The parent of Wonderland Group
連雲港金海旅遊發展有限公司 ("金海旅遊")	A wholly owned subsidiary of Jiangsu Jinhai
Luck Healthy Group Limited ("Luck Healthy")	Mr. Ding Jiangyong is the related party of the companies

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group also entered into the following related party transactions during the year.

Nature of transactions	The Group 2008 HK$'000	2007 HK$'000
Rental expenses paid to Concord Credit	–	255
Debts waived on amounts due to Concord Credit	114	–
Management charge paid to 金海旅遊	–	913
Rental income from Jiangsu Jinhai	–	423

28. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 9 and certain of highest paid employees as disclosed in note 10, is as follows:

	The Group	
	2008	2007
	HK$'000	HK$'000
Salaries and other short-term employee benefits	**2,177**	3,557
Retirement scheme contributions	**51**	54
	2,228	3,611

Total remuneration is included in "staff costs" (see note 6(b)).

(c) Amounts due to related parties

	The Group		The Company	
	2008	2007	**2008**	2007
	HK$'000	HK$'000	**HK$'000**	HK$'000
Pelican Securities (note i)	**9**	9	**9**	9
Concord Credit (note i)	**–**	103	**–**	103
Concord Group (note ii)	**10,032**	10,044	**10,032**	10,032
Wonderland Group (note ii)	**43,000**	45,400	**43,000**	45,400
Luck Healthy (note ii)	**4,000**	–	**4,000**	–
金海旅遊 (note i)	**–**	10	**–**	–
	57,041	55,566	**57,041**	55,544

Note:

(i) The amounts are unsecured, interest-free and with no fixed terms of repayment.

(ii) The amounts are unsecured, interest-free and repayable within one year.

(iii) The amounts due to related parties are included in "Other payables" in the consolidated and Company balance sheet (note 22).

29. OPERATING LEASE COMMITMENTS

At 31 December 2008, the total future minimum lease payments under non-cancellable operating leases in respect of land and buildings are payables as follows:

	The Group	
	2008	**2007**
	HK$'000	HK$'000
Within 1 year	**2,411**	2,411
After 1 year but within 5 years	**895**	3,306
	3,306	5,717

The Group leases the property from an independent party under an operating lease. The lease runs for a period of three years, with an option to renew the lease for a further three years. The lease does not include contingent rentals.

30. EVENTS AFTER THE BALANCE SHEET DATE

Following the signing of the restructuring agreement on 19 December 2008 as mentioned in note 2(b)(ii), the board of directors approved a detail business plan to reactivate the Group's previously discontinued agriculture trading business on 18 February 2009. The Group set up two subsidiaries, namely Trade Front Limited ("Trade Front") and Trade Day Holdings Limited ("Trade Day"), which are principally engaged in the trading of agricultural produce, on 15 January 2009 and 18 February 2009 respectively.

In March 2009, a potential investor agreed to provide a loan facility of up to HK$10,000,000 for the working capital of Trade Front and Trade Day to reactivate the Group's previously discontinued agriculture trading business. The loan facility is secured by the entire share capital of each of Trade Front, Trade Day and their immediate holding company, First Novel Limited.

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

31. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Going concern and liquidity

The Group has consolidated net liabilities of approximately HK$54,821,000 at 31 December 2008 and loss of approximately HK$11,977,000 for the year then ended indicating the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors are taking measures to improve the liquidity position of the Group and details are set out in note 2(b). The consolidated financial statements have been prepared on a going concern basis. Should the measures fail to improve the liquidity position of the Group and the Group is unable to continue in business as a going concern, adjustments would have to be made to reduce the carrying amounts of the assets of the Group to their recoverable amounts and to provide for further liabilities which might arise.

(b) Useful lives and residual values of property, plant and equipment

The Group estimates the useful lives and residual values of its property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives and residual values of the property, plant and equipment are reviewed annually and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, the Group's estimation of the useful lives and residual values of its property, plant and equipment is based on its collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives and residual value of the Group's property, plant and equipment would increase its recorded depreciation expenses and decrease its non-current assets.

(c) Impairment of receivables

The Group maintains impairment allowance for doubtful accounts based upon evaluation of the recoverability of the receivables, where applicable, at each balance sheet date. The estimates are based on the ageing of the receivables balances and the historical write-off experience, net of recoveries. If the financial condition of the debtors were to deteriorate, additional impairment allowance may be required.

32. COMPARATIVE FIGURES

Certain comparative figures have been restated or reclassified as a result of the presentation of discontinued operation and conformation with the current year's presentation.

Five-Year Financial Summary

For the year ended 31 December 2008

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

A summary of the published results and assets and liabilities of the Group for the last five years, as extracted from the audited financial statements and reclassified as appropriate, is set out below. This summary does not form part of the audited financial statements.

	2008 HK$'000	2007 HK$'000 (Restated)	2006 HK$'000 (Restated)	2005 HK$'000 (Restated)	2004 HK$'000 (Restated)
RESULTS					
TURNOVER					
Continuing operations	**–**	–	–	–	–
Discontinued operations	**–**	1,876	1,705	1,481	47,334
	–	1,876	1,705	1,481	47,334
(LOSS)/PROFIT BEFORE TAXATION					
Continuing operations	**(12,855)**	(13,775)	(6,275)	(24,138)	(4,219)
Discontinued operations	**878**	10,902	(132,636)	865	(194,326)
	(11,977)	(2,873)	(138,911)	(23,273)	(198,545)
INCOME TAX					
Continuing operations	**–**	–	–	–	–
Discontinued operations	**–**	–	–	–	–
LOSS FOR THE YEAR	**(11,977)**	(2,873)	(138,911)	(23,273)	(198,545)
LOSS ATTRIBUTABLE TO:					
Equity shareholders of the Company	**(11,977)**	(2,873)	(138,911)	(23,273)	(165,419)
Minority interests	**–**	–	–	–	(33,126)
	(11,977)	(2,873)	(138,911)	(23,273)	(198,545)
ASSETS, LIABILITIES AND MINORITY INTERESTS					
TOTAL ASSETS	**4,964**	16,838	112,058	129,451	134,160
TOTAL LIABILITIES	**(59,785)**	(58,785)	(143,384)	(24,199)	(22,341)
MINORITY INTERESTS	**–**	–	–	–	–
	(54,821)	(41,947)	(31,326)	105,252	111,819