

Chairman's Statement

主席報告

Dear fellow shareholders,

In 2004, the Company posted a net loss of HK\$12.7 million or loss per share of HK0.75 cents on turnover of HK\$25.0 million, compared to a net profit of HK\$27.4 million, or earnings per share of HK1.61 cents, on turnover of HK\$98.5 million in 2003. The 2004 loss, excluding impairment charges, was HK\$3.1 million, compared with a 2003 profit from operations of HK\$27.4 million.

While disappointed with the HK\$30.5 million deterioration in net results, driven by lower sales, management continues to focus on returning the Company to profitability. To this end we are pursuing strategies that position the Company to capitalize on the Group's strengths when recovery in markets occurs.

The year 2004 was characterized by severe market conditions in our business. The Group's sale continued to deteriorate in the third to fourth quarters 2004, due to increased competition and a seasonal decline in pesticide demand. In light of the current market conditions, the management reviewed the carrying amount of the Group's assets and identified that impairment charges related to certain production assets and intangible assets were necessary. Accordingly, the Group recorded HK\$9.6 million as impairment charges in the year-end, based on the valuation made by an independent professional valuer at the balance sheet date.

As the Company continues to operate under a very competitive environment and does not expect sign of recovery in the near term, the Company has been looking for investment opportunities that could bring better returns to shareholders. In March 2005, the Company entered into an agreement to acquire 20% interest in a pharmaceutical business in China. Although the agreement was subsequently terminated, the Company will continue to look for other investment opportunity that will complement and enhance the value of the Group's business in the long term.

On behalf of the Board, we would like to recognise, with gratitude, the support of all our valued employees, customers, as well as the interest shown in our Company by our shareholders. We remain committed to continuously improve our business and maximise the value of the Company for shareholders, customers and employees.

Lao Seng Peng
Chairman

21 April 2005

致各股東：

本公司於二零零四年錄得虧損淨額12,700,000港元或每股虧損0.75港仙，營業額為25,000,000港元；而二零零三年則錄得盈利淨額27,400,000港元或每股盈利1.61港仙，營業額為98,500,000港元。二零零四年之虧損（不包括減值支出）為3,100,000港元；而二零零三年業務所得盈利則為27,400,000港元。

儘管業績淨額因銷售較低而減少30,500,000港元，成績未如理想，管理層繼續專注於恢復本公司獲利能力。就此，我們正施行各種策略，為本公司作好準備，於市場復甦時把握本集團優勢。

二零零四年，本公司業務面對嚴峻市況。由於競爭趨白熱化，加上農藥需求出現季節性減少，本集團銷售於二零零四年第三至第四季持續下跌。鑑於目前市況，管理層已審閱本集團資產賬面值，並確定須就若干生產資產及無形資產作出減值。因此，按獨立專業估值師於結算日所作估值計算，本集團於年結日錄得9,600,000港元減值支出。

由於本公司所面對經營環境，競爭仍非常激烈，且預期短期內不會出現復甦跡象，本公司一直物色可為股東帶來更佳回報之投資機會。本公司於二零零五年三月訂立協議，收購中國一項製藥業務20%權益。儘管該項協議其後已終止，本公司將繼續發掘其他投資機會，增強及提升本集團業務之長遠價值。

本人謹代表董事會，向全體寶貴員工及客戶的鼎力支持，以及股東對本公司的關注致以衷心謝意。我們定當繼續改善業務表現，為股東、客戶及員工提升本公司價值。

主席
劉勝平

二零零五年四月二十一日