

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2005 (six months ended 30 June 2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2005, turnover of the Group amounted to HK\$31,134,000 (30 June 2004: HK\$6,888,000). Net profit for the period was HK\$38,877,000 (30 June 2004: net loss of HK\$1,447,000) and earnings per share was HK16.3 cents (30 June 2004: loss per share of HK0.7 cents).

During the reporting period, revenue from production and sales of fertilizers amounted to HK\$2,851,000, representing approximately 9.16% of the Group's total revenue. Investment in securities shared approximately 74.92% of the Group's total revenue resulting from the disposal of all the Company's equity investments listed in Hong Kong. Rental income from 1 Lyndhurst Tower amounted to HK\$4,958,000, representing approximately 15.92% of the Group's total revenue and over 90% of the total gross floor area was leased out.

Following the blossoming of the property market, the revaluation of the investment properties has contributed to a profit of HK\$37,380,000, and the property investment business remains as the largest profit contributor to the Group.

Financial Review

Liquidity and Financial Resources

As at 30 June 2005, the Group has current ratio of approximately 0.10 compared to that of 0.16 as at 31 December 2004 and the gearing ratio was 0.77 compared to that of 1.01 as at 31 December 2004. The calculation of gearing ratio was based on the total borrowings of HK\$131,991,000, which were due within one year, and the net assets of HK\$172,386,000 as at 30 June 2005. Subsequent to the balance sheet date, the bank loan has been restructured for a further five years.

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are denominated in Hong Kong dollars and Renminbi.

Charged on Assets

As at 30 June 2005, all the Group's investment properties and the issued shares of a wholly owned subsidiary of the Company are pledged and the rental income in respect of the investment properties under operating leases are assigned to a bank against a bank loan granted to the Group.

Property, plant and equipment and land lease prepayment of HK\$7,044,000 are pledged against a bank loan granted to the Group.

Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2005.