

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.

Employees and Remuneration Policies

As at 30 June 2005, the Group has approximately 26 employees. Remuneration is determined by reference to their qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme.

PROSPECTS

On 15 July 2005, a composite offer document in relation to the mandatory unconditional cash offer (the "Offer") made by Keenlead Holdings Limited ("Keenlead"), a company with limited liabilities incorporated in the British Virgin Islands, which is wholly and beneficially owned by Ms. Ma Xiaoling, was issued jointly by Keenlead and the Company to all shareholders of the Company, excluding parties acting in concert with Keenlead. The Offer was closed on 5 August 2005, and the interest of Keenlead and parties acting in concert with it in the shares of the Company increased to 63.85% immediately after the closing of the Offer and Keenlead assumed management control.

Subsequent to the takeover of management, the Company has been actively exploring new business opportunities consistent with its strategy to be engaged in property investment business.

On 30 August 2005, the Group has entered into a legally binding memorandum of understanding with independent third parties for the intention to acquire in part or in whole of the issued share capital of a Company incorporated in the British Virgin Islands (the "Proposed Investment"), the sole asset of which is a sino-foreign equity joint-venture incorporated in the People's Republic of China (the "PRC"), the scope of business of which includes construction of port infrastructure and development of petrochemical industry projects (subject to granting of relevant operating permits). We are of the opinion that the Proposed Investment provides an opportunity for the Group to broaden its business scope and diversify into industrial property development. On 5 September 2005, the Company has entered into a placing agreement with a placing agent to raise capital for the Group to invest in the project, if the project materializes, while broadening the shareholders' base and the capital base of the Company.

The Board will continue to look for investments with reasonable return by investing on quality properties projects in Hong Kong or the PRC, and the Board continues to commit to achieve this objective and is optimistic of its success.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2005, none of the directors and chief executive of the Company had interest in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong limited (the "Stock Exchange") pursuant to Divisions 7&8 of Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.