The aging analysis of trade receivables (net of provision for doubtful debts) is as follows:

	30 June 2004 (Unaudited) *HK$'000*	31 December 2003 (Audited) *HK$'000*
0 – 90 days	**83,855**	60,431
91 – 180 days	**21,083**	11,953
181 – 365 days	**1,688**	1,520
Over 365 days	**652**	1,531
	107,278	75,435

6. **Trade payables**

The aging analysis of trade payables is as follows:

	30 June 2004 (Unaudited) *HK$'000*	31 December 2003 (Audited) *HK$'000*
0 – 90 days	**62,561**	47,579
91 – 180 days	**481**	1,126
181 – 365 days	**805**	279
Over 365 days	**7,038**	7,114
	70,885	56,098

INTERIM DIVIDEND

The Board has resolved not to recommend the payment of any interim dividend for the period (six months ended 30 June 2003: Nil).

BUSINESS REVIEW

The consolidated turnover of the Group for the period was HK$1,006,181,000, representing an increase of 113% as compared to that of last corresponding period. Net loss for the period amounted to HK$79,691,000 whereas a net loss of HK$1,524,000 was made for last corresponding period. Basic loss per share was HK$1.514 for the period as against basic loss per share of HK$0.029 for last corresponding period. The loss for the period was wholly attributed by the losses under the forward freight agreements ("FFAs") entered into by the Group since January 2004.

Chartering freight and hire. The dry bulk sector market enjoyed breaking rates during early 2004. However, driven by the negative sentiment towards the China economy as a result of the macro economic measures introduced by the relevant authorities and historical high bunker prices, the freight rates of all dry bulk sectors have been adjusted downwards since March 2004. The Baltic Dry Index surged from 4,765 at the end of 2003 to record high of 5,681 in early February 2004, dropped drastically to 2,622 in late June 2004 and closed at 3,005 during the period.

The Group's shipping turnover for the period amounted to HK$850,867,000; representing an increase of 135% over last corresponding period. Affected by the losses attributable to the FFAs, including the FFAs that have been, and have not been, squared off, amounting to HK$523,980,000, the Group's shipping operations recorded a loss of HK$138,143,000 for the period; whereas a loss of HK$970,000 was reported for last corresponding period.

In view of the upturn of the shipping markets especially during early 2004, the Group has entered into certain FFAs in order to mitigate its risks associated primarily with upward trend of freight rates. However, caused by the unexpected and sudden decline in the freight rates of the dry bulk shipping market which began in March 2004 and continued further in June 2004, the Group suffered from the realized losses incurred from, and the provisions made for the unrealized losses from, the FFAs entered into by the Group since January 2004. The majority of the FFAs entered into by the Group have now been squared off and hence the Group's losses under such squared off FFAs have been crystalised. As a consequence, the losses attributable to the FFAs, including the FFAs that have been, and have not been, squared off, amounting to HK$523,980,000 had been accounted for in the period ended 30 June 2004.

The Board continuously reviews the prevailing market conditions of the shipping industry and monitors and adjusts the Group's fleet size as appropriate. On 8 July 2004, the Group has contracted to sell two motor vessels "Jin Tai" and "Jin Kang" with aggregate net book values of US$39,808,000 (approximately HK$310,502,000) as at 30 June 2004 at total consideration of US$56,500,000 (approximately HK$440,700,000); which will be delivered to an independent buyer during second half of 2004. As at date of this report, the Group has also committed to acquire five newbuildings at total purchase prices of US$133,020,000 (approximately HK$1,037,556,000); of which three will be delivered in 2005 and the other two will be delivered in 2007.

The Group intends to use approximately HK$187.4 million of the payment received from the disposal of motor vessels "Jin Tai" and "Jin Kang" to repay bank loans and the balance as additional working capital. After taking into account of the disposals of two motor vessels, the Board believes that the current ratio will be improved to a much healthier position.

According to the Group's accounting policies, all the Group's owned vessels were stated at cost less accumulated depreciation and impairment losses at each balance sheet date. Based on the valuation made by an independent professional valuer, the market values of the Group's ten owned vessels as at 30 June 2004 was approximately HK$1,606.8 million as compared to their net book values of approximately HK$1,263.8 million.

Trading and investments in China. The turnover for the Group's trading of chemical and industrial raw materials was HK$155,314,000, representing an increase of 41% as compared to that of last corresponding period. The Group's trading business was affected by the outbreak of Severe Acute Respiratory Syndrome during last corresponding period. Due to the increase in demand and price for chemical and industrial raw materials as a result of the economic recovery, the performance of the Group's trading business was improved with a profit of HK$5,237,000 for the period against a loss of HK$270,000 for last corresponding period. Due to the increase in demand and price for commodities, the performance of the Group's investment in a co-operative joint venture producing metallurgical coke in Shanxi Province of China was rather promising. The Group's investments in China reported a profit of HK$6,481,000 for the period against a profit of HK$737,000 for last corresponding period.

FINANCIAL REVIEW

Liquidity, financial resources and capital structure. The total of the Group's pledged deposits, bank balances and cash increased to HK$440,876,000 as at 30 June 2004 (31 December 2003: HK$153,107,000). The Group's borrowings decreased to HK$694,236,000 as at 30 June 2004 (31 December 2003: HK$749,540,000), of which 12%, 9%, 27% and 52% are repayable respectively within one year, one to two years, two to five years and over five years. The gearing ratio, as calculated on the basis of net debts (total interest bearing debts net of securities, cash and cash equivalents) over shareholders' equity decreased to 66% (31 December 2003: 125%). All the borrowings were committed on a floating rate basis and were denominated mainly in United States Dollars and Hong Kong Dollars.

Pledge of assets. As at 30 June 2004, the Group's fixed assets of HK$1,168,356,000 (31 December 2003: HK$1,192,488,000), short-term investments of HK$2,550,000 (31 December 2003: HK$1,767,000), deposits of HK$30,301,000 (31 December 2003: HK$30,551,000) and shares of seven (31 December 2003: seven) ship owning companies were pledged together with the assignment of chartering income of seven (31 December 2003: seven) ship owning companies to secure credit facilities utilized by the Group.

Capital expenditures and commitments. Out of the Group's capital expenditures totalling HK$98,487,000 (31 December 2003: HK$29,998,000) for the period ended 30 June 2004, approximately HK$93,151,000 (31 December 2003: HK$24,644,000) was spent on the constructions of the Group's newbuildings.