

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2004 (six months ended 30 June 2003: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2004, turnover of the Group amounted to HK\$6,888,000 (30 June 2003: HK\$17,127,000). Net loss for the period was HK\$1,447,000 (30 June 2003: Loss of HK\$71,136,000) and loss per share was HK0.7 cents (30 June 2003: loss per share was HK51.6 cents).

During the period, the Group, through its wholly owned subsidiary, completed its acquisition of 51% interest in Lucky Green Limited ("Lucky Green"). The sole asset of Lucky Green is the 100% interest in Zhuhai S.E.Z. Rui Nong Plant Protection Technology Co. Ltd. which is principally engaged in the production and sale of fertilizers.

During the reporting period, revenue from production and sale of fertilizers amounted to HK\$2,292,000 representing approximately 33% of the Group's total revenue. Investment in securities shared approximately 8% of the Group's total revenue. Rental income from 1 Lyndhurst Tower amounted to HK\$4,044,000, representing approximately 59% of the Group's total revenue and over 80% of the total gross floor area was leased out.

Financial Review

Liquidity and Financial Resources

In April 2004, the Company placed 39,700,000 shares at HK\$0.2898 per share and the net proceeds received were approximately of HK\$11,000,000 which was applied as general working capital of the Group.

As at 30 June 2004, the Group has current ratio of approximately 0.15 compared to that of 0.42 as at 31 December 2003 and the gearing ratio was 1.16 compared to that of 1.40 as at 31 December 2003. The calculation of gearing ratio was based on the total borrowings of HK\$138,863,000, which were due within one year, and the net assets of HK\$119,353,000 as at 30 June 2004.

Capital expenditure in respect of the acquisition of land use right contracted for but not provided for in the financial statements as at 30 June 2004 was HK\$311,000 (31 December 2003: Nil).

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

Charged on Assets

As at 30 June 2004, 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.

All the Group's other investments of HK\$14,277,000 are pledged against margin facilities granted to the Group.

Property, plant and equipment of HK\$7,803,000 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 2004.

Employees and Remuneration Policies

As at 30 June 2004, the Group has approximately 20 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

It is our Group's policy to maximize our shareholders' value of investment. The Directors will continue to explore business opportunities that are valuable to the Group and to our shareholders concerned.

DIRECTORS' INTEREST IN SHARES

As at 30 June 2004, 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 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.