INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board resolved to declare an interim dividend of RMB0.0395 (equivalent to HK$0.038) per share for the six months ended 31 October 2005 to be payable on 17 February 2006 to those shareholders whose names appear on the register of members of the Company on 15 February 2006.

The register of members of the Company will be closed from 14 February 2006 to 15 February 2006, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on 13 February 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group saw a satisfactory growth in turnover and profit attributable to shareholders during the six months ended 31 October 2005. During the period under review, the Group's turnover amounted to approximately RMB262,475,000, representing an increase of approximately 48% compared to the same period in 2004. 20% of the increment was mainly driven by the additional capacity from the new cultivation bases and processing plants located in Hubei and Hebei Province while 82% of the increment was mainly contributed by the Group's reinforced "Brand Building" campaign for the beverage and rice in domestic market.

The gross profit margin in the sales of fresh produces remains at about 46% while the gross profit margin of processed fruit and vegetables was decreased to 52% as compared to 56% of prior period. Such decrease was mainly due to the higher portion of the sales of processed fruit and vegetables with lower gross profit margin that led to lower overall gross profit margin of processed fruit and vegetables. Besides, higher portion of gain on change in fair value of biological assets for processed products were recognised in last year that resulted in higher cost of processed products sold and thus lower gross profit margin of processed fruit and vegetables during the current period. On the other hand, the gross profit margin of rice was at 27% which is lower than the other products of the Group due to it targets only the domestic market. As a result, the overall gross profit margin of the Group was decreased to 45% as compared to 50% of prior period.

During the period under review, the operating profits margin was 41%, as compared to 46% of prior period. It was attributable to the increase in operating expenses in the processing plants of Hebei, Jiangxi, and Fujian (Zhangpu).

The net profit margin for the period under review was 41%, as compared to 35% of prior period. The increase in net profit margin was attributable to PRC enterprise income tax exemption granted to the principal wholly owned subsidiary, Zhonglu (Fujian) Agriculture Comprehensive Development Company Limited, as a benefit for being one of the "State-Level Agricultural Leading Enterprise" award meanwhile the other subsidiaries of the Group also enjoy the exemption of PRC enterprise income tax for two years starting from the first year of profitable operations after offsetting prior year tax losses, followed by a 50% reduction in state income tax for the next three years.