

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2006 (six months ended 30 June 2005: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the six months ended 30 June 2006, turnover of the Group amounted to HK\$6,224,000 (30 June 2005: HK\$31,134,000). Net loss for the period was HK\$1,372,000 (30 June 2005: net profit of HK\$38,877,000) and loss per share was HK0.48 cents (30 June 2005: earnings per share of HK16.3 cents).

Rental income from 1 Lyndhurst Tower amounted to HK\$4,937,000, representing approximately 79.3% of the Group's total revenue. Following the exciting year of 2005, the blooming of property market continues in the first half of 2006. Rental income has been mostly exhibiting a gradual uptrend. The Group's investment properties, 1 Lyndhurst Tower, have also benefited from the growth and contributed to a profit of HK\$5,070,000 from the revaluation, representing a growth of nearly 1.6% in their aggregate valuation, while over 80% of the total gross floor areas were leased out. At the same time, some tenancy agreements of the Group's investment properties were renewed with a double digit rise in the corresponding rental income. Although the interest rate is standing at a high level, we believe that this favourable condition will carry over into the second half of 2006.

On the other hand, during the reporting period, revenue from production and sale of fertilizers amounted to HK\$1,287,000, representing approximately 20.7% of the Group's total revenue. Due to keen competition, the operating results were not as good as what we expected, and the management is developing other new markets in the People's Republic of China (the "PRC") to broaden its customer base.

Financial Review

Liquidity and Financial Resources

As at 30 June 2006, the Group has current ratio of approximately 0.66 compared to that of 0.70 as at 31 December 2005 and the gearing ratio was 0.87 compared to that of 0.68 as at 31 December 2005. The calculation of gearing ratio was based on the total borrowings of HK\$172,774,000 (31 December 2005: HK\$135,970,000) and the net assets of HK\$198,952,000 (31 December 2005: HK\$200,324,000) as at 30 June 2006. During the period, a bank loan of HK\$40,000,000 was raised to finance the acquisition of 51% of the issued share capital of a company incorporated in the British Virgin Islands (the "BVI Company") (the "Investment"), the sole asset of which is a sino-foreign equity joint-venture incorporated in the PRC.

Apart from the Investment, there were no other significant capital commitments as at 30 June 2006 which would require a substantial use of the Group's present cash resources or external funding.

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 2006, 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 banks against bank loans granted to the Group.