

2. The guarantees given will be released upon the earliest of; (i) registration of mortgage by the purchaser-mortgagors holding the relevant housing ownership certificate; (ii) repayment of loan by the purchaser-mortgagors; and (iii) two years from the date of any breach of obligations by the purchaser-mortgagors.

15. Pledge of assets

As at 30 September 2003, the Group's banking facilities were secured by the following:

	30 September 2003 (Unaudited) HK\$'000	31 March 2003 (Audited) HK\$'000
Investment properties	76,500	76,500
Completed properties held for sales	27,968	27,968
	<u>104,468</u>	<u>104,468</u>

16. Related party transactions

There was no significant related party transactions undertaken by the Group at any time during the six months ended 30 September 2003 and 30 September 2002.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 September 2003, the Group recorded a turnover of approximately HK\$30,872,000, representing an increase of approximately 144% as compared to the same period last year. The Group's net profit attributable to shareholders were approximately HK\$4,592,000 (six months ended 30 September 2002: approximately HK\$1,713,000).

MAJOR PROJECTS AND PROSPECTS OF THE GROUP

Dalian Properties Development Projects

During the period under review, the Group has amended its sales strategies while the property sales market was dragged by the threat of SARS, thus turnover increased but gross profit margin fell as compared to the same period last year. The Group will amend its lease and sales strategy in response to market changes. Gao Er Ji Road project and Golden Pebble Beach project will be completed within the anticipated period and will make contribution to the Group.

Energy Development Project

On 15 November 2002, the Group's associate, Bekwin International Ltd, entered into a memorandum of understanding to form a joint venture to acquire the entire business, assets and liabilities of Beijing Bluesky Technology Co., Ltd. ("Beijing Bluesky") at a total consideration of RMB8,000,000, which will be financed by internally generated resources. Upon completion, the Group will hold 29% of Beijing Bluesky.

Established in 1998, Beijing Bluesky successfully holds a number of PRC registered patents in relation to coal gas production technology and power generation using coal within a few years. This acquisition is not only in line with the Group's strategies for future development, it also facilitates the Group's expansion into the lucrative market in northern PRC.

