

PROSPECTS

Apart from its existing property development business, the Group captures every golden opportunity to develop other quality projects in order to further diversify its business in different major cities of the PRC.

On 8 October 2003, the Group entered into the joint venture contract ("JV Contract") and the articles of association for the establishment of 南京太平南路商業街開發有限公司 (Nanjing Taipingnanlu Commercial Street Development Co., Ltd.*) ("Joint Venture") in Nanjing, the PRC with 北京經易智業投資有限公司 (Beijing Jingyi Zhiye Investments Co., Ltd.) ("Beijing Trading"). On 4 November 2003, the relevant approval has been granted and funds have been injected into the Joint Venture on 19 December 2003 according to the JV Contract.

Simultaneously, the Group also actively looked for new drivers for future growth. As there is huge market potential in natural gas and power generation in cities of the PRC, the management sees new opportunities to expand the Group's scope of business and broaden its income streams. Therefore, on 23 December 2003, Sino Prosper Gas Limited, a newly established wholly-owned subsidiary of the Company, signed a letter of intent with China Everbright Petroleum Exploitation and Investment Co., Ltd. regarding a Sino-Hong Kong co-operative project on development of city gas pipeline and supply and sales of natural gas operation in China (the "Natural Gas Project"). The Natural Gas Project will involve significant investment and the Group intends to invest substantially in development of city gas pipeline and supply and sales of natural gas business in China in the coming few years.

FINANCIAL REVIEW

The Group generally finances its operations with internally generated cash flows. As at 30 September 2003, the Group had bank and cash balances of approximately HK\$20 million (31 March 2003: approximately HK\$11 million). Its gearing ratio calculated as a ratio of debt to equity was approximately 0.56 (31 March 2003: approximately 0.61). Net current assets totalled approximately HK\$49 million (31 March 2003: approximately HK\$44 million) and the current ratio was maintained at the healthy level of approximately 1.28 (31 March 2003: approximately 1.26).

CAPITAL STRUCTURE

There was no change to the Group's capital structure for the six months ended 30 September 2003.

TREASURY POLICIES

The Group generally finances its operations with internally generated resources and credit facilities provided by banks in the PRC. The Group's subsidiaries in the PRC are financed by their short-term loans as working capital. Both bank deposits and borrowings are mainly in Renminbi.

SEASONAL OR CYCLICAL FACTORS

The Group's business operations are not significantly affected by any seasonal and cyclical factors.

* For identification purpose only

