

# Management Discussion and Analysis

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## **GROUP RESULTS**

Net profit for the year amounted to HK\$293.0 million (2005: HK\$38.0 million). Turnover for the year amounted to HK\$87.9 million, representing an increase of 21% as compared to last year. In addition, the net profit for the year was positively impacted by the HK\$24.0 million write-back of provision against the Group's advances to Billion Park Investment Limited, an investee company, and the adoption of HKAS 40, whereby changes in the fair value of investment properties are recognised in the profit and loss account. The increase in net profit in 2006 as a result of the fair value uplift amounted to HK\$268.2 million, which was partially offset by its related deferred tax effect of HK\$46.9 million.

## **SIGNIFICANT INVESTMENTS**

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 95% and 90% let respectively.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Basically, the Group's working capital requirement was financed by its rental income. As at 30 September 2006, the Group had cash and bank balances totalling HK\$61.8 million (2005: HK\$53.5 million). During the year, the Group did not need any borrowings or overdraft facilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

The Group employs a total of 18 employees. The Group recognises the importance of the strength of its human resources for its success. Remuneration for employees are maintained at competitive levels and promotion and salary increments are assessed on a performance related basis.

## **MATERIAL ACQUISITIONS AND DISPOSALS**

There were no acquisitions or disposals of subsidiaries and associated companies during the year. In addition, there are no future plans for material investments in capital assets.