

# Management Discussion and Analysis

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## **GROUP RESULTS**

Net profit for the year amounted to HK\$433.1 million (2006: HK\$293.0 million). Turnover for the year amounted to HK\$104.5 million, representing an increase of 19% as compared to last year. The increase in net profit in 2007 as a result of the fair value uplift of investment properties amounted to HK\$442.5 million, which was partially offset by its related deferred tax effect of HK\$77.4 million. The net profit for the year was also positively impacted by the write-back of provision against the Group's advances to an investee company, Billion Park Investment Limited, of HK\$5.6 million.

## **SIGNIFICANT INVESTMENTS**

The Group's investment properties at Melbourne Plaza and Kimley Commercial Building in Central were approximately 95% and 91% let respectively.

## **LIQUIDITY AND FINANCIAL RESOURCES**

Basically, the Group's working capital requirement was financed by its rental income. As at 30 September 2007, the Group had cash and bank balances totalling HK\$84.5 million (2006: HK\$61.8 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 basis.

## **MATERIAL ACQUISITIONS, DISPOSALS AND FUTURE DEVELOPMENTS**

There were no acquisitions or disposals of subsidiary companies and associated companies during the year. Currently, there are no plans for material capital investments or future developments.