

Management Discussion and Analysis 管理層討論及分析

Business Review and Outlook

The Group is principally engaged in property development, property investment and property rental activities in the PRC.

During 2006, the Group's major investment property remained at Liwan Plaza and primary property under development was Jiangnan Nam Fong Garden Phase II, Guangzhou. During the year under review, the Group has disposed of certain units in Liwan Plaza and a subsidiary, Guangzhou Suinan Property Development Company Limited ("Suinan") which only asset were certain units of Liwan Plaza. As at 31 December 2006, The total units of Liwan Plaza owned by the Group amounted to approximately 29,408 sq.m. and generated a recurring rental income of approximately HK\$1,100,000 per month.

Apart from Suinan, the Group entered into an agreement with an independent purchaser on 13 November 2006 to dispose of the entire interest in Nam Fong Guangzhou Plaza Limited ("GZ Plaza"), the holding company of Guangzhou Xiunan Property Development Company Limited ("Xiunan") which sole asset is a development project, namely, the Yue Xiu Plaza and assign the loan due by GZ Plaza to the Group to the purchaser. Such disposal was completed in January 2007.

On 7 April 2006, the Company and Zhang Suqian (張素芊) (who is an independent investor) entered into a subscription agreement pursuant to which the Company agreed to allot and issue to Zhang Suqian (張素芊) 272,000,000 new ordinary shares of HK\$0.1 each at a subscription price of HK\$0.1 each subject to conditions that, among others, granting of the listing of and permission to deal in the new ordinary shares to be obtained from the listing committee of the Stock Exchange on or before 30 September 2006. Such long stop date was extended to 30 September 2007. Net proceeds of approximately HK\$27,200,000 (representing a net price of HK\$0.1 per Subscription share) under such subscription are to provide additional general working capital for the Group to develop its existing and future business.

業務回顧及展望

本集團主要於中國從事物業發展、物業投資及物業租賃等業務。

二零零六年，本集團主要的物業投資仍然為廣州市荔灣廣場，而主要發展中物業則為廣州市江南南方花園二期。回顧年內，本集團出售其附屬公司廣州穗南房產發展有限公司（「廣州穗南」），其唯一資產為荔灣廣場部份商舖。於二零零六年十二月三十一日，本集團持有荔灣廣場商舖約為29,408平方米及每月帶來經常性租金收入約為1,100,000港元。

除廣州穗南外，於二零零六年十一月十三日，本集團與獨立買方訂立協議，出售其於廣州市秀南房地產開發有限公司（「秀南」）之控股公司南方越秀廣場有限公司（「越秀廣場」）（其唯一資產為越秀廣場發展項目）之全部權益，以及轉讓越秀廣場結欠本集團之貸款予買方。該出售已於二零零七年一月完成。

於二零零六年四月七日，本公司與張素芊（為獨立投資者）訂立認購協議，據此，本公司同意向張素芊配發及發行272,000,000股每股面值0.1港元之普通股，認購價為每股0.1港元，惟須於二零零六年九月三十日或之前得到聯交所上市委員會批准新普通股上市及買賣方可完成。該最後完成日期已延長至二零零七年九月三十日。本公司根據該認購之所得款項淨額約為27,200,000港元（即每股認購股份之淨價為0.1港元），將用作本集團之一般營運資金，以發展其現有及未來業務。



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Future Plans

In the coming year, the Board intends to retain Liwan Plaza as its main investment properties and will focus on the development of Jiangnan Garden II.

Apart from Jiangnan Garden II, the Company will continue to explore quality properties with a view to expanding its land bank should suitable opportunities arise.

Financial Review

Turnover and segmental information

Rental income

The Group's turnover represents rental income generated. Rental income decreased by 48.6% to approximately HK\$23,406,000 in 2006 from approximately HK\$45,551,000 in 2005. The decrease in rental income is mainly due to the disposal of certain investment properties in Liwan Plaza.

Gross profit

Gross profit decreased by 60.3% to approximately HK\$16,089,000 in 2006 from approximately HK\$40,524,000 in 2005, mainly due to the decrease in rental income received.

Other income

Other income decreased by 11.7% to approximately HK\$58,855,000 in 2006 from approximately HK\$66,637,000 in 2005, as there were the bank loan interest waived and the reversal of provision for other tax made in 2005.

Administrative expenses

Administrative expenses increased by 17.4% to approximately HK\$13,965,000 in 2006 from approximately HK\$11,899,000 in 2005 mainly due to the increase in legal and professional fee during the year.

未來計劃

來年，董事會計劃保留荔灣廣場作為主要投資物業，並將重點發展江南花園二期。

除江南花園二期外，本公司將繼續物色優質物業，並在適當的機會出現時擴大其土地儲備量。

財務回顧

營業額及分部資料

租金收入

本集團之營業額來自租金收入。租金收入由二零零五年之約45,551,000港元下跌48.6%至二零零六年之約23,406,000港元，這主要是由於出售荔灣廣場之若干投資物業所致。

毛利

毛利由二零零五年之約40,524,000港元下跌60.3%至二零零六年之約16,089,000港元，這主要是由於租金收入減少所致。

其他收入

其他收入由二零零五年之約66,637,000港元下跌11.7%至二零零六年之約58,855,000港元。這主要是由於二零零五年內獲豁免銀行貸款利息及其他稅項撥備回撥所致。

行政開支

行政開支由二零零五年之約11,899,000港元增加17.4%至二零零六年之約13,965,000港元，這主要是由於年內法律及專業費用增加所致。



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Other operating expenses

Other operating expenses decreased by 80.2% to approximately HK\$10,885,000 in 2006 from approximately HK\$54,976,000 in 2005, primarily attributable to the decrease in claims, surcharge and penalties and allowances for doubtful debts during the year.

Finance costs

Finance costs decreased by 22.1% to approximately HK\$519,000 in 2006 from approximately HK\$666,000 in 2005, primarily attributable to the continuing repayment of loans during the year.

Profit before tax

Profit before tax increased to approximately HK\$66,664,000 in 2006 from a loss before tax of approximately HK\$164,923,000 in 2005 as a result of the gain of disposal of a subsidiary of approximately HK\$123,323,000 and cumulative effect of the foregoing factors.

Income tax

Income tax in 2006 was approximately HK\$6,596,000 while the income tax credited in 2005 was approximately HK\$493,450,000, primarily attributable to the write back of over-provision of income tax in 2005.

Liquidity and capital resources

Cash position

As at 31 December 2006, the Group's bank and cash balances amounted to approximately HK\$8,218,000.

Borrowings, charges on group assets and gearing ratio

As at 31 December 2006, the Group has a short-term borrowings together with accrued interest of approximately HK\$10,000,000 which was secured by the investment properties of the Group with carrying amount of approximately HK\$15,500,000 and was interest bearing at 5% per annum. Such secured loan was fully repaid in January 2007.

其他經營開支

其他經營開支由二零零五年之約54,976,000港元下跌80.2%至二零零六年之約10,885,000港元，這主要是由於年內賠償、罰款及罰金以及呆賬撥備減少所致。

融資成本

融資成本由二零零五年之約666,000港元下跌22.1%至二零零六年之約519,000港元，這主要是由於年內持續償還貸款所致。

除稅前溢利

由於出售附屬公司收益約123,323,000港元及上述因素之綜合影響，二零零六年除稅前溢利從二零零五年之除稅前虧損約164,923,000港元增至約66,664,000港元。

所得稅

二零零六年之所得稅約為6,596,000港元，而二零零五年所扣減所得稅約為493,450,000港元，這主要是由於二零零五年之所得稅超額撥備撥回所致。

流動資金及資本資源

現金水平

於二零零六年十二月三十一日，本集團之銀行及現金結餘約為8,218,000港元。

借貸、集團資產抵押及資本負債比率

於二零零六年十二月三十一日，本集團之短期貸款及利息約為10,000,000港元，以本集團賬面值約15,500,000港元之投資物業作為抵押，年息5%。該抵押貸款已於二零零七年一月全數償還。



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The gearing ratio as at 31 December 2006, expressed as total borrowing over the total equity was maintained at 2.31% (2005: 3.49%).

Disposal of a subsidiary

Save as disclosed in the note 26 to the financial statements of the Company, there were no other disposals for the year ended 31 December 2006.

Contingent Liabilities

Save as disclosed in the note 27 to the financial statements of the Company, there were no other significant contingent liabilities for the year ended 31 December 2006.

Foreign Exchange Rate

The Group conducts its business almost exclusively in RMB except that certain receipts of sales proceeds and the borrowings are in HKD. The conversion of RMB into HKD or foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HKD dollar and other foreign currencies may fluctuate and is affected by factors such as changes in China's political and economic conditions. However, the Board considers that the effect of the exposure of the Group to the foreign exchange risk is minimal.

Staff and Remuneration Policies

The Group had approximately 40 employees in Hong Kong and the PRC for the year. They are remunerated according to the job nature, market conditions, individual performance and qualifications. Other staff benefits include year end bonus.

Professional Tax Advice Recommended

If the shareholders of the Company are unsure about the tax implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the shares of the Company, they are advised to consult an expert.

於二零零六年十二月三十一日，資本負債比率（以總借貸除以總權益表示）維持於2.31%（二零零五年：3.49%）。

出售一間附屬公司

除本公司財務報表附註26所披露者外，於截至二零零六年十二月三十一日止年度內概無其他出售。

或然負債

除本公司財務報表附註27所披露者外，於截至二零零六年十二月三十一日止年度內概無其他重大或然負債。

匯率

除部份銷售款項及借貸以港元計算外，本集團絕大部分業務均以人民幣計算。人民幣兌換港元或外幣乃按中國人民銀行所定之匯率進行。人民幣兌港元或其他外幣之價值或會波動，並受中國政治及經濟條件改變等因素之影響。然而，董事會認為本集團受匯兌風險影響之程度並不大。

僱員及酬金政策

本年度本集團共僱用約40名員工於香港及中國工作。僱員之薪酬按照其工作性質、市場指標、個人表現及資歷而釐定。其他員工福利包括年終花紅。

諮詢專業稅務意見

本公司股東如對有關購買、持有或出售或買賣本公司股份或行使任何相關權利之稅務影響有任何疑問，應諮詢專家意見。

