

REVIEW OF OPERATIONS

業務回顧

The Company's profit attributable to its shareholders comprises:

公司的股東應佔溢利包括：

	2006	2005	Change 變幅 %	
<i>(in HK\$ Million)</i>				<i>(港幣百萬元)</i>
HAECO Hong Kong operations	305	256	19	港機工程在香港的業務
Share of:				應佔：
TAECO	221	102	117	廈門太古飛機工程公司
HAESL and SAESL	282	229	23	香港航空發動機維修服務公司及新加坡航空發動機維修服務公司
Other jointly controlled companies	39	31	26	其他共控公司
	847	618	37	

HAECO Hong Kong Operations

The Company's Hong Kong operations comprise heavy maintenance at hangars and line maintenance at the passenger and cargo terminals at Hong Kong International Airport as well as component overhaul at Tsung Kwan O and inventory technical management services.

The heavy maintenance division provided most of the growth for the Hong Kong operations this year with 1.85 million manhours sold, a 12.8% increase over 2005. Its 1,694 staff (2005: 1,204), provide a comprehensive range of scheduled maintenance checks, modifications and overhaul work on a wide variety of aircraft types. Approximately 61% of the division's work was for airlines based outside Hong Kong. It competes on price, availability of space, turnaround time and quality of workmanship with other Maintenance and Repair Organisations worldwide.

The Company commissioned its second hangar at Hong Kong International Airport in December 2006. This hangar can handle three wide-bodied aircraft simultaneously.

The Company has also entered into an agreement with the Hong Kong Airport Authority to lease additional land at the airport and, subject to certain conditions, extend its franchise to 2036. This will allow it to build an additional light maintenance hangar which is planned to start operation in the first half of 2009 and provide additional space for a further hangar at a later date.

Line maintenance experienced modest growth as a result of increases in movements by most customers offset by the loss of China Airlines business. The overall average number of movements handled by HAECO was virtually unchanged at 250 per day.

港機工程在香港的業務

公司在香港的業務，包括於香港國際機場的機庫進行大型維修工程及在客貨運站進行外勤維修工程、於將軍澳進行部件大修工程，以及提供庫存技術管理服務。

本年香港業務的增長，大部分來自大型維修部，售出的工時為一百八十五萬小時，較二零零五年增加百分之十二點八。該部門僱用員工一千六百九十四人（二零零五年為一千二百零四人），為不同類型的飛機進行定期維修檢查、改裝及大修工程。部門進行的工程中，約百分之六十一來自非以香港為基地的航空公司。部門無論在價格、機庫可用空間、周轉時間及工程質量上，均足以與世界其他同業一較長短。

公司位於香港國際機場的第二個機庫在二零零六年十二月投入運作。此機庫可同時處理三架廣體飛機。

公司亦與香港機場管理局訂立一份協議，在符合若干條件下，於機場租用更多土地及將專營權期限延長至二零三六年。因此，公司將可再興建一個輕型維修機庫，計劃於二零零九年上半年啟用，而餘下的額外空間可供日後興建另一個機庫之用。

外勤維修業務方面，由於流失了中華航空公司的業務，抵銷了大部分客戶的航班增長，因此這方面業務增長溫和。港機工程平均每日處理的飛機數目為二百五十架，大致與去年相若。

The component overhaul division occupies 7,000 square metres of modern workshop space at Tseung Kwan O and employs 199 people. Utilisation of these facilities during the year improved as a result of adding new capabilities.

The Company's inventory technical management service for rotatable spares produced satisfactory profits with assets under management expanding from HK\$180 million to HK\$211 million. It now includes Airbus 340-600, 340-500, 330-300 and 300-600F as well as Boeing 747 aircraft.

Taikoo (Xiamen) Aircraft Engineering Company Limited

TAECO performs heavy maintenance and passenger to freighter conversions using its four double wide-body bay hangars at Xiamen Gaoqi International Airport. It also performs line maintenance operations in Beijing, Shanghai and Xiamen which, while representing only a small percentage of its total turnover, handled an average of 39 flights per day during the year and continue to expand.

The opening of a fourth hangar at the end of 2005 and very strong demand allowed TAECO to expand its heavy maintenance work substantially. Sold manhours increased from 2.47 million in 2005 to 3.58 million in 2006 and profit attributable to the Company's shareholders increased by 117% to HK\$221 million. Three of TAECO's bays are dedicated to performing Boeing 747-400 passenger to freighter conversions for Boeing with seven aircraft being completed during the year and four in progress at the year-end. The remaining TAECO capacity is used for heavy maintenance with Cathay Pacific Airways, Japan Airlines and All Nippon Airlines being its most significant customers.

TAECO is building a fifth double wide-body bay hangar which is planned to open in mid 2007 and a sixth which is planned to open in the first quarter of 2009. It is also building a new training centre. At the end of 2006 TAECO's headcount totalled 4,098.

Hong Kong Aero Engine Services Limited

HAESL (45% owned) overhauls Rolls-Royce engines at its facility at Tseung Kwan O. It faced strong demand throughout the year and worked at close to the maximum sustainable capacity of its workforce handling 212 engine equivalents as compared to 202 for 2005. Singapore Aero Engine Services Pte. Limited ("SAESL"), in which HAESL has a 20% interest also had a strong year with increased turnover and profitability.

部件大修部位於將軍澳的現代化工場佔地七千平方米，僱用員工一百九十九人。年內這些設施的使用量因處理能力增加而上升。

公司為可修周轉件提供的庫存技術管理服務帶來令人滿意的溢利，管理資產由港幣一億八千萬港元增至港幣二億一千一百萬元。該服務現時涵蓋空中巴士340-600型、340-500型及330-300型客機、300-600F型貨機以及波音747型飛機。

廈門太古飛機工程有限公司

廈門太古飛機工程公司位於廈門高崎國際機場的四個可容納兩架廣體飛機的機庫，提供大型維修及客機轉貨機改裝服務，並在北京、上海及廈門從事外勤維修業務，雖然只佔整體營業總額一小部分，但年內平均每日處理三十九班航班，業務繼續擴大。

第四個機庫於二零零五年底正式啟用，由於需求非常龐大，使廈門太古飛機工程公司的大型維修工程大幅增加。已售工時由二零零五年的二百四十七萬增至二零零六年的三百五十八萬，而公司股東應佔溢利則增加百分之一百一十七至港幣二億二千一百萬元。廈門太古飛機工程公司其中三個機位，專為波音747-400型客機改裝為貨機，年內已完成七架飛機的改裝工程，年底時仍有四架飛機正在進行改裝。廈門太古飛機工程公司其餘的處理能力用於大型維修工程，最主要的客戶為國泰航空公司、日本航空公司及全日本航空公司。

廈門太古飛機工程公司現正興建第五個可容納兩架廣體飛機的機庫，預期於二零零七年中啟用，第六個機庫計劃於二零零九年首季啟用，此外該公司正在興建一座新的培訓中心。截至二零零六年底，廈門太古飛機工程公司的僱員數目合共四千零九十八人。

香港航空發動機維修服務有限公司

香港航空發動機維修服務公司(公司持有百分之四十五權益)於將軍澳的設施為勞斯萊斯引擎進行大修工程。該公司全年面對強大的需求，業務已近飽和，本年處理的引擎同類部件為二百一十二台，二零零五年則為二百零二台。香港航空發動機維修服務公司擁有兩成權益的新加坡航空發動機維修服務有限公司(「新加坡航空發動機維修服務公司」)本年業績亦相當理想，其營業總額及溢利率均有所提高。



Boeing 747 Flight Deck modification in progress at TAECO.

廈門太古飛機工程公司正為波音747型飛機進行駕駛艙改裝工程。

The Group's share of the after-tax profit of HAESL including its interest in SAESL rose by 23% to HK\$282 million.

HAESL increased its headcount by 55 and further enhanced its component repair capability during the year with its turbine blade repair cell gaining the 'gold centre of excellence' award from Rolls-Royce Aero Repair & Overhaul. It also commenced construction of a HK\$85 million 2,800 square metre extension to its facility.

Other Jointly Controlled Companies

The Group's other jointly controlled companies comprise:

- EADS SOGERMA HAECO Services Company Limited (50% owned) which provides computerised testing of components.
- Honeywell TAECO Aerospace (Xiamen) Company Limited (25% owned by HAECO and 10% by TAECO) which overhauls auxiliary power units and other rotables.
- Goodrich Asia-Pacific Limited (49% owned) refurbishes carbon brakes and overhauls wheel hubs at Fanling, in Hong Kong.
- Goodrich TAECO Aeronautical Systems Limited (35% owned by TAECO) overhauls fuel control systems and pumps in Xiamen.
- IN-Services Asia Limited (35% owned) sells Inter technique components, and provides a warranty and repair service to customers.
- Taikoo (Shandong) Aircraft Engineering Company Limited, (30% owned by HAECO and 10% by TAECO) provides a heavy maintenance service at Jinan for Boeing 737 and other narrow-bodied aircraft. It also provides Boeing 737 passenger to freighter conversions.

All these companies produced improved results with exception of EADS SOGERMA HAECO which experienced lower work volumes. Their total contribution to the Group's results increased by 26% to HK\$39 million.

In February 2007, HAECO acquired EADS SOGERMA's 50% interest in EADS SOGERMA HAECO to make it a wholly owned subsidiary and renamed it HAECO ATEC Component Service Limited.

集團應佔香港航空發動機維修服務公司（包括於新加坡航空發動機維修服務公司的權益）除稅後溢利增加百分之二十三，達港幣二億八千二百萬元。

年內香港航空發動機維修服務公司增加僱員五十五人，並進一步增強其部件修理能力；其渦輪葉片修理間榮獲Rolls-Royce Aero Repair & Overhaul頒發「卓越中心金獎」。該公司亦已展開耗資港幣八百五十萬元、佔地二千八百平方米的擴建工程。

其他共控公司

集團其他共控公司包括：

- EADS SOGERMA HAECO Services Company Limited (公司持有五成權益) 提供電腦化部件測試服務。
- 廈門霍尼韋爾太古宇航有限公司 (港機工程持有兩成半權益、廈門太古飛機工程公司持有一成權益) 從事輔助動力裝置及其他可修周轉件大修業務。
- Goodrich Asia-Pacific Limited (公司持有四成九權益) 於香港粉嶺從事碳質掣動片整修及輪轂大修業務。
- 廈門豪富太古宇航有限公司 (廈門太古飛機工程公司持有三成五權益) 於廈門從事燃料控制系統及燃料泵大修業務。
- IN-Services Asia Limited (公司持有三成半權益) 出售 Inter technique 部件，並為客戶提供保用及修理服務。
- 山東太古飛機工程有限公司 (港機工程持有三成權益、廈門太古飛機工程公司持有一成權益) 於濟南為波音737型飛機及其他狹體飛機提供大型維修服務。該公司亦提供波音737型客機轉貨機改裝工程。

除EADS SOGERMA HAECO 本年工作量下降外，上述公司業績均有進步。各公司為集團業績帶來的貢獻合共上升百分之二十六，達港幣三千九百萬元。

二零零七年二月，港機工程購入EADS SOGERMA 於EADS SOGERMA HAECO的五成權益，使EADS SOGERMA HAECO成為其全資附屬公司，並易名為HAECO ATEC Component Service Limited。

Financial Review

財務回顧

	2006	2005	Change % 變幅	
<i>(in HK\$ Million)</i>		<i>(港幣百萬元)</i>		
Consolidated profit and loss account		綜合損益賬		
Turnover	3,844	3,121	23	營業總額
The increase in turnover comprises a 10% increase for the Company's Hong Kong operations and a 54% increase for TAECO.		營業總額增加，包括公司在香港的業務增長百分之十及廈門太古飛機工程公司的業務增長百分之五十四。		
Operating profit	749	501	50	營業溢利
The increase in operating profit is driven primarily by the growth in turnover and by improved margins at TAECO arising from the increase in its volume of business. It comprises an increase of 6% for the Company's Hong Kong operations and a 115% increase for TAECO.		營業溢利增加，主要是由於廈門太古飛機工程公司營業額增加以及邊際利潤提升所致。這包括公司在香港的業務增長百分之六，及廈門太古飛機工程公司的業務增長百分之一百一十五。		
Share of after-tax results of jointly controlled companies	330	267	24	應佔共控公司除稅後業績
HAESL and SAESL account for HK\$282 million of the profit. The HK\$48 million profit from other jointly controlled companies includes HK\$9 million attributable to minority interests and HK\$39 million attributable to HAECO's shareholders.		香港航空發動機維修服務公司及新加坡航空發動機維修服務公司帶來港幣二億八千二百萬元溢利，另外港幣四千八百萬元來自其他共控公司，包括少數股東應佔溢利港幣九百萬元及港機工程股東應佔溢利港幣三千九百萬元。		
Profit for the year	1,028	710	45	本年溢利
This comprises HK\$847 million attributable to HAECO shareholders and HK\$181 million attributable to minority interests. The main elements of the profit are HAECO's Hong Kong operations HK\$305 million, TAECO HK\$394 million and HAESL HK\$282 million.		本年溢利包括港機工程股東應佔溢利港幣八億四千七百萬元、少數股東應佔溢利港幣一億八千一百萬元。溢利主要來自港機工程在香港的業務港幣三億零五百萬元、廈門太古飛機工程公司港幣三億九千四百萬元，及香港航空發動機維修服務公司港幣二億八千二百萬元。		
Consolidated balance sheet		綜合資產負債表		
Non-current assets	4,063	3,495	16	非流動資產
The majority of the net increase of HK\$568 million during the year arose from HK\$690 million capital expenditure offset by HK\$229 million depreciation and amortisation.		年內增加淨額為港幣五億六千八百萬元，大部分因港幣六億九千萬元折舊及攤銷抵銷港幣二億二千九百萬元資本性開支所致。		
Net current assets				流動資產淨值
Deposits and bank balances	834	877	-5	存款及銀行結存
Working capital assets	769	643	20	營運資金資產
Working capital liabilities	(981)	(598)	64	營運資金負債
Net current assets	622	922	-33	流動資產淨值
The increase in working capital assets and liabilities is driven by the growth in the Group's business volume and accruals for capital expenditure payments.		營運資金資產及負債增加，乃因集團營業額及應計資本性開支增加所致。		

<i>(in HK\$ Million)</i>	2006	2005	Change 變幅 %	
				<i>(港幣百萬元)</i>
Consolidated cashflow statement				綜合現金流量表
Net cash generated from operating activities HK\$505 million was generated by HAECO's own operations and HK\$557 million by TAECO.	1,063	843	26	營運業務產生的現金淨額 港幣五億零五百萬元由港機工程本身的業務產生，港幣五億五千七百萬元則由廈門太古飛機工程公司產生。
Purchases of property, plant and equipment Capital expenditure during 2006 included HK\$505 million on new hangars and HK\$47 million on rotables managed for airlines.	690	546	26	購買物業、廠房及設備 二零零六年之資本性開支包括用於新機庫港幣五億零五百萬元，及用於為航空公司管理可修周轉件港幣四千七百萬元。
Dividends and loan repayments received from jointly controlled companies Dividends received in 2006 comprised HK\$299 million from HAESL and HK\$16 million from Goodrich Asia Pacific.	321	318	1	於共控公司收取的股息及還款 二零零六年收取的股息包括來自香港航空發動機維修服務公司港幣二億九千九百萬元及來自Goodrich Asia Pacific港幣一千六百萬元。

Net Liquid Funds and Financing

The Group had deposits and net cash equivalents of HK\$834 million at 31st December 2006 together with committed but undrawn banking facilities of HK\$400 million. This is considered sufficient to meet its committed operating, working capital and capital expenditure requirements for 2007.

Currency Fluctuations

The Group's income is substantially in HK dollars and US dollars and is matched by expenditure in the same currencies. The exception to this is TAECO which has substantial Renminbi expenditure. TAECO reduces its exposure to changes in the exchange rate of the Renminbi against the US dollar by retaining surplus funds in Renminbi and by selling US dollars and HK dollars forward for Renminbi. At 31st December 2006, TAECO had sold forward a total of US\$31 million and HK\$680 million to fund part of its Renminbi requirement for 2007, 2008 and 2009.

流動資金淨額及融資

於二零零六年十二月三十一日結算，集團有存款及現金等價物淨額港幣八億三千四百萬元，以及未動用而已承擔銀行信貸安排港幣四億元，公司認為足以應付二零零七年的已承擔營業、營運資金及資本性開支需要。

貨幣浮動

集團的收入以港幣及美元為主，開支亦以同類貨幣為主。唯一例外是廈門太古飛機工程公司，該公司大量開支以人民幣計算。廈門太古飛機工程公司透過以人民幣保留盈餘資金，賣出遠期美元及港幣換成人民幣，以減低人民幣兌美元匯率變動所產生的風險。於二零零六年十二月三十一日結算，廈門太古飛機工程公司已出售合共遠期三千一百萬美元及港幣六億八千萬，以應付二零零七、二零零八及二零零九年的部分人民幣需求。