

Management Discussion and Analysis 管理層討論及分析

REVIEW OF OPERATIONS

The Directors would like to report that the Group's audited consolidated revenue for the year ended 31 December 2005 grew by 32.5% to HK\$418.0 million from the previous year with the commencement of commercial operations of the Group's slag powder plant in Liuzhou and the cement and berth facilities in Fuzhou. The Group's profit attributable to shareholders of the Company for the year was HK\$50.0 million, whereas that for the prior year of HK\$328.1 million included exceptional gain on the merger of KG Telecommunications Co., Ltd. and Far Eastone Telecommunications Co., Ltd. ("FET") of HK\$75.6 million and an unrealised gain on FET shares of HK\$231.1 million in contrast with the corresponding HK\$4.9 million in 2005.

Hong Kong

The Group's cement distribution business in Hong Kong continued to operate in a highly challenging environment during the year. Stagnancy in both private and public construction sectors continued. While sales quantity remained stable, the effect of selling price increments during the year was more than offset by the increase in import cost of cement, thereby thinning margins and eroding profit. The selling prices of ready-mixed concrete businesses carried on by the Group's associates started to rise considerably from the second quarter of 2005 and increased their contribution to the Group's profit.

Mainland China

Anhui King Bridge Cement Co., Ltd. ("AKB"), the Group's 60%-owned subsidiary which runs a slag powder grinding plant in Wuhu with an annual production capacity of 700,000 metric tonnes, recorded a decline of profit as a result of significant reduction of selling prices due to continuing macroeconomic austerity measures and keener competition brought about by new competitors in the market.

業務回顧

董事謹呈報本集團截至二零零五年十二月三十一日止年度之經審核綜合收益為418,000,000港元，較去年增加32.5%，原因是本集團於柳州之礦渣粉廠及福州之水泥及碼頭設施投入商業運作。本年度之本公司股東應佔本集團溢利為50,000,000港元，而去年之328,100,000港元已計入合併和信電訊股份有限公司及遠傳電信股份有限公司（「遠傳電信」）之特殊收益75,600,000港元，以及遠傳電信股份之未變現收益231,100,000港元，而二零零五年則為4,900,000港元。

香港

年內，本集團於香港水泥分銷業務之市況仍然艱鉅。公共及私人建築項目持續不景。儘管銷量保持穩定，但年內售價上升之影響被水泥進口成本增加所抵銷，毛利率因此收窄，影響溢利。本集團聯營公司經營之預拌混凝土業務售價由二零零五年第二季度開始適度增長，因此增加對本集團之溢利貢獻。

中國大陸

本集團擁有60%權益之附屬公司安徽朱家橋水泥有限公司（「朱家橋」）於蕪湖經營年產能達700,000公噸之礦渣粉研磨廠錄得溢利下降，主要由於中國國家宏觀經濟調控持續，加上國內市場上出現新參與者帶來更激烈之競爭，因而導致售價大幅下跌。

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Upon completion of the berth facilities in Fuzhou, Fujian province in February 2005, the Group's cement grinding plant which has an annual production capacity of 1.5 million metric tonnes started commercial operations in March 2005. The Fuzhou operation started to turn around by the end of 2005 in line with previous expectation. Effective distribution channels have been built and sales volume has been on the rise. In December 2005, the Fuzhou cement plant achieved a monthly sales volume exceeding 100,000 metric tonnes.

The joint venture for a 700,000 metric-tonne slag powder plant with Guangxi Liuzhou Steel (Group) Corporation in which the Company's subsidiary has a 60% equity interest commenced commercial production in October 2005 and that it has generated profit ever since. Slag powder is becoming more popular in the target markets of Guangdong and Guangxi Provinces.



與廣西柳州鋼鐵(集團)公司合作成立之合營企業(本公司附屬公司擁有60%股權)年產能達700,000公噸礦渣粉,自二零零五年十月投產後一直錄得溢利。礦渣粉在廣東及廣西省等目標市場已越來越廣為使用。

Construction of the Group's wholly-owned large-scale cement manufacturing base in Yingde, Guangdong Province, which will have an annual production capacity of 4 million metric tonnes, was in line with expected progress and was complete in December 2005.

本集團於廣東省英德之全資大型水泥生產基地之建設工程已如期於二零零五年十二月竣工,預計年產能將達4,000,000公噸。

The Philippines

The Group owns cement distribution facilities in Manila and renders cement handling services. The Philippine operation continued to produce a steady stream of income to the Group during the year.

菲律賓

本集團於馬尼拉擁有水泥分銷設施,並提供水泥處理服務。年內,菲律賓業務繼續為本集團帶來穩定之收入來源。

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Other significant investments held

The Group's shareholding in FET has been partially disposed of and a gain of HK\$12.6 million was recognised for the period.

A net decrease in fair value of HK\$0.6 million was recognised for held-for-trading investments upon stating them at market prices as at 31 December 2005.

Liquidity, financial resources and capital structure

The Group adopts prudent treasury policies in managing cash resources and bank borrowings.

Total unrestricted cash and bank balances of the Group as at 31 December 2005 amounted to HK\$185.7 million, of which 91.5% were denominated in HK\$, US\$ or RMB and 8.5% in NT\$. Highly liquid short term investments, classified as held-for-trading investments, with a market value of HK\$628.2 million as at 31 December 2005, were also held by the Group.

The maturity profile of the Group's bank borrowings as at 31 December 2005 are as follows:

持有其他重大投資

本集團已出售於遠傳電信之部分股權，期內已確認收益12,600,000港元。

本集團以二零零五年十二月三十一日之市值呈列持作交易用途之投資，因而確認公平值減少淨額600,000港元。

流動資金、財務資源及資本架構

本集團採用審慎之庫務政策，管理現金資源及銀行貸款。

於二零零五年十二月三十一日，本集團無限制現金及銀行結餘總額為185,700,000港元，其中91.5%以港元、美元或人民幣為貨幣單位，而8.5%則以新台幣為貨幣單位。於二零零五年十二月三十一日，本集團亦持有高流通之短期投資，市值達628,200,000港元，並已分類為持作交易用途之投資。

於二零零五年十二月三十一日，本集團銀行貸款之到期詳情如下：

| | | 2005 | 2004 |
|--------------------------|---------------------|------------------|----------|
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Amount repayable: | 須於以下期間償還之金額： | | |
| Within one year | 一年之內 | 574,964 | 559,888 |
| Within two to five years | 兩至五年之內 | 606,593 | 9,305 |
| Beyond five years | 五年之後 | 52,486 | 2,326 |
| Total bank loans | 銀行貸款總額 | 1,234,043 | 571,519 |

Management Discussion and Analysis 管理層討論及分析

Out of the bank loans as at 31 December 2005, HK\$913.2 million was denominated in HK\$, HK\$77.6 million in US\$ and HK\$243.2 million in RMB. All of the bank loans are of floating rate structures.

The Group's financial position remained healthy, with net current assets of HK\$253.1 million as at 31 December 2005 and gearing ratio, calculated based on total bank borrowings and total assets as at 31 December 2005, of 46.6%.

CHARGE ON ASSETS

As at 31 December 2005, a time deposit of HK\$6.0 million were pledged by the Group as margin for issuance of letter of credit for the purchase of plant and equipments and time deposits of HK\$7.4 million were pledged to secure bank acceptances draft granted by banks for the purchase of raw materials.

FOREIGN CURRENCY EXPOSURES

The Group utilised various methods to mitigate foreign currency exposures arising from the currency mismatch of construction material purchases and sales. To protect the benefits of shareholders, cost-efficient hedging methods will be considered in future foreign currency transactions.

No foreign exchange contracts were outstanding as at 31 December 2005.

於二零零五年十二月三十一日之銀行貸款，其中 913,200,000 港元以港元為貨幣單位，77,600,000 港元以美元為貨幣單位，243,200,000 港元以人民幣為貨幣單位。所有銀行貸款均為浮動利率模式。

本集團財務狀況維持穩健，於二零零五年十二月三十一日淨流動資產為 253,100,000 港元，而於二零零五年十二月三十一日，根據銀行貸款總額及資產總值計算之資產與負債比率為 46.6%。

質押資產

於二零零五年十二月三十一日，6,000,000 港元之定期存款已質押作為本集團發出購置機器及設備信用證之保證金，另 7,400,000 港元之定期存款已質押予銀行作為發出購置原材料銀行承兌滙票之保證金。

外幣風險

本集團運用不同方法以避免因買賣建材之不同貨幣所產生之外幣風險。為保障股東利益，在日後外幣交易將考慮具有成本效益之對沖方法。

於二零零五年十二月三十一日並無任何尚未償還之外匯兌換合約。

Management Discussion and Analysis 管理層討論及分析

EMPLOYEES

As at 31 December 2005, the Group had 613 full-time employees. Total wages and salaries of the Group for the year then ended amounted to HK\$24.0 million. Discretionary bonuses, recommended by management and reviewed by the remuneration committee, are payable to employees in Hong Kong and senior management of overseas subsidiaries based on performance. In addition, the Company's directors may invite employees, including executive directors (in which case approval of independent non-executive directors is required), of the Company or any of its subsidiaries and associates to take up options to subscribe for shares of the Company. During the year, all outstanding options granted to directors and employees lapsed and no new options were granted to directors or employees.

僱員

於二零零五年十二月三十一日，本集團共有613名全職僱員。本集團於截至當日止年度之工資及薪金總額達24,000,000港元。管理層可向香港僱員及海外附屬公司之高級管理層按彼等之表現建議發放酌情花紅，並由薪酬委員會進行審閱。此外，本公司董事可邀請本公司或其任何附屬公司及聯營公司之僱員，包括執行董事（在此情況下須由獨立非執行董事批准），收取可認購本公司股份之購股權。年內，授予董事及僱員之所有未行使購股權已經失效，而董事或僱員亦無獲授任何新購股權。