

## 業務回顧

憑藉管理團隊於香港提供水務工程服務之良好往績及經驗，本集團於回顧年內獲得水務署授予兩份為期三年之定期合約，擔任九龍區(合約編號：1/WSD/05(K))及大嶼山與離島區(合約編號：1/WSD/05(L))水務設施保養工程的總承建商。於二零零五年度內開展之多項基建工程合約，例如觀塘道及龍翔道沿線之水管更換及修復工程(合約編號：26/WSD/02)及坪輦食水配水庫之建造工程(合約編號：2/WSD/04)等，進度同樣令人滿意。

一般而言，水務署之水務工程項目為明興之主要收入來源，佔本集團總收益逾86.2%，而本集團大多擔任該等項目之總承建商。董事預計水務署將繼續為明興之主要客戶。

## BUSINESS REVIEW

With the track record and the experience of the management team in waterworks engineering services in Hong Kong, the Group has been awarded two three-year term contracts from WSD as the main contractor for the maintenance of waterworks installations in Kowloon district (contract number 1/WSD/05(K)) and in Lantau and the outlying islands (contract number 1/WSD/05(L)) during the year under review. Several capital works contracts, such as the project of replacement and rehabilitation of water mains along Kwun Tong Road and Lung Cheung Road (contract number 26/WSD/02) and the construction of Ping Che Fresh Water Service Reservoir (contract number 2/WSD/04), etc., which commenced during the year 2005 also undergone in satisfactory progress.

In general, waterworks engineering projects of WSD remained the major source of income for the Group, contributing over 86.2% of the Group's revenue. The Group acted as the main contractor in most of those projects. The Directors anticipate that the WSD will continue to be the Group's major customer.



### 財務表現

截至二零零六年三月三十一日止年度，本集團錄得令人滿意之收益增長，約達263,800,000港元，較去年增加約27.3%（二零零五年：207,200,000港元）。毛利較去年增加約19.4%至約70,800,000港元（二零零五年：59,300,000港元）。本年度溢利增加約8.1%至約38,600,000港元（二零零五年：35,700,000港元），達致其日期為二零零六年三月三日所編製之售股章程（「售股章程」）內本集團之溢利預測。每股基本盈利約達15.83港仙（二零零五年：14.85港仙）。

### 收益

回顧年內，來自保養工程合約產生之收入約達189,300,000港元（二零零五年：180,000,000港元），佔本集團總收益約71.8%（二零零五年：86.9%）。保養工程合約收益增加主要由於兩份保養工程合約（合約編號：1/WSD/05(K)及1/WSD/05(L)）於年內開展。由於兩份合約均於二零零五年九月開展，董事預期該兩份合約將於來年帶來重大收入貢獻。就基建工程而言，回顧年內其收益約為74,500,000港元（二零零五年：27,200,000港元），佔本集團總收益約28.2%（二零零五年：13.1%）。基建工程所產生之收益上升，主要由於多份合約於二零零五年度內開展，並於回顧年內錄得全年收益。

### 邊際利潤及成本控制

回顧年內，本集團之毛利率約為26.8%（二零零五年：28.6%）。由於本集團自二零零三年一月起已獲確認為政府認可公共工程承建商—水務工程類別（丙組）之承建商，因此毛利率自二零零四年度起已大幅改善。該等確認令本集團可以總承建商身份承接價值逾50,000,000港元之水務保養工程合約。由於本集團垂直整合業務，以及透過總承建商之

### FINANCIAL REVIEW

For the year ended 31 March 2006, the Group recorded satisfactory growth in revenue amounting to approximately HK\$263.8 million, representing an increase of approximately 27.3% as compared to the previous year (2005: HK\$207.2 million). Gross profit increased by approximately 19.4% to approximately HK\$70.8 million as compared to the previous year (2005: HK\$59.3 million). Profit for the year increased by approximately 8.1% to approximately HK\$38.6 million (2005: HK\$35.7 million), reaching the Group's profit forecast in its prospectus dated 3 March 2006 (the "Prospectus"). Basic earnings per Share amounted to approximately HK15.83 cents (2005: HK14.85 cents).

### REVENUE

During the year under review, maintenance contracts generated revenue amounting to approximately HK\$189.3 million (2005: HK\$180.0 million), constituting approximately 71.8% (2005: 86.9%) of the Group's total revenue. The increase in maintenance contracts revenue was mainly due to the commencement of two maintenance contracts (contract numbers 1/WSD/05(K) and 1/WSD/05(L)) during the year. As both contracts commenced in September 2005, the Directors anticipate that substantial income contributions will occur in the coming years. As for capital works, its revenue for the year under review was approximately HK\$74.5 million (2005: HK\$27.2 million), making up approximately 28.2% (2005: 13.1%) of the Group's total revenue. The increase in the revenue generated from capital works was mainly due to several contracts which commenced during the year 2005 and recorded full year revenue in the year under review.

### PROFIT MARGIN AND COST CONTROL

During the year under review, the gross profit margin of the Group was approximately 26.8% (2005: 28.6%). The gross profit margin of the Group improved substantially since the year 2004 as the Group obtained the confirmed status of a government-approved contractor for public works in Group C under the category of "Waterworks" in January 2003. The confirmed status allows the Group to undertake, as a main contractor, the waterworks maintenance contracts of value exceeding HK\$50 million. Higher

身分降低成本，令本集團達致更高的毛利率。此外，本集團有效控制主要合約成本的策略，亦令毛利率進一步改善。回顧年內，本集團之合約成本約為193,000,000港元，主要包括分包費用、物料、工資及其他地盤開支。

### 經營開支

回顧年內之行政開支約為24,200,000港元，較去年增加約53.2%（二零零五年：15,800,000港元）。行政開支主要包括核數師酬金、法律及專業費用、員工成本（包括董事酬金）及折舊開支。行政開支上升，主要由於為現有與新合約工程及本集團年內之擴充而增聘員工及添置物業、廠房及設備，而導致員工成本及折舊開支上升所致。

### 流動資金及財務資源

回顧年內，本集團主要透過股東資金、內部產生之現金流量及銀行借貸，為業務提供資金。於二零零六年三月三十一日，股東資金約134,700,000港元（二零零五年：52,100,000港元）、流動負債約58,400,000港元（二零零五年：56,000,000港元）及非流動負債約17,100,000港元（二零零五年：4,900,000港元）。本集團之資產總值約為210,200,000港元（二零零五年：113,000,000港元）。

於二零零六年三月三十一日，本集團之現金及現金等價物約達97,100,000港元（二零零五年：80,000,000港元）。本集團之可動用信貸融資總額約達70,400,000港元，而已動用的銀行融資已由已抵押存款11,200,000港元作出擔保。本集團於二零零六年三月三十一日之借貸總額約為27,300,000港元（二零零五年：4,000,000港元）。新增之銀行借貸主要用作本集團之營運支出。須於一年內償還之借貸

gross profit margins have been achieved as a result of the Group's vertically integrated operation and its ability to minimise costs acting as a main contractor. Improvement has also been a result of the Group's effective cost control policy over major contract costs. During the year under review, the Group's cost of contracts was approximately HK\$193.0 million, mainly consist of sub-contracting charges, materials, wages and other site overheads.

### OPERATING EXPENSES

The administrative expenses in the year under review was approximately HK\$24.2 million, representing an increase of approximately 53.2% as compared to the previous year (2005: HK\$15.8 million). The administrative expenses mainly consisted of auditors' remuneration, legal and professional fees, staff costs (including Directors' emoluments) and depreciation expense. The increase in the administrative expenses was primarily due to the increase in staff costs and depreciation expense as a result of the increase in the number of staff and acquisition of property, plant and equipment for the existing and new contracts and the expansion of the Group during the year.

### LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group financed its operations mainly through a combination of shareholders equity, internally generated cashflows and borrowings from banks. As at 31 March 2006, the shareholders' funds was approximately HK\$134.7 million (2005: HK\$52.1 million), current liabilities was approximately HK\$58.4 million (2005: HK\$56.0 million) and non-current liabilities was approximately HK\$17.1 million (2005: HK\$4.9 million). The total asset of the Group was approximately HK\$210.2 million (2005: HK\$113.0 million).

As at 31 March 2006, the cash and cash equivalents of the Group amounted to approximately HK\$97.1 million (2005: HK\$80.0 million). The Group's total available credit facilities amounted to approximately HK\$70.4 million. The utilised banking facilities were secured by pledged deposits of HK\$11.2 million. The Group's total borrowings as at 31 March 2006 was approximately HK\$27.3 million (2005: HK\$4.0 million). The increased bank borrowings were mainly for the finance of the Group's operations. The borrowings to be repayable within one year were approximately

約為12,300,000港元(二零零五年：22,000港元)。於二零零六年三月三十一日，本集團之資產與負債比率(按融資租賃項下之銀行借貸及責任總額除以資產總值，乘以100%計算)由約3.6%上升至約13.0%，主要由於上述之銀行借貸增加所致。考慮到本集團持有淨現金結存，董事相信本集團於有需要時仍可按有利條款取得債務融資。

由於流動資產水平改善(包括首次公開發售後現金及銀行存款增加以及回顧年度內兩份水務設施保養工程合約開展)，因此本集團之流動比率由二零零五年約1.9上升至二零零六年約3.2。

### 人力資源

本集團於二零零六年三月三十一日聘用約230名僱員(於二零零五年三月三十一日：90名僱員)，其中超過半數為直接聘用之勞工。有關之員工成本(包括董事酬金)約達35,000,000港元(二零零五年：13,600,000港元)。員工成本上升主要由於近年開展了兩份新保養工程合約及多份基建工程合約後僱員數目大幅增加所致。

僱員薪酬乃根據工作性質及市場趨勢而釐定，並按本集團、個別董事及員工之表現酌情分發花紅。為協助執行若干工作職務，本集團亦提供在職及外部培訓計劃。董事相信，富競爭力之薪酬計劃及事業發展機會有助激勵僱員之個人發展及為本集團作出貢獻。

HK\$12.3 million (2005: HK\$22,000). As at 31 March 2006, the gearing ratio of the Group (which is based on the amount of total bank borrowings and obligations under finance leases divided by total assets multiplied by 100%) increased from approximately 3.6% to approximately 13.0% as a result of the increase in bank borrowings. Taking into account its positive position of net cash balance, the Directors believe the Group still stands prime in obtaining debt financing, if necessary, on favourable terms.

The current ratio of the Group went up from approximately 1.9 for the year 2005 to approximately 3.2 for the year 2006, which was resulted from the improved current assets level (including increase in cash and bank deposits after the initial public offering and the commencement of two waterworks maintenance contracts during the year under review).

### HUMAN RESOURCES

As at 31 March 2006, the Group employed approximately 230 employees (as at 31 March 2005: 90 employees) and over half of them are direct labour. The related staff costs, including Director's emoluments, amounted to approximately HK\$35.0 million (2005: HK\$13.6 million). The increase in the staff costs was mainly due to the substantial increase in the number of employees after the commencement of two new maintenance contracts and several capital works contracts in recent years.

Employees are remunerated according to the nature of the job and market trend with discretionary bonus, which is distributable based on the performance of the Group and the individual Directors and staff. The Group also provides in-house and external training programmes which are complementary to certain job functions. The Directors believe that a competitive remuneration scheme and career development opportunities provide incentives for employees' personal development and contributions to the Group.

### 展望

受惠於股份在聯交所上市，本集團現能於香港及中國內地開拓更多商機。

除自水務署取得手上兩份涉及香港供水系統保養之三年定期合約外，本集團將繼續尋求及爭取更多水務工程合約，務求加強其行內地位。對於中國市場，本集團將開拓不同商機，例如為中小型城市提供水務工程服務或投資於水務工程項目。本集團亦將積極參與具潛力的水務工程項目，為集團日後帶來可觀的收益。

再者，憑藉具備有效之成本控制、審慎之財務管理及精確之項目管理，本集團將致力優化其營運，並為其股東帶來可觀回報。

### PROSPECTS

Benefiting from the listing of the Shares on the Stock Exchange, the Group is now able to explore additional investment opportunities both in Hong Kong and the Mainland China.

In addition to pursuing the two three-year term contracts on hand from WSD in respect of maintenance of water supply systems in Hong Kong, the Group will continue to seek and secure additional waterworks engineering contracts with the aim of strengthening the position in the industry. As for the China market, the Group will explore different business opportunities such as providing services or making investments in waterworks projects in small and medium-size cities. The Group will also actively participate in waterworks-related projects with great potential in bringing in significant recurring revenues for the Group in the future.

Furthermore, with boasting effective cost control, prudent financial management and shrewd project management, the Group will strive to optimise its operations and bring satisfactory returns to its shareholders.

