

MANAGEMENT DISCUSSION AND ANALYSIS 管理層之討論及分析

REVIEW OF OPERATIONS

During the reporting period, the Group continued to operate under a difficult environment because of the extended downturn in the Hong Kong property market. Turnover of the Group was HK\$478.2 million, a decrease of 8.3% compared with the same period in 2001 (2001: HK\$521.3 million). This decrease was mainly due to the reduction of contracting works in the second half of the year as a result of our scaling down strategy. Gross profit was improved from HK\$51.6 million to HK\$60.6 million because of the higher margin from trading activities. However, there were unexpected disputes between the main contractors and the developers concerning the final settlement amount. According to the terms and conditions of the related nominated sub-contracts, the Group will only get paid after the main contractors resolve the disputes with the developers. These disputes, which may take years to resolve, are beyond the control of the Group. Accordingly, we have included a cost provision of HK\$14.7 million (2001: HK\$19.3 million) in the cost of sales and a receivable provision of HK\$14.3 million (2001: Nil) in the operating expenses. If we take out the effect of the receivable provision, operating expenses will be effectively reduced by 18.1% from HK\$102 million in 2001 to HK\$83.5 million in 2002. This was the result of the Group's continued effort in enhancing operational efficiency and reducing overhead. The Group had also decided to clear all its technology investments from the balance sheet in 2002. We successfully disposed of our investment in Wit Soundview Dawntreader Fund II through the liquidation of a subsidiary company. We received a cash dividend of approximately HK\$1.2 million in August with a realised loss of HK\$1.5 million. Full provision of HK\$7.8 million had also been set aside into the revaluation reserve for our investment in China Interactive Media Group in 2001. To reflect what the management now consider to be the permanent impairment loss of this technology investment, we have transferred HK\$7.8 million from the revaluation reserve to the profit and loss account in 2002. As a result, the Group reported a loss attributable to shareholders of HK\$42.3 million, a reduction of 20.9% over last year (2001: loss of HK\$53.5 million).

業務回顧

於報告期間，由於香港物業市道持續低迷，本集團繼續在困難環境下經營。本集團之營業額約為港幣478,200,000元，較二零零一年同期（二零零一年：約港幣521,300,000元）下跌8.3%。該下跌的主要原因，是本集團推行縮減承建工程之策略，導致下半年度之承建工程減少。總溢利則因貿易業務提供較高之邊際利潤，故由約港幣51,600,000元增加至約港幣60,600,000元。然而，主承建商與發展商卻因尾期賬款而發生始料不及之爭議。根據有關指定分判合約之條款及條件，本集團僅於主承建商與發展商之爭議得到解決後方會獲得付款。該等爭議或需多年時間方能解決，亦非本集團所能控制之範圍內。因此，本集團已作出約港幣14,700,000元（二零零一年：約港幣19,300,000元）成本撥備並列入銷售成本項目內，以及作出約港幣14,300,000元（二零零一年：無）應收款項撥備並列入經營開支。倘不計算應收款項撥備之影響，本集團之經營開支將實際由二零零一年約港幣102,000,000元減少18.1%至二零零二年約港幣83,500,000元，此乃本集團長期致力提高經營效益及減省經營費用之成果。本集團亦已決定撇除二零零二年之資產負債表中所有科技業務投資。本集團已透過將一家附屬公司清盤，將其於Wit Soundview Dawntreader Fund II之投資成功出售。本集團已於八月收取現金約港幣1,200,000元，並錄得變現虧損約港幣1,500,000元。本集團於二零零一年已就其於China Interactive Media Group之投資作出港幣7,800,000元之全額撥備，並撥入重估儲備內。為反映管理層現時認為上述科技業務投資已屬永久減值虧損，本集團已於二零零二年將港幣7,800,000元自重估儲備轉撥往損益表。因此，本集團錄得股東應佔虧損約港幣42,300,000元，較上年度減少20.9%（二零零一年：虧損約港幣53,500,000元）。

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SEGMENTAL INFORMATION

Both of our building products and engineering equipment operations are adversely affected by the reduced activities in the construction industry. Revenue from our engineering equipment business was reduced by 34.5% because of the contraction in the commercial property market and the slowing down of government infrastructure projects. However, we have achieved revenue growth of 5.1% in our building products operations because of our greater market coverage. If we exclude the special provisions for contracting operations (HK\$25 million (2001: HK\$19.3 million) for building products and HK\$4 million (2001: Nil) for engineering equipment business), operating profits for building products and engineering equipment will be around HK\$18.3 million and HK\$2.3 million respectively (2001: HK\$3.7 million and HK\$2.5 million respectively). These were attributable to our focus on high value added trading activities and overhead reduction. The Group's outstanding orders on hand at the period end amounted to HK\$288 million, representing a decrease of 35.6% over the end of last year (At December 2001: HK\$447 million). Again, this is partly the result of our decision to scale down the contracting business. To improve our results, we will continue to expand our market share in Hong Kong for our trading operations and cautiously engage in the Mainland projects that meet our stringent credit control requirements.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

In 2000, the Group raised approximately HK\$405.5 million through subscription shares issued and share placement with the intention to expand the business in technology investments. The Group invested HK\$26.3 million in the technology sector and incurred HK\$16.6 million in related operating expenses. The surplus cash was placed in time deposits and generated interest income of HK\$29.7 million. In view of the changing market situation, the Group decided to resume its focus on the traditional business in November 2001. A share repurchase offer was announced in December 2001 to consolidate the shareholding structure and return the

分部資料

建造業工程減少對本集團的建築產品及工程設備業務均造成不利影響。本集團之工程設備業務收入因商業大廈市場收縮及政府的基建項目放緩而減少34.5%。然而，由於本集團於建築產品業務方面擁有較大的市場佔有率，故該業務錄得5.1%收入增長。倘不計就建築產品及工程設備而對承建業務作出分別約為港幣25,000,000元（二零零一年：約港幣19,300,000元）及約港幣4,000,000元（二零零一年：無）之特殊撥備，建築產品及工程設備之經營溢利將分別約為港幣18,300,000元及港幣2,300,000元（二零零一年：分別約為港幣3,700,000元及港幣2,500,000元），此乃本集團致力於高增值貿易業務及減省營運費用之成果。本集團於年終之手上未完成訂單金額約為港幣288,000,000元，較上年年終減少35.6%（二零零一年十二月：約港幣447,000,000元）。此結果部份乃由於本集團決定縮減承建業務所致。為改善業績，本集團將繼續擴大於香港貿易業務之市場佔有率，並審慎地參與符合本集團嚴謹信貸管理規定之內地項目。

資本結構、流動資金及財政資源

於二零零零年，本集團藉認購已發行股份及配售股份集資約港幣405,500,000元，以期擴展科技投資業務。本集團已投資約港幣26,300,000元於科技業務，並產生約港幣16,600,000元相關經營開支。現金盈餘過去以定期存款形式存放，並獲得利息收入約港幣29,700,000元。鑒於市況轉變，本集團於二零零一年十一月決定重新專注於傳統業務。本公司於二零零一年十二月宣佈股份回購建議，以鞏固股權結構及將盈餘資金發還股東。米高·葛林先生及米高·葛林家族信託均拒絕參與。因此，本

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surplus funds to shareholders. Mr Michael John Green and the Michael Green Family Trust declined to participate. As a result, the Group used HK\$391.3 million (including HK\$4.2 million of related expenses for share repurchase) to repurchase and cancel 395,000,000 shares of the Company in February 2002. The details of the new share issue and the repurchase offer were disclosed in the circulars dated 5 April 2000 and 21 December 2001 respectively.

Despite the share repurchase exercise and the operating loss, the Group is still able to maintain a healthy balance sheet with no bank borrowing and zero gearing at end of the year. (At 31 December 2001: Nil). The Group managed to generate positive cash flow of HK\$30.8 million (2001: HK\$8.8 million) from operating activities with net bank and cash balances amounting to HK\$54.6 million (At 31 December 2001: HK\$413.8 million). Most of this surplus cash has been placed in time deposits with reputable financial institutions. The Group will maintain its policy of conservative cash flow management and considers that adequate financial resources are available to meet its future operation requirements. In mitigating the exchange risk, the Group has continued with its hedging policy through the use of forward foreign exchange contracts.

CONTINGENT LIABILITIES

Certain subsidiaries have given undertakings to the banks that they will perform certain contractual non-financial obligations to third parties. In return, the banks have provided performance bonds and letters of guarantee to third parties on behalf of these subsidiaries. As at 31 December 2002, the amount of guarantees outstanding was HK\$28.7 million (At 31 December 2001: HK\$32.6 million).

BANK FACILITIES WITH ASSETS PLEDGED

A property with net book value of HK\$52 million at year ended 2002 held by a subsidiary of the Group has been pledged to a bank to obtain banking facilities.

集團於二零零二年二月動用約港幣391,300,000元(包括用以購回股份之相關開支約港幣4,200,000元)購回及注銷395,000,000股本公司股份。發行新股及購回建議之詳情分別載於二零零零年四月五日及二零零一年十二月二十一日刊發之通函。

儘管進行回購股份行動及出現經營虧損，本集團仍能維持穩健之資產負債表，年終時並無任何銀行借貸，且資本負債比率為零(二零零一年十二月三十一日：零)。本集團源自經營業務之正現金流量約為港幣30,800,000元(二零零一年：約港幣8,800,000元)，銀行及現金結餘淨額則約為港幣54,600,000元(二零零一年十二月三十一日：約港幣413,800,000元)。上述現金盈餘大部份以定期存款形式存入信譽昭著之財務機構。本集團將貫徹穩健之流動現金管理政策，並認為有充足的財政資源以應付未來營運需求。為使匯兌風險減低，本集團會繼續利用遠期外匯合約進行對沖之政策。

或然負債

若干附屬公司曾向銀行承諾會向第三者履行若干非財務性質之合約責任。該等銀行已就此代表有關附屬公司向第三者提供履約保證及擔保書。於二零零二年十二月三十一日，擔保金額約為港幣28,700,000元(二零零一年十二月三十一日：約為港幣32,600,000元)。

以資產作抵押之銀行信貸

一項由本集團旗下附屬公司持有，於截至二零零二年止年度賬面淨值約為港幣52,000,000元之物業，已為取得銀行信貸而抵押予銀行。

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EMPLOYEES

At the end of the period, the Group employed around 140 and 230 employees in Hong Kong and the Mainland respectively (2001: 160 and 200). The Group continues to provide remuneration packages and training programmes to employees with reference to prevailing market practices. The Group also adopted a new share option scheme on 11 July 2002 under which the directors of the Company, subject to the compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, are authorised to grant share options to eligible persons as an incentive. As at year ended 31 December 2002, no share option was granted under the new share option scheme.

OUTLOOK

We remain cautious about the prospects of the economy and overall business conditions in 2003 despite the modest economic recovery in Hong Kong apparent from the recent statistics. The sustained downward adjustment of the property market is also expected to further intensify market competition in the near future.

The Group will continue to adopt a conservative credit policy to capture business opportunities in both the Mainland and Hong Kong. Our competitive advantages are based on our ability to provide the best services in the most efficient and cost effective way. We remain optimistic about our future because of our employees' commitment to make our operations best-in-class. We are in the final stage of scaling down the contracting operations and have cleared all the technology investments from our balance sheet. We believe this will allow our management team to focus on the trading operations where we can add more value to our customers. We continue to have a healthy cash position and believe we have established a solid foundation for 2003.

僱員

於期間終結時，本集團在香港及內地分別僱用約140名及230名僱員（二零零一年：160名及200名）。本集團繼續參考市場趨勢為僱員提供整套薪酬福利及培訓計劃。本集團亦於二零零二年七月十一日採納一項新購股權計劃，據此，在遵守香港聯合交易所有限公司證券上市規則之規限下，本公司董事獲授權向合資格人士授予購股權作為獎勵。於截至二零零二年十二月三十一日止年度，概無根據新購股權計劃授出購股權。

展望

儘管近期發表之統計數字顯示香港經濟呈現溫和復甦，本集團對二零零三年之經濟前景及整體營商環境仍抱審慎態度。預期物業市道之持續下調，亦會於不久將來令市場競爭愈益加劇。

本集團將繼續採納審慎之信貸政策，以爭取來自內地及香港之商機。本集團之競爭優勢乃基於以最有效率及最具成本效益之方式提供最佳服務。由於本集團擁有竭誠投入，不斷追求卓越之員工，故本集團對前景仍保持樂觀態度。本集團縮減承建業務之工作已達最後階段，並已於資產負債表中撇除所有科技業務投資。本集團相信此舉可讓管理層專注貿易業務，從而向客戶提供更多增值服務。本集團繼續保持穩健之現金狀況，並深信已為來年建立穩固之基礎。