

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

The Group mainly finances its project outlays with the cash inflows from its ongoing projects. Furthermore, banking facilities are utilised for the issue of documentary credits for purchases of materials, and bid bonds and performance guarantees in accordance with contractual terms. As at 31 December 2004, banking facilities extended by banks in respect of documentary credits and bank guarantees amounted to an aggregate of HK\$226,000,000 (2003: HK\$236,000,000) which was secured by certain time deposits, long term investments and property with an aggregate net book value of HK\$79,512,000 (2003: HK\$107,750,000).

In order to provide the necessary funding for the second phase expansion plan for its electricity and steam power generation capacity, Hangzhou Sealand has further raised its bank borrowings during the year to RMB75,000,000 (2003: RMB53,000,000). As a result, interest costs on increased bank borrowings rose from RMB1,649,000 for last year to RMB3,418,000 for this year. Nevertheless, steady income arising from energy sales is more than enough to meet the extra interest outlays from these bank borrowings and to renew their maturities each year. Out of the above bank borrowings of RMB75,000,000, RMB52,000,000 (HK\$49,057,000) was secured by guarantees of five customers and the balance was secured by pledge of the land of Hangzhou Sealand and certain of its generation facilities with an aggregate net book value of HK\$24,024,000 (2003: HK\$24,389,000) as at 31 December 2004.

During the year, the Group continued to be financially sound. As at the year end date, the Group had cash in hand in the amount of HK\$205,041,000 (2003: HK\$239,581,000). Total liabilities were also reduced

財務回顧

本集團主要以其施工中的工程現金流入提供工程所需之成本開支；此外，透過銀行信貸出具信用証供物料採購之用及按合約條款出具投標及履約保證函。截至二零零四年十二月三十一日，各銀行為大廈外牆裝飾工程提供的保函、信用証等信貸額達226,000,000港元（二零零三年：236,000,000港元），該信貸額以賬面淨值合共79,512,000港元（二零零三年：107,750,000港元）的若干定期存款、長期投資及物業作為抵押。

為著應付第二期電力及蒸汽生產力擴建計劃所需的資金，杭州海聯於年內進一步增加其銀行貸款至人民幣75,000,000元（二零零三年：人民幣53,000,000元）。貸款的利息支出則因應地從去年的人民幣1,649,000元上升至本年的人民幣3,418,000元。縱雖如此，來自穩定銷售增添的收入則卓卓有餘地應付此等額外的利息支出及將貸款每年續期。上述人民幣75,000,000元銀行貸款中的人民幣52,000,000元（49,057,000港元）是由五名客戶擔保，餘數則以杭州海聯於二零零四年十二月三十一日賬面值24,024,000港元（二零零三年：24,389,000港元）之若干生產設備及土地作為抵押。

年內本集團維持穩健的資產負債狀況，於年底時之手頭現金結餘為205,041,000港元（二零零三年：239,581,000港元）。總負債也相應地

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correspondingly from HK\$381,623,000 at the end of 2003 to HK\$358,658,000 at the end of 2004. At the same time, gearing ratio, calculated on the basis of net borrowings (i.e. total borrowings less cash in hand) relative to shareholders' equity, remained at zero (2003: zero).

The Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars, Renminbi or US dollars. Given Hong Kong dollars being pegged to US dollars and there are no material fluctuations between Hong Kong dollars and Renminbi, the Group's exposure to foreign exchange risk is minimal.

MATERIAL ACQUISITIONS AND INVESTMENTS

On 29 March 2004, Florex Investment Limited ("Florex"), a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with CATIC (H.K.) Limited ("CATIC (HK)"), a substantial shareholder of the Company, to acquire from CATIC (HK) (i) its 45% equity interest (the "Shares") in CATIC International Support Limited ("CISL"), an exclusive overseas agent of China National Aero-Technology Import & Export Corporation ("CATIC"), the Company's ultimate holding Company, for distribution and trading of aircraft components and the provision of related services; and (ii) its 45% interest in a shareholder's loan (the "Loan"), with an aggregate sum of HK\$50,000,000, to be advanced by CATIC (HK) to CISL. Pursuant to the Agreement, the aggregate consideration for the acquisition, which is limited to the lesser of HK\$100,000,000, or to be determined on the basis of a price-earning ratio of 6.7 times of 45% of the average audited net income of CISL for the two years ending 31 December 2006, will be payable in cash by installments as set out in the Agreement. Moreover, pursuant to the Agreement, a put option

從二零零三年的381,623,000港元下降至二零零四年的358,658,000港元，同時負債比率按淨借貸（即總借貸減除現金及銀行結餘）佔股東權益之基礎計算維持零（二零零三年：零）。

本集團之貨幣資產、負債及交易主要以港元、人民幣或美元作為結算單位。基於港元與美元掛鈎，而港元與人民幣並無重大匯率波動，故外匯波動對本集團可能造成的風險甚低。

重大收購及投資

於二零零四年三月二十九日，本公司一家全資附屬公司 Florex Investment Limited（「Florex」）與本公司之主要股東中國航空技術進出口（香港）有限公司（「中航技（香港）」）訂立協議（「協議」），向中航技（香港）收購(i)其於CATIC International Support Limited（「CISL」）之45%股權（「股權」），而CISL為本公司之最終控股公司中國航空技術進出口總公司（「中航技總公司」）的飛機配件分銷及貿易以及提供有關服務之獨家海外代理，及(ii)其向CISL墊支的股東貸款50,000,000港元（「貸款」）之45%權益。根據協議，收購總代價為100,000,000港元或將按市盈率6.7倍與CISL截至二零零六年十二月三十一日止兩年度經審核平均淨溢利之45%計算兩者之低為準，並將由Florex分期以現金支付。此外，按協議，中航技（香港）已向Florex授予一項認沽期權，據此，由交易完成日期起至完成

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was granted by CATIC (HK) to Florex, under which Florex is entitled to sell back to CATIC (HK) the Shares and the Loan at Florex's absolute discretion at any time commencing on the completion date of the transaction and up to the fifth anniversary date. At the Special General Meeting held on 20 May 2004, the connected transaction was approved by the independent shareholders of the Company. Further details of the transaction are set out in the announcements of the Company dated 30 March 2004 and 20 May 2004. As Florex and CATIC (HK) are still in the process of finalising the future business plan and operation of CISL, additional time is required for CATIC (HK) to provide the Loan to CISL. Florex and CATIC (HK) have therefore mutually agreed in writing to extend the date by which the conditions of the Agreement must be fulfilled (the "Long Stop Date") from 30 June 2004 to 31 March 2005 and again to 30 September 2005, or such later date as the parties may agree in writing. Further details regarding the twice extensions of the Long Stop Date are set out in the announcements of the Company dated 17 September 2004 and 31 March 2005.

On 17 December 2004, Billirich Investment Limited, a wholly-owned subsidiary of the Company, entered into separate agreements to purchase an aggregate of 885,000,000 shares of Millennium Group Limited ("Millennium"), representing approximately 26.42% of its then issued share capital, from two independent third parties for a total cash consideration of HK\$30,975,000.

Millennium, a company listed on The Stock Exchange of Hong Kong Limited, is mainly engaged in investing in diverse areas including electronic communication, securities trading and property investment and investing in the construction and operation of Liquefied Petroleum Gas ("LPG") and Compressed Natural Gas ("CNG")

日期五週年止期間，Florex可隨時有權自行決定將股權及貸款售回予中航技（香港）。該項關連交易已於二零零四年五月二十日舉行的股東特別大會上由本公司的獨立股東批准。有關是項交易之詳情已載於本公司二零零四年三月三十日及二零零四年五月二十日之公佈內。由於Florex與中航技（香港）仍然就CISL之未來業務計劃及營運操作進行最後磋商，故需要額外時間達成有關中航技（香港）向CISL提供貸款。Florex與中航技（香港）已書面同意將達成協議內之條件的最後限期（「最後限期」）由二零零四年六月三十日押後至二零零五年三月三十一日，並進一步押後至二零零五年九月三十日或雙方書面同意之較後日期。有關二度押後最後限期之詳情已載於本公司二零零四年九月十七日及二零零五年三月三十一日之公佈內。

於二零零四年十二月十七日，本公司一家全資附屬公司Billirich Investment Limited以現金總代價30,975,000港元從二名獨立第三者收購合共885,000,000股豐泰集團國際有限公司（「豐泰」）之股份，佔豐泰當時已發行股本約26.42%。

豐泰主要為一家在香港聯合交易所有限公司上市的公司，其業務包括投資於多元化業務如電子通訊、證券買賣及物業投資及投資在國內從事建設及經營液化石油氣（「LPG」）及壓縮天然氣（「CNG」）加氣站、推銷及銷售加氣站

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stations in the Mainland, marketing and sale of plant and equipment for gas stations and provision of related system integration technology, the research, manufacturing and distribution of conversion kits for motor vehicles to switch to alternative fuel of LPG/CNG, and LPG/CNG storage and distribution.

In view of the fast growing economy and the continuously improving standards of living in the Mainland, sale of cars is expected to increase, leading to growth in the consumption of LPG and CNG. With the increasing concern for environmental protection, LPG and CNG would become increasingly popular as energy sources of motor vehicles in the Mainland. Hence, the acquisition would enable the Group to obtain an indirect investment in the energy sector in the Mainland in addition to its existing electricity and steam power business there.

The acquisition was completed in January 2005. Further details of the acquisition are set out in the announcements of the Company dated 23 December 2004 and 19 January 2005.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2004, there were 890 (2003: 912) employees in the Group. The Group formulates its employees' remuneration packages and incentive performance bonus scheme according to the performance and experience of the individual staff concerned and the prevailing market salary levels. In addition, the Group has established a share option scheme under which share options may be granted to eligible employees with outstanding performance.

使用之機器及設備及提供相關之系統綜合技術，研究、製造及分銷汽車油缸轉換套件（汽車車主可藉此轉用LPG/CNG燃料）及LPG/CNG貯存及分銷業務。

鑒於國內經濟迅速增長及生活水平不斷提高，預期汽車銷售將會增長，LPG及CNG之用量亦會隨之向上攀升。隨著環保意識逐漸增強，故以LPG及CNG作為汽車之能源燃料將會日漸於國內普及。因此，收購事項將有助本集團於國內現有之電力及蒸氣能源業務之外，增添於國內能源事業之間接投資。

收購行動已於二零零五年一月完成。有關是項交易之詳情已載於本公司二零零四年十二月二十三日及二零零五年一月十九日之公佈內。

僱員及薪酬政策

截至二零零四年十二月三十一日，本集團共有員工890名（二零零三年：912名）。本集團主要根據現行市場薪酬水平、僱員個別表現與經驗釐定薪酬待遇及酌情性獎勵花紅。再者，本公司已設立購股權計劃，表現出色之合資格員工據此可能獲授予購股權。