

Financial Review

Liquidity and financial resources

The Group's cash and bank balances as at 31 December 2005 amounted to HK\$133,094,000 (31 December 2004: HK\$159,832,000). The Group's total borrowings amounted to HK\$121,123,000 (31 December 2004: HK\$57,181,000), of which HK\$58,329,000 was repayable within 1 year and HK\$62,794,000 was repayable from 2 to 5 years.

The percentage of the Group's borrowings denominated in HK\$ and Vietnamese Dong ("VND") were 26% and 74% respectively. Of the total borrowings, about 59% were at fixed interest rates. The percentage of cash and cash equivalents held by the Group in HK\$, US\$, VND and RMB were 12%, 70%, 17% and 1% respectively.

The gearing ratio, expressed as the percentage of long-term debt to equity, was 6% as at 31 December 2005 (31 December 2004: 2%).

Significant investments held

As at 31 December 2005, the Group has no significant investment held.

Material acquisitions and disposals

The Group has completed the acquisition of 22.17% equity interest in Luks Thua Thien Hue Company Limited ("Luks-Vaxi") pursuant to the agreement dated 13 October 2004 during the year. The name of Luks-Vaxi, has been changed to Luks Cement (Vietnam) Limited.

財務回顧

流動資金及資金來源

本集團之現金及銀行結餘於二零零五年十二月三十一日止為133,094,000港元(於二零零四年十二月三十一日: 159,832,000港元)。本集團之總借貸為121,123,000港元(於二零零四年十二月三十一日: 57,181,000港元);其中58,329,000港元須於一年內付還, 62,794,000港元須於二至五年內付還。

本集團之借貸主要包括港幣及越南盾所佔比例分別為26%及74%。總借貸之中約59%為固定息率。本集團持有之現金及現金等值為港元、美元、越南盾及人民幣之比例分別為12%、70%、17%及1%。

於二零零五年十二月三十一日, 資本負債比率(以長期債務和股本之百分比)為6%(於二零零四年十二月三十一日: 2%)。

主要持有投資

於二零零五年十二月三十一日, 本集團並無持有主要投資。

重大收購及出售

本集團已根據二零零四年十月十三日簽訂之協議, 於年內完成收購Luks Thua Thien Hue Company Limited (「Luks-Vaxi」)之22.17%股權。Luks-Vaxi已改名為Luks Cement (Vietnam) Limited。

On 23 March 2005, the Group entered into an agreement with China National Aero-Technology Import & Export Corporation Beijing Company for the purchase of a new clinkers' production line to be installed in Luks Cement (Vietnam) Limited, for a total consideration of US\$10.709 million (equivalent to approximately HK\$83,530,200). The consideration will be financed partly by banks' borrowings and partly by the Group's internal resources. It is expected that after the completion of the installation of the new production line, the maximum capacity of the Group's cement production will be increased by 650,000 tonnes per annum, representing approximately an increase of 80% as compared to the existing capacity. The new production line is expected to commence operation in mid-2006.

On 7 July 2005, the Group entered into an agreement with Vietnam Frontier Fund to acquire its entire 12.5% equity interest in Luks Cement Co., Ltd (equivalent to 9.73% indirect interest in Luks Cement (Vietnam) Ltd.) at a total consideration of US\$2.5 million (equivalent to approximately HK\$19,500,000). The consideration is paid by instalments within 2 years and will be financed by the Group's internal resources. On completion of the acquisition, both Luks Cement Company Ltd. and Luks Cement (Vietnam) Ltd. will become wholly owned subsidiaries of the Group.

Employees and Remuneration Policy

As at 31 December 2005, the Group had approximately 850 employees. Most of them were in Vietnam. The total staff cost (excluding directors remuneration) was approximately HK\$20,856,000 for the year ended 31 December 2005 (31 December 2004: HK\$19,957,000). There was no significant change in the Group's remuneration policy as compared to last financial year.

於二零零五年三月二十三日，本集團與中國航空技術進出口北京公司簽訂一份協議，以購買一條將安裝於 Luks Cement (Vietnam) Limited 之新熟料生產線，總代價為 10,709,000 美元 (相等約 83,530,200 港元)。總代價將部份由銀行借貸支付及部份由本集團內部資源支付。預期當新生產線完成安裝後，本集團水泥生產之最高年產量將可增加 650,000 噸，與目前之年產量比較提高約 80%。新生產線預期於二零零六年中投產。

於二零零五年七月七日，本集團與 Vietnam Frontier Fund 簽訂一份協議，以總代價 2,500,000 美元 (相等約 19,500,000 港元) 收購其於 Luks Cement Company Limited 之 12.5% 股權 (相等於 Luks Cement (Vietnam) Limited 之 9.73% 間接權益)。總代價將於兩年內以分期形式，及以本集團內部資源支付。於收購完成後，Luks Cement Company Limited 及 Luks Cement (Vietnam) Limited 將成為本集團全資擁有附屬公司。

僱員及薪酬政策

於二零零五年十二月三十一日，本集團總僱員數目約 850 人，大部份位於越南。截至二零零五年十二月三十一日止年度內，總員工費用 (不包括董事酬金) 約 20,856,000 港元 (於二零零四年十二月三十一日：19,957,000 港元)。與上年度比較，本集團之薪酬政策並無重大變化。

Details of charges

As at 31 December 2005, the Group pledged certain fixed assets at a net book value of HK\$245,417,929. In addition, bank deposits of HK\$27,351,350 of the Group have been pledged to bank for the purchase of fixed assets.

Exposure to fluctuations in exchange rates and related hedges

The Group has exposed to the risk of exchange rate's fluctuation in Vietnamese Dong ("VND") for its investments in Vietnam. Yet, the exchange rate of VND to USD was relatively stable throughout the accounting period, with a devaluation of less than 1% as at 31 December 2005 when compared to the rate as at 31 December 2004. The Company has not employed any hedging instrument as the market for such kind of hedging instruments are either in lack of or not cost efficient to use of. In order to minimize exposure to the exchange risk, the cement plant makes use of its surplus cashflow and local banks' borrowings of VND to repay loans denominated in USD, especially the loan due to the parent company. Besides, most of the expenditures of the cement plant are in VND. For the Saigon Trade Centre, over 90% of the leasing contracts are denominated in USD, whereas most of its expenditures are in VND.

Details of contingent liability

As at 31 December 2005, the Group has no significant contingent liability (31 December 2004: Nil).

抵押詳情

於二零零五年十二月三十一日，若干固定資產賬面淨值約為245,417,929港元已抵押予銀行以獲取本集團之貸款設施。另外，總數27,351,350港元之銀行存款已抵押予銀行以購買固定資產。

匯率波動及有關對沖風險

本集團於越南之投資均面對越南盾幣值波動之外匯風險。但於本會計期間內，越南盾相對美元之兌換率相對較為穩定。於二零零五年十二月三十一日，與二零零四年十二月三十一日比較，只有少於1%之貶值。因市場上缺乏對沖工具或該些對沖工具所須成本太高，本公司並無採用任何對沖工具。為使其外匯風險減至最低，水泥廠已盡量將其流動資金盈餘及於當地銀行借貸越南盾以付還其目前之外幣借貸，特別是總公司之借貸。除此之外，水泥廠及西貢貿易中心大部份支出均以越南盾結算。西貢貿易中心之租賃合約中90%以美元結算，而其支出則大部份以越南盾支付。

或然負債詳情

於二零零五年十二月三十一日，本集團並無重大之或然負債(二零零四年十二月三十一日：無)。