

Chairman's Statement

主席報告

To shareholders:

Management Discussion and Analysis

Operating Results

During the reporting period, the Group achieved a turnover of HK\$213 million, representing an increase of HK\$27 million, as compared to last year. Gross profit remained intact as direct operating costs was escalating in parallel with revenue. Nevertheless, the loss for the year increased significantly by 114% to HK\$47 million (2005: HK\$22 million). This was due to the fair value of share based compensation in relation to share options granted to eligible participants pursuant to the Company's Share Option Scheme during the year recognized in income statements in accordance with HKFRS 2. The share-based compensation expenses were valued at HK\$33 million and were included in staff costs and other operating expenses as to HK\$19 million and HK\$14 million respectively. The loss for the year before the share-based compensation expenses was HK\$14 million, which reflected an improvement in bottom line by 36% as compare with the net loss of HK\$22 million in last year.

Other income mainly comprised rental income and sundry income. Rental income represented receipts for sub-letting of spaces in leased premises to tele-communication network providers. Sundry income was mainly interest income, forfeited customers' deposits and other miscellaneous receipts that had no persistent trend over years.

As mentioned above, the staff costs increased merely due to the share-based compensation expenses. The level of nominal salaries and wages paid was almost the same as last year. Together with the fuel costs and utility expenses, which increased by 9% only from the previous year, demonstrated the management's effort on tighter cost control.

Other operating expenses before share-based compensation expenses amounted approximately HK\$36.4 million and were increased by HK\$10 million from 2005. The increment mainly due to legal, statutory and professional fees paid, reflecting the Group's increasing level of business development activities undertaken during the year.

致各位股東：

管理層討論及分析

經營業績

於報告期內，本集團錄得營業額213,000,000港元，較去年增加27,000,000港元。由於直接經營成本與收益同時上升，故毛利維持不變。然而，本年度虧損大幅上升114%至47,000,000港元（二零零五年：22,000,000港元），乃由於有關根據香港財務報告準則第2號於收益表內確認年內根據本公司購股權計劃授予合資格參與者之購股權之以股份為基礎之薪酬之公平價值所致。以股份為基礎之薪酬開支價值為33,000,000港元，其中19,000,000港元及14,000,000港元分別計入員工成本及其他經營開支。未計以股份為基礎之薪酬開支之本年度虧損為14,000,000港元，反映淨虧損改善36%，而去年則為虧損淨額22,000,000港元。

其他收入主要包括租金收入及雜項收入。租金收入指分租租賃物業之空間予電訊網絡供應商之收入。雜項收入主要為利息收入、已沒收客戶訂金及其他之各項收入，此等雜項收入於過往數年並無持續趨勢。

誠如上文所述，員工成本上升乃純粹由於以股份為基礎之薪酬開支所致。實付名義薪金及工資與去年近乎相同。此外，燃料費及水電費僅較去年上升9%，足證管理層致力嚴謹控制成本。

未計以股份為基礎之薪酬開支之其他經營開支約為36,400,000港元，較二零零五年增加10,000,000港元。增加乃主要由於已付法律、法定及專業費用所致，反映本集團年內進行之業務發展活動量增加。

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Share of loss from newly acquired associated companies, Macau Natural Gas Company Limited (“MNG”) and Sinosky Energy (Holdings) Company Limited (“Sinosky”), amounted to HK\$589,000. The commercial operation of the natural gas business of MNG and Sinosky has not yet commenced during the year. The share of loss represented the Group's share of the associates' operating and administrative expenses since completion of the acquisition.

The Restaurants Business

During the reporting period, the restaurants business was the only revenue generating activity of the Group. The Group is still operating five Chinese restaurants including:

- Hon Po Restaurant in Tokwawan;
- Hon Po Palace Restaurant in Tsim Sha Tsui;
- Jin Hua Restaurant in Mongkok;
- Jin Po Restaurant in Tsim Sha Tsui; and
- Keng Yat Heen Restaurant in the Harbour Plaza Metropolis Hotel at Hung Hom.

The restaurant business showed a remarkable recovery from 2005. Total receipt from restaurant operation rose by 15%. According to the findings of the Census and Statistics Department, the value of total receipts for the restaurants sector had increased by 9.5% in 2006. That meant the restaurants business of the Group has achieved a better than average performance in the sector. More important, the restaurant business was able to generate a positive operating cash inflow of HK\$3.5 million during the year. Comparing to the net cash operating outflow of HK\$16 million in year 2005, the improvement over the year was gigantic and exceptional.

The decrease in unemployment rate and the increase in consumer purchasing power are favorable to the retail market conditions in Hong Kong and to the Group's restaurant business. However escalating rental for shops, growing staff costs, as well as rising oil and commodities prices were adding cost pressure to us. Our restaurants are serving the public at large. While having enjoyed years of deflation under intense competition in the restaurants sector, customers were quite resistant and sensitive to price increases. We were hard to adjust our selling prices upwards in order to offload a portion of the cost increment to our customers. As a result the gross profit margin was retained intact.

應佔新收購聯營公司澳門天然氣有限公司（「澳門天然氣」）及中天能源控股有限公司（「中天」）之虧損為589,000港元。年內，澳門天然氣及中天之天然氣業務尚未投入商業營運。應佔虧損指本集團自收購完成起應佔聯營公司之經營及行政開支。

酒樓業務

於報告期內，酒樓業務為本集團唯一產生收益之業務。本集團目前仍經營五間中式酒樓，包括：

- 土瓜灣漢寶酒樓；
- 尖沙咀漢寶皇宮酒樓；
- 旺角京華酒樓；
- 尖沙咀京寶海鮮酒家；及
- 紅磡都會海逸酒店景逸軒。

酒樓業務較二零零五年有顯著復甦。酒樓業務之總收入上升15%。根據政府統計處之統計顯示，酒樓業之總收入價值於二零零六年上升9.5%，表示本集團之酒樓業務之表現較同業平均表現理想。更重要的是，酒樓業務於年內產生正經營現金流入3,500,000港元。與二零零五年度之經營現金流出淨額16,000,000港元相比，本年度之改善重大及突出。

失業率下跌及消費者購買力增加均對香港零售市況及本集團酒樓業務有利。然而，店舖租金飆升、員工成本上漲，以及油價及產品價格上升均對本集團構成額外成本壓力。本集團之酒樓以普羅大眾為主要顧客。酒樓業在激烈競爭下多年來奉行價格競爭，故客戶對加價仍然相當抗拒及敏感。本集團難以上調售價以轉嫁成本增幅予顧客。因此，毛利率維持不變。

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To combat intense competition, we are renovating our restaurants to deliver a new and refreshing image to customers. During the reporting period, the Group spent HK\$11.2 million (2005: HK\$3 million) in leasehold improvement and renovation. Hon Po Restaurant, Jin Po Restaurant and Jin Hua Restaurant had been closed during the year for some minor improvement and redecoration works. The total number of business day closed for renovation in 2006 was 92 days (2005: 75 days). After renovation, our restaurants were able to attract more banquet business, especially in the traditional good year for wedding, to drive the performance of the restaurant business.

Lease agreements for 2 restaurants in our restaurants chain were expired and have been renewed during the year. The weighted average percentage increase for rentals under the renewed lease agreements was approximately 20%.

Natural Gas Business

The natural gas business is carrying out by MNG and its 50% joint venture, Sinosky. As at 31 December 2006, MNG was an associated company of the Group. Subsequent to the year end, the Group has acquired the remaining equity interest in MNG and it becomes a wholly-owned subsidiary of the Group.

The commercial operation of the natural gas business of MNG and Sinosky has not yet commenced during the year. On 15 December 2006, Sinosky has entered into the Concession Contract with the government of Macau, pursuant to which Sinosky has been granted the concession of the public service of importation and transportation of natural gas in Macau.

During the year, the Group had equity accounted for the post acquisition operating results of MNG and Sinosky, and a share of loss of HK\$589,000 was included in the consolidated income statement. The operating loss of MNG and Sinosky represented operating and administrative expenses incurred.

為應付激烈競爭，本集團翻新旗下酒樓，為顧客營造煥然一新之形象。於報告期內，本集團耗用11,200,000港元(二零零五年：3,000,000港元)在租賃物業裝修及翻新上。漢寶酒樓、京寶海鮮酒家及京華酒樓已於年內暫停營業，以進行若干小型裝修及重新裝修工程。於二零零六年暫停營業之日總數為92日(二零零五年：75日)。於翻新後，本集團之酒樓能夠吸引更多婚宴業務，特別是於傳統宜嫁娶之年度，帶動酒樓業務表現。

本集團連鎖酒樓中兩間酒樓之租賃協議已於年內屆滿及續訂。續訂租賃協議之租金加權平均百分比增幅約為20%。

天然氣業務

天然氣業務由澳門天然氣及其50%合營企業中天進行。於二零零六年十二月三十一日，澳門天然氣為本集團之聯營公司。於年結日後，本集團已購入澳門天然氣餘下的股本權益，而澳門天然氣亦成為本集團之全資附屬公司。

年內，澳門天然氣及中天之天然氣業務尚未投入商業營運。於二零零六年十二月十五日，中天已與澳門政府訂立特許權合約，據此，中天獲授於澳門進口及運輸天然氣之公共服務之特許權。

年內，本集團以權益會計法將澳門天然氣及中天之收購後經營業績入賬，而應佔虧損589,000港元已計入綜合收益表。澳門天然氣及中天之經營虧損指所產生之經營及行政開支。

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Financial Review

Liquidity, Financial Resources and Capital Structure

As at 31 December 2006, the Group had outstanding bank borrowings and finance lease payables denominated in Hong Kong dollars with an aggregate amount of HK\$1,453,000 (31 December 2005: HK\$1,253,000). The cash and bank balances of the Group amounted to HK\$44,742,000 (31 December 2005: HK\$29,572,000).

The short-term borrowings of the Group accounted for 61.32% (31 December 2005: 49.16%) of the total borrowings at 31 December 2006.

The interest expenses of the Group for the current period were HK\$125,000 (31 December 2005: HK\$128,000).

As at 31 December 2006, the ratio of total liabilities to total assets of the Group was 53.58% (31 December 2005: 47.22%).

Pledge of Assets

As at 31 December 2006 and 31 December 2005, there were no leasehold land and buildings and investment properties of the Group pledged as security for bank loans.

Exchange Exposure

Since most of our sales, purchases of raw materials, bank borrowings and cash and bank balances were denominated in Hong Kong dollars during the relevant periods, the Group was only exposed to insignificant exchange risks.

Capital Commitments

As at 31 December 2006, neither the Group nor the Company had any capital commitment. Depending on the future development of the liquefied natural gas ("LNG") business of Sinosky, additional funding, the amount of which cannot be ascertained at present, may be required and it is expected Sinosky may carry out project financing on its own for investment in its LNG business if necessary. The expected capital investments by Sinosky on LNG business to be approximately MOP8,000 million (equivalent to approximately HK\$7,760 million) and it is expected that approximately 80% of the capital investments to be financed by Sinosky's level project financing in form of loan facility while the remaining 20% to be financed by the shareholders of Sinosky.

財務回顧

流動資金、財務資源及資本架構

於二零零六年十二月三十一日，本集團之未償還港元銀行借款及融資租約應付款項合共1,453,000港元（二零零五年十二月三十一日：1,253,000港元）。本集團之現金及銀行結餘為44,742,000港元（二零零五年十二月三十一日：29,572,000港元）。

於二零零六年十二月三十一日，本集團之短期借款佔借款總額61.32%（二零零五年十二月三十一日：49.16%）。

本集團於本期間之利息支出為125,000港元（二零零五年十二月三十一日：128,000港元）。

於二零零六年十二月三十一日，本集團負債總額與資產總值之比率為53.58%（二零零五年十二月三十一日：47.22%）。

資產抵押

於二零零六年十二月三十一日及二零零五年十二月三十一日，概無本集團之租賃土地及樓宇及投資物業，抵押作為銀行貸款之擔保。

外匯風險

由於本集團於有關期間之大部份銷售、原材料採購、銀行借貸以及現金與銀行結餘均以港元為主，故此本集團所承受之外匯風險並不重大。

資本承擔

於二零零六年十二月三十一日，本集團及本公司概無任何資本承擔。視乎中天液化天然氣（「液化天然氣」）業務之未來發展而定，或會需要額外資金（數額目前尚未能確定），預期於有需要時，中天將能自行籌集投資於液化天然氣業務所需之項目資金。預期中天對液化天然氣業務作出之資本投資約為澳門元8,000,000,000元（相當於約7,760,000,000港元），並預期資本投資約80%將由中天自行籌集之項目融資（以貸款融資形式）提供資金，而餘下20%則將由中天股東提供資金。

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Contingent Liabilities

As at 31 December 2006, except for the corporate guarantee given by the Company in support of banking facilities granted to a subsidiary and the corporate guarantee for operating lease commitment of a wholly-owned subsidiary, the Company has no other significant contingent liabilities.

Employee Information

As at 31 December 2006, the Group had a total workforce of 518 (2005: 474). The salary and wages of our employees are dependent on their duties and performance.

Change of Company's Name

During the year, the name of the Company has been changed from "Hon Po Group (Lobster King) Limited" to "China Energy Development Holdings Limited" and for identification purpose only, a new Chinese name of "中國能源開發控股有限公司" has also been adopted by the Company to replace "漢寶集團(龍蝦大王)有限公司". The change of company name was approved by shareholders in general meeting on 17 November 2006. The Board considered that the new name would benefit the Company's future business development and diversification into the energy sector.

Prospects

Restaurant Business

Although Hong Kong's economy appears to be on the way back to steady growth with improving unemployment rate and rising income level, the Chinese restaurants sector in Hong Kong is competitive due to its low entry barrier, and is still fraught with challenges under the pressure of rental hikes, rising raw material, fuel and labor costs. Many restaurants operators were unable to survive last year. Taking into account (i) possible outbreak of infectious disease like avian flux; (ii) increasing emphasis of the "user and/or polluter pays" principle in the government budget in charging public utility services; and (iii) other factors affecting the economy like adjustments in the financial markets, the management considers that the operating environment of Chinese restaurant business is vulnerable. The Group will take a very cautious but optimistic approach to manage its Chinese restaurant operation.

或然負債

於二零零六年十二月三十一日，除本公司為支持授予一間附屬公司之銀行信貸作出公司擔保及為一間全資附屬公司之經營租賃承擔作出公司擔保外，本公司概無任何其他重大或然負債。

僱員資料

於二零零六年十二月三十一日，本集團共有518名(二零零五年：474名)員工。本集團僱員之薪金及工資乃視乎其職責及工作表現而定。

更改公司名稱

本年度，本公司之名稱由「Hon Po Group (Lobster King) Limited」更改為「China Energy Development Holdings Limited」，而本公司亦採納新中文名稱「中國能源開發控股有限公司」取代「漢寶集團(龍蝦大王)有限公司」以僅供識別用途。更改公司名稱已獲股東於二零零六年十一月十七日之股東大會上批准。董事會認為新名稱將有利於本公司未來業務發展及擴展至能源業。

前景

酒樓業務

儘管在失業率改善及收入水平上升下，香港經濟似乎正在回復穩定增長，惟香港中式酒樓業因其進入市場之門檻不高而競爭激烈，且仍在面對租金飆升、原材料、燃料及勞工成本上漲等壓力之重重挑戰。去年，不少酒樓經營者均無法生存。經考慮(i)可能爆發如禽流感等之傳染病；(ii)政府預算中在收取水電服務費方面更強調「用者及／或污染者自付」原則；及(iii)金融市場調整等影響經濟之其他因素後，管理層認為中式酒樓業務之經營環境易受影響。本集團將採取極謹慎但樂觀之措施管理其中式酒樓業務。

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In previous years, the Group had endeavored to streamline and to refresh its restaurant network. The Group will maintain the existing operation scale of its Chinese restaurant business and implement a tighter costs control in near future.

Natural Gas Business

Sinosky is in the process of preparing the construction of natural gas storage and transmission facilities, including a liquefied natural gas receiving terminal in the Huang Mao Island. It is expected that the phase 1 of the construction work will be completed by 2010 with an annual processing capacity of 3 million tones of liquefied natural gas. Nevertheless, Sinosky will start its commercial and business operations under the Concession Contract granted by the government of Macau. It will supply natural gas to power plants in Macau by trucks or other channel in the 4th quarter of 2007. The Group will incorporate 50%, that is the Group's effective interest, of the operating results of Sinosky in its consolidated financial statements in the forthcoming years.

Environmental protection is one of the major concerns of the PRC, Hong Kong and Macau governments. It is generally perceived that coal-fired electricity power plants are a significant source of air pollution and wastage in the Southern China region. According to the 11th Five-Year National Economic and Social Development Plan issued by the State Council of the PRC, certain small-scale coal-fired electricity power plants will be required to be gradually closed down or modified to reduce pollutants emitted to air. Natural gas, which burns more efficient and cleaner than coal, appears to be a very fine substitute and complement to coal. The popularity of and demand for natural gas is growing substantially in Southern China. For example, in year 2006, The Hong Kong and China Gas Company Limited has introduced natural gas from the Guangdong Liquefied Natural Gas Terminal to Hong Kong to partially replace naphtha as feedstock for the production of town gas.

The management is very confident about the future development of the natural gas project of Sinosky. The confidence is built on the fact that the project is one of the very few similar projects in Southern China that have obtained all required concessions, permits and approvals from all relevant official authorities. The strong background of MNG's joint venture partner also adds ample competitive edge to the natural gas business of Sinosky. The Group will allocate sufficient resources to the natural gas business in the near future.

於過往年度，本集團致力精簡及重組其酒樓網絡。本集團將維持其中式酒樓業務之現有經營規模，並於不久將來實行更嚴謹之成本控制。

天然氣業務

中天正在準備建設天然氣儲存及傳輸設施，包括在黃茅島建設液化天然氣接收站。預期建設工程之第一階段將於二零一零年前完成，年處理液化天然氣之能力達三百萬噸。然而，中天將根據澳門政府授出之特許權合約投入商業及業務營運。其將於二零零七年第四季以槽車或其他渠道向澳門發電廠供應天然氣。本集團將於其未來年度之綜合財務報表內計入中天經營業績之50%（即本集團之實際權益）。

環保為中國、香港及澳門政府主要關注之問題之一。一般人認為燃煤發電廠為華南地區空氣污染及廢物之主要來源。根據中國國務院提出之國民經濟和社會發展第十一個五年計劃，若干小型燃煤發電廠將須逐步關閉或改裝以減少污染物排放入空氣。天然氣在燃燒時較煤更有效及清潔，似乎是極合適之煤代替品及補充品。華南地區之天然氣普及性及需求顯著上升。例如，於二零零六年，香港中華煤氣有限公司由廣東液化天然氣接收站引入天然氣至香港，以取代部份石腦油作為生產煤氣之原料。

管理層對中天天然氣項目之未來發展充滿信心。此信心乃建基於項目為華南地區已自一切有關官方機構取得一切所需特許權、許可證及批准之極少數同類型項目之一。澳門天然氣合營夥伴之雄厚背景亦為中天之天然氣業務帶來龐大競爭優勢。本集團將於不久將來分配足夠資源至天然氣業務。

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The future plan of the Group is to concentrate its business development in the field of energy and resources and related business. The Group will continue to focus on identifying acquisition targets that are a strategic fit to the Group. The Group will also continue to promote good corporate governance practices and strive to achieve a high standards and transparency.

By Order of the Board

Tong Seak Kan
Chairman and Executive Director

Hong Kong, 23 April 2007

本集團之未來計劃為集中於能源及資源及相關業務方面之業務發展。本集團將繼續專注於物色在策略上配合本集團之收購目標。本集團亦將繼續促進良好企業管治常規，並致力達致高水平及透明度。

承董事會命

唐錫根
主席兼執行董事

香港，二零零七年四月二十三日