



Mr. Yang Chunshu, Chairman
楊春澍先生，主席

DIVIDENDS

No interim dividend was paid for the six months ended 30 June 2003 (2002: nil). The directors do not recommend the payment of a final dividend for the year ended 31 December 2003 (2002: nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 13 May 2004 to 20 May 2004, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for attending the annual general meeting to be held on 20 May 2004, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Registrars in Hong Kong, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 12 May 2004.

股息

截至二零零三年六月三十日止六個月並無派付任何中期股息(二零零二年：無)。董事會並不建議派付截至二零零三年十二月三十一日止年度之末期股息(二零零二年：無)。

暫停辦理股東登記

本公司將於二零零四年五月十三日至二零零四年五月二十日期間暫停辦理股東登記，期間不會登記任何股份轉讓。

股東如欲符合出席將於二零零四年五月二十日舉行的股東週年大會之資格，必須於二零零四年五月十二日下午四時正前將所有過戶文件及有關股票送交本公司之香港股份過戶登記分處香港中央證券登記有限公司，地址為香港皇后大道東183號合和中心17樓。



Mr. Wang Xinyan, Deputy Chairman

汪鑫炎先生·副主席

BUSINESS REVIEW

Overall review

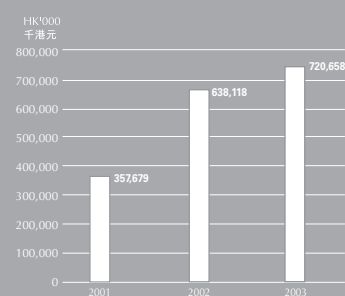
The Group's total turnover rose by 13% to HK\$720,658,000 (2002: HK\$638,118,000), primarily due to increased business volume from facade contracting works. Gross profit has also improved, and notwithstanding the increase in administrative and other operating expenses and the reduction in other revenue, operating profit achieved moderate growth to HK\$23,607,000 (2002: HK\$23,395,000). Profit attributable to shareholders amounted to HK\$12,878,000 (2002: HK\$12,731,000 (restated)). Earnings per share was HK0.35 cent (2002: HK0.37 cent (restated)).

業務回顧

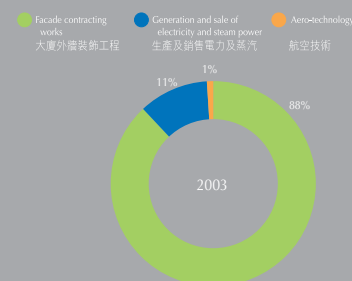
整體回顧

在大廈外牆裝飾工程業務增長的帶動下，本集團的總營業額增加13%至720,658,000港元(二零零二年：638,118,000港元)。毛利亦獲得改善，雖然行政管理費用及其他經營開支上升，加上其他收益減少，經營溢利23,607,000港元(二零零二年：23,395,000港元)仍然錄得少許增長。股東應佔溢利為12,878,000港元(二零零二年：12,731,000港元(重列))；每股盈利為0.35港仙(二零零二年：0.37港仙(重列))。

Total turnover
總營業額



Turnover by Segments
按業務劃分營業額



Facade contracting works

Building facade contracting works made further improvement in 2003. Projects secured in recent years have been progressively executed in the relevant years resulting in rise in turnover over the years. Turnover has increased from HK\$309,417,000 for 2001 to HK\$560,150,000 for 2002, representing an increase of 81%. Turnover for 2003 has even moved up to HK\$636,571,000 which is almost double the 2001 figure and is still up by 14% as compared to the 2002 figure.

As a result of increase in turnover and effective cost management, overall project profit margin generated solid growth. Administrative expenses increased in relation to the increased business volume and accelerated marketing activities but yet stayed within a contained level. In short, building facade contracting works has made significant contribution of HK\$15,076,000 (2002: HK\$8,884,000) to the Group's operating profit.

大廈外牆裝飾工程

大廈外牆裝飾工程業務在二零零三年進一步取得良好之表現。近年取得之工程已陸續在有關年度內實施，令營業額續年遞升。營業額由二零零一年309,417,000港元增加81%至二零零二年560,150,000港元，而二零零三年之營業額更攀升至636,571,000港元，與二零零一年之數字比較已超逾一倍，而與二零零二年比較增幅亦達14%。

由於營業額增加及有效的成本管理，整體工程邊際利潤錄得實質之增長。行政管理費用在營業額上升及加快市場開發步伐的情況下仍然保持在控制的水平內。歸納而言，大廈外牆裝飾工程業務為本集團提供的溢利貢獻大幅增加至15,076,000港元（二零零二年：8,884,000港元）。



Science Park, Buildings 1 and 2 科學園1及2號樓

Given the continued downturn in the Hong Kong building industry in the last few years, the number of projects available for tender in the private sector has been on a decline increasingly and the sizes of the projects involved were also relatively small. Nevertheless, the Group's business development efforts in Macau have produced remarkable results to make up for the squeeze in the Hong Kong market. During 2003, the Group secured new projects valued at HK\$508,000,000 (2002: HK\$560,000,000) including the following major contracts:

1. Building 6, Science Park, Phase 1C, Pak Shek Kok
2. Urban Renewal Authority Project K2 Podium, Site A – Office Tower Base & Site B – Hotel Lobby
3. Tsing Yi Hotels, TYTL 140
4. Las Vegas Sands Casino, Macau (curtain wall)

多年來香港建築業持續放緩，在市場可供競投之私人發展項目的數目日益減少，而所涉及之規模亦較細，但本集團在澳門開拓業務的努力取得顯著成果，藉此彌補香港市場之萎縮。本集團在二零零三年度取得新工程合約總額達508,000,000港元(二零零二年：560,000,000港元)，其中包括以下重大工程合約：

1. 白石角科學園第一期C,6號樓
2. 旺角土地重建K2裙樓地盤A辦公樓低層及地盤B酒店大堂
3. 青衣市140號地段青衣酒店
4. 澳門拉斯維加斯金沙賭場(玻璃幕牆)



Le Meridien, Cyberport
數碼港酒店

5. South Regional Police Headquarters & Operational Base
6. Hotel Development at 6B-6E Hart Avenue, Tsimshatsui
7. Joint User Building at Rock Hill Street, Kennedy Town
8. Hong Kong Disneyland Hotel, Chok Ko Wan Lot No. 1, Penny's Bay, Lantau Island
9. T.K.O.T.L. 24 Area 38b, Tseung Kwan O, Hang Hau Station
10. Las Vegas Sands Casino, Macau (roof feature cladding)
11. TYTL 139 – Office Building, Tsing Yi
12. Pok Oi Hospital Redevelopment & Extension at Yuen Long

As at 31 December 2003, the remaining value of contracts in hand stood at a healthy level of HK\$700,000,000 (2002: HK\$817,000,000).

5. 香港警務處新界南總區總部及行動基地
6. 尖沙咀赫德道6B-6E酒店
7. 堅尼地城石山街連用大樓
8. 大嶼山竹篙灣香港迪士尼樂園酒店
9. 將軍澳坑口站將軍澳市24號地段，38b號地區
10. 澳門拉斯維加斯金沙賭場(天台特式鋁板)
11. 青衣青衣市139號地段青衣辦公樓
12. 元朗博愛醫院重建及擴建

截至二零零三年十二月三十一日，手頭未完成工程合約價值達700,000,000港元(二零零二年：817,000,000港元)，仍處於健康水平。

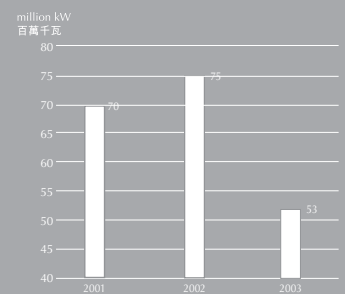
Generation and sale of electricity and steam power

During the year, Hangzhou Sealand Electric Power Company Limited (“Hangzhou Sealand”), a 70% owned subsidiary of the Company, continued to perform satisfactorily. Rapid economic growth in the Linping industrial region of Hangzhou has resulted in substantial demand for steam power and accordingly steam power production has increased from 529,000 tons for 2002 to 677,000 tons for 2003, representing an increase of 28%. Sales of steam power, also driven by rise in sale price, boosted by 32% to HK\$58,664,000 (2002: HK\$44,484,000). In response to the changing market, Hangzhou Sealand adopted a flexible strategy of reducing its electricity production, leading to a decrease in electricity sales by 29% to HK\$19,290,000 (2002: HK\$27,204,000), whilst on the other hand utilizing the production capacity thus provided to increase steam power in order to satisfy the needs of the steam power customers. Finally, total turnover moved up to a new level of HK\$77,955,000 (2002: HK\$71,688,000).

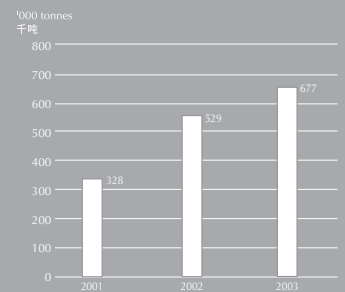
生產及銷售電力及蒸汽

在年內，本公司的70%附屬公司「杭州海聯熱電有限公司」（「杭州海聯」）持續錄得理想表現。杭州海聯位於杭州臨平工業區的經濟快速發展，對區內蒸汽的需求大幅上升，蒸汽生產量由二零零二年的529,000噸增加至二零零三年的677,000噸，增幅達28%。同時在蒸汽售價上升的推動下，蒸汽的銷售額激增32%至58,664,000港元（二零零二年：44,484,000港元）。為配合市場上的變化，杭州海聯採取靈活策略調低發電量，導致電力的銷售額較去年的下降29%至19,290,000港元（二零零二年：27,204,000港元），但另一方面，利用騰出的生產能力投入蒸汽供應滿足蒸汽用戶的使用量，最後得以將總營業額推至77,955,000港元（二零零二年：71,688,000港元）的新水平。

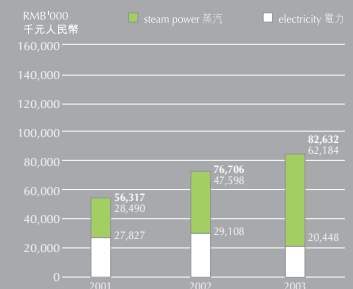
Electricity production volume 發電量



Steam power production volume 蒸汽產量



Sale of electricity and steam power 銷售電力及蒸汽收入



During the year, Hangzhou Sealand applied the dividend otherwise payable to its minority shareholder, Asia Capital Financial Group Limited ("Asia Capital") in the amount of RMB690,000 (2002: RMB2,240,000) as partial settlement of the balance due from Asia Capital. Besides, Hangzhou Sealand received RMB2,500,000 (2002: nil) from a subsidiary of Asia Capital during the year to further settle its balance due to Hangzhou Sealand. In a previous year, full provision of RMB7,430,000 (HK\$6,944,000) was made by the Group in respect of advances made by Hangzhou Sealand to Asia Capital and its subsidiary. Accordingly, provision for doubtful receivables of HK\$3,009,000 (2002: HK\$2,094,000) was written back during the year. Overall speaking, the Group derived profit contribution of HK\$11,511,000 (2002: HK\$11,927,000) from Hangzhou Sealand.

To cater for the needs of its business development, Hangzhou Sealand has during 2003 commenced further expansions to its boilers and turbine generators and it is expected that the facilities will become operational in 2004 and henceforth its production capacity for electricity and steam power will be further strengthened.

於年內，杭州海聯以應付其少數股東「亞洲金融財務集團有限公司」（「亞洲金融」）的股息人民幣690,000元（二零零二年：人民幣2,240,000元）作為亞洲金融償還杭州海聯的部份欠款。此外，杭州海聯收到亞洲金融之附屬公司人民幣2,500,000元（二零零二年：無），進一步清還其欠款。因此，本集團就早年前向亞洲金融及其附屬公司貸款合共人民幣7,430,000元（6,944,000港元）作出的全數撥備於本年內錄得呆賬回撥3,009,000港元（二零零二年：2,094,000港元）。整體來說，杭州海聯為本集團提供11,511,000港元（二零零二年：11,927,000港元）之溢利貢獻。

杭州海聯為應付業務發展上的需要，於二零零三年開始進一步落實鍋爐及發電機的擴建工程，預期於二零零四年內投入生產，屆時可以進一步加強蒸汽及電力的生產能力。



EC120 Helicopter EC120型號直升機

Aero-technology

Assignment of net income in respect of Project EC120 continued to generate profit contribution to the Group. Completion of the assignment of 80% interest in the net income in relation to Project EC120 took place in 2002 and pursuant to the relevant income assignment agreement (the "Income Assignment Agreement"), China National Aero-Technology Import & Export Corporation ("CATIC"), the Company's controlling shareholder, has warranted that the amount actually received by the Group in accordance with the Income Assignment Agreement for each of the two years ending 31 December 2002 and 2003 will not be less than RMB6,500,000. The net income of CATIC in relation to Project EC120 for the year ended 31 December 2002, calculated at 80%, amounted to RMB6,593,500 (HK\$6,280,000) and the Group had actually received that sum on 17 March 2003. The sales of EC120 helicopters slowed down amidst global economic depression during 2003 and 80% of the net income of CATIC in relation to Project EC120 for the year ended 31 December 2003 amounted to RMB3,001,000 (HK\$2,831,000) which is less than the warranted profit of RMB6,500,000 and the shortfall is RMB3,499,000. On 31 March 2004, pursuant to the Income Assignment Agreement, the Group has actually received the warranted profit of RMB6,500,000 in full. The independent non-executive directors of the Company are of the view that profit warranty for the year ended 31 December 2003 pursuant to the Income Assignment Agreement has been met.

航空技術

項目EC120淨收入轉讓繼續為本集團提供溢利貢獻。收購項目EC120淨收入80%權益已於二零零二年完成，按有關淨收入轉讓協議（「淨收入轉讓協議」），本公司的控權股東「中國航空技術進出口總公司」（「中航技總公司」）保證分別截至二零零二年及二零零三年十二月三十一日止兩個年度，本集團按淨收入轉讓協議實際收取之金額不低於人民幣6,500,000元。中航技總公司就項目EC120截至二零零二年十二月三十一日止年度之淨收入按80%計算為人民幣6,593,500元（6,280,000港元），而本集團亦於二零零三年三月十七日全數收到該筆款項。面對全球性的經濟放緩，EC120直升機之銷售於二零零三年下滑，中航技總公司就項目EC120截至二零零三年十二月三十一日止年度的淨收入按80%計算為人民幣3,001,000元（2,831,000港元），低於保證溢利人民幣6,500,000元而不足之金額為人民幣3,499,000元。於二零零四年三月三十一日，按淨收入轉讓協議，本集團已全數收到保證溢利人民幣6,500,000元。本公司之獨立非執行董事認為截至二零零三年十二月三十一日止年度的溢利保證按淨收入轉讓協議已達到。

Having considered the future profit and cashflow forecasts of Project EC120, the Group made a provision for impairment of HK\$2,000,000 (2002: nil) against the financial asset thereunder.

During the year under review, China Nav-Info Co., Ltd. (see below) suffered losses from its business developments. CATIC Siwei Co., Ltd. (see below) remained profitable despite poor sales. On a combined basis, the Group recorded a share of net loss of HK\$851,000 from the above two associates.

經考慮項目EC120的未來溢利及現金流入預測，本集團於年度就該項目財務資產作出虧損撥備2,000,000港元（二零零二年：無）。

在回顧年度，北京四維圖新導航信息技術有限公司（見下文）就業務開發錄得虧損。四維航空遙感有限公司（見下文）在銷售萎縮之情況下仍然錄得溢利。綜合而言，本集團從上述兩家聯營公司錄得分佔淨虧損851,000港元。

PROSPECTS

The Group remains committed to pursuing continuing development of its facade contracting works. As far as the market environment of the building facade contracting works sector in Hong Kong is concerned, 2004 can be considered as a critical year. The overall economy in Hong Kong shows signs of recovery since late 2003 and it is expected that developers shall regain their confidence and increase their investments in property developments. It follows that as building industry as a whole is gradually making its way out of the depression, the building facade contracting works sector in the wake would improve. The building industry in China, spurred by the upcoming Beijing Olympic Games and the Shanghai Expo, and the warming up of the property market, is moving forward to a new development phase. Apart from monitoring closely the changing market in Hong Kong, the Group has been actively deploying manpower and resources in Shanghai, Beijing and other major Chinese cities in order to capture major projects as these new opportunities shall bring.

In recent years, the Linping industrial region of Hangzhou has been booming whilst Hangzhou Sealand has been enjoying growth in its business. Hangzhou Sealand, currently operating close to its capacity, is vigorously pursuing its major expansion plan of boosting its production capacity to sustain its business growth and to make further profit contributions to the Group in the years ahead.

前景

本集團仍然繼續致力維持大廈外牆裝飾業務平穩發展。二零零四年對香港大廈外牆裝飾業務市場環境來說將會是關鍵的一年。二零零三年底香港之整體經濟情況已續漸呈現復甦跡象，預期發展商重拾信心增加物業投資，建築業的市況望得以從谷底回升，而相關的外牆建築行業亦會隨着整體建築業復甦的帶動下有所改善。國內的建築業在北京奧林匹克運動會、上海世界博覽會及房地產昇溫帶動下正步入一個新的發展時期。本集團除密切留意香港之市場變化外，亦已積極部署人力及資源在上海、北京等國內大城市抓緊新機遇帶來的大型工程。

近年杭州臨平工業區的經濟急速發展，杭州海聯之業務節節上升。現時杭州海聯之電力及蒸汽生產能力接近飽和，杭州海聯現正努力進行提升生產力的大規模擴建工程以保持業務增長，未來為本集團提供進一步之溢利貢獻。

Demands for aviation products will benefit from the recent improvements in the world economic climate and the Group remains committed to its long-term strategy of developing itself into an aero-technology driven diversified enterprise.

CHANGE OF DIRECTOR

Mr. Cui Wei, an executive director and a deputy chief executive officer of the Company, resigned from all services of the Group with effect from 31 October 2003 and Mr. Pan Linwu was appointed as an executive director of the Company with effect from the same day.

PROPOSED AMENDMENTS TO BYE-LAWS OF THE COMPANY

The Listing Rules have recently been amended and listed issuers are required to amend their constitutional documents to ensure compliance with the amended provisions of Appendix 3 of the Listing Rules which came into effect on 31 March 2004.

Accordingly, the Directors propose to the shareholders to approve a special resolution at the forthcoming annual general meeting to amend the relevant provisions of the bye-laws of the Company in order to bring them in line with the amended provisions of Appendix 3 of the Listing Rules. Among others, details of the proposed amendments and the notice of annual general meeting will be set out in a circular to be dispatched to shareholders of the Company together with the 2003 Annual Report.

近期全球之經濟氣候續漸好轉，有利航空產品之需求，而本集團以航空技術為主導的多元化長遠發展策略堅定不移。

董事變更

本公司之執行董事兼副行政總裁崔衛先生已於二零零三年十月三十一日辭退他在本集團之所有職務。潘林武先生則於同日獲委任為本公司之執行董事。

建議修訂本公司之公司章程細則

上市規則於最近已獲修訂。上市發行人須修訂其公司組織文件以確保依從上市規則附錄3經修訂之條文而條文已於二零零四年三月三十一日生效。

據此，董事建議股東於即將舉行之股東週年大會上批准一項特別決議案，修訂本公司之公司章程細則之有關條文以符合上市規則附錄3經修訂條文之規定。公司章程細則修訂的詳情及股東週年大會通告和其他事項將載於一份通函內，並連同二零零三年年報一併寄發予本公司之股東。

APPRECIATION

I would like to take this opportunity to express my appreciation to my fellow directors and all our staff for their support, hard work and dedication over the past year.

By Order of the Board
Yang Chunshu
Chairman

Hong Kong, 6 April 2004

致謝

本人謹此向各董事及全體職員在過去一年所作出之重大貢獻、努力不懈及盡忠職守表示深切謝意。

承董事會命
主席
楊春澍

香港，二零零四年四月六日