

Chairman's Statement 主席報告書



Mr. Fu Shula, Chairman
付舒拉先生·主席



Mr. Wang Xinkuo, Deputy Chairman
王心闊先生·副主席

BUSINESS REVIEW

Overall review

In light of the slow down of the Hong Kong building industry, the critical operating environment of the coal market in the Mainland and EC120 helicopters still consolidating their position in the market, the Group's turnover slipped from HK\$720,658,000 for 2003 by 10% to HK\$645,024,000 for 2004. Nevertheless, by virtue of the total commitment from all the staff of the Group in improving cost effectiveness and the co-operation from all parties concerned, the Group posted an operating profit of HK\$27,536,000 for the year, representing even a growth of 17% as compared to HK\$23,607,000 for 2003. Profit attributable to shareholders amounted to HK\$13,564,000 (2003: HK\$12,878,000). Earnings per share was HK¢0.36 (2003: HK¢0.35).

業務回顧

整體回顧

鑒於香港建築業放緩·國內煤炭市場環境嚴峻及EC120直升機銷售市場仍然處於鞏固期·本集團的總營業額從二零零三年的720,658,000港元下降10%至二零零四年的645,024,000港元。縱使如此·憑藉本集團全體員工全力以赴提升成本效益及各有關方面的配合·全年錄得經營溢利27,536,000港元·與二零零三年的23,607,000港元相比·反而有達17%之升幅。股東應佔溢利為13,564,000港元(二零零三年:12,878,000港元);每股盈利為0.36港仙(二零零三年:0.35港仙)。

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Facade contracting works

The depression of the Hong Kong facade works industry for the last ten years was at its bottom in 2004. The Group's turnover in facade works for the entire year of 2004 was HK\$523,464,000, representing 18% lower as compared to HK\$636,571,000 for 2003.

As a result of persistent stringent cost control measures, certain projects generated profit margin better than expected. Therefore, notwithstanding reduction in turnover, overall operation achieved steady performance and managed to contribute segment results of HK\$15,383,000 to the Group's operating profit (2003: HK\$15,076,000).

After many years of depression, the Hong Kong building industry bottomed out in the first half of 2004. New contracts secured in the first half of 2004 amounted to only HK\$77,480,000, but further new contracts amounting to HK\$262,520,000 were secured in the second half, resulting in an aggregate value of HK\$340,000,000 for the entire year (2003: HK\$508,000,000). The Group's vigorous efforts in developing overseas markets amidst the depressed market conditions in Hong Kong have produced results. After having secured a project in Singapore in early 2004, the Group has opened up a new page in its overseas market developments by scoring a project in Las Vegas, Nevada, USA in the second half of 2004. New contracts secured in 2004 include the following major ones:

大廈外牆裝飾工程

二零零四年為香港十年來建築幕牆行業最為低谷的一年。本集團大廈外牆裝飾工程二零零四年全年營業額為523,464,000港元，比二零零三年的636,571,000港元降低18%。

雖然營業額下降，但由於一貫的嚴格成本控制，在個別的工程項目取得較預期為佳的邊際利潤，整體經營溢利取得平穩表現，仍為本集團按業務分類提供15,383,000港元的溢利貢獻（二零零三年：15,076,000港元）。

香港建築業經過年多的不景市況後，二零零四年上半年到達谷底狀態。二零零四年上半年的新合約總額只有77,480,000港元，但下半年增加262,520,000港元，全年新合約總額為340,000,000港元（二零零三年：508,000,000港元）。本集團在香港市場不景的狀況下積極開拓海外市場已見到成效。二零零四年初繼在新加坡奪得一項工程後，本集團更下一城，下半年在美國內華達州拉斯維加斯取得一項工程項目，為本集團在開拓海外市場揭開新一頁。在二零零四年取得的新工程包括以下重大項目：

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|---|---|
| 1. K Wah Centre, Shanghai | 1. 上海嘉華中心 |
| 2. Museum Station, Singapore | 2. 新加坡博物館站 |
| 3. Cyberport Residential Development (contract numbers R311 and R411a) | 3. 數碼港住宅發展項目(合約編號R311及R411a) |
| 4. Civil Aid Service Headquarter and Fire Services Department Rescue Training Centre at Site 17 of West Kowloon Reclamation, Yaumatei | 4. 油麻地西九龍填海區第17號地盤民眾安全服務隊總部大樓及消防處搶救訓練中心 |
| 5. NKML3, Kowloon Bus Station Depot | 5. 九龍荔枝角NKML3九巴廠 |
| 6. The Palazzo, Lido Casino Resort, LLC Tower, Las Vegas, USA | 6. 美國拉斯維加斯PALAZZO酒店大樓 |
| 7. CYTS Plaza, Beijing | 7. 北京中青旅大廈 |
| 8. Asia Aluminium Industrial City, Zhaoqing | 8. 肇慶亞洲鋁業工業城 |

As at 31 December 2004, the value of remaining works in hand was HK\$474,000,000 (2003: HK\$700,000,000). The Group, fully prepared to capture the opportunities arising from the rebound of the Hong Kong economy, has secured new contracts valued in excess of HK\$270,000,000 during the period from 1 January 2005 to the date of this report, including:

1. The Proposed Skyplaza Building at Hong Kong International Airport, Lantau Island
2. No. 92-94 Queen's Road Central, Hong Kong
3. Galaxy Starworld Hotel, Macau

截至二零零四年十二月三十一日，手頭未完成工程總額為474,000,000港元(二零零三年：700,000,000港元)。本集團憑著在二零零四年的積極的市場開發行動和配合香港市場的回升所帶來的新機遇取得明顯成果，自二零零五年一月一日至本報告日期，已取得超過270,000,000港元之新合約，計有：

1. 赤鱘角航天廣場
2. 香港皇后大道中92-94號僑商大廈
3. 澳門銀河星際酒店

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Generation and sale of electricity and steam power

As mentioned in the interim report of this year, Hangzhou Sealand Electric Power Company Limited ("Hangzhou Sealand"), under the auspices of the healthy economic growth in the Mainland and its expanded production capacity, has achieved tremendous business growth. Turnover for 2004 amounted to HK\$121,062,000 (2003: HK\$77,955,000) with increases in the sales of electricity and steam power by 59% and 54% to HK\$30,747,000 (2003: HK\$19,290,000) and HK\$90,315,000 (2003: HK\$58,665,000), respectively. However, escalating coal prices, fuelled by short supply across the country, lowered Hangzhou Sealand's gross profit by 40% from HK\$12,709,000 for 2003 to HK\$7,568,000 for 2004. In order to cope with such difficult operating environment, Hangzhou Sealand together with other electricity and steam power suppliers in the region have been having serious discussions with the government authorities concerned. Following intensive discussions, the local government has established a special new subsidisation program pursuant to which subsidies are paid to electricity suppliers in the region in accordance with the volume of electricity generated. During the year, Hangzhou Sealand received subsidies equivalent to HK\$3,035,000 (2003: Nil) which were recorded as other revenue in the consolidated financial statements.

生產及銷售電力及蒸汽

誠如本年中中期報告所述，杭州海聯熱電有限公司（「杭州海聯」）在國內經濟持續健康發展及其新增的生產力帶動下業務有非常迅速的增長。二零零四年度的總營業額高達121,062,000港元（二零零三年：77,955,000港元），其中電力及蒸汽銷售額分別為30,747,000港元（二零零三年：19,290,000港元）及90,315,000港元（二零零三年：58,665,000港元），大幅度增加59%及54%。惟全國性的煤炭供應短絀引致價格急速上升則導致杭州海聯的毛利從二零零三年的12,709,000港元下降至二零零四年的7,568,000港元，跌幅達40%。因應此困難的營運情況，杭州海聯聯同區內其他電力及蒸汽供應商經與國家有關部門積極協商後，當地政府特別為區內各電力供應商提供一個全新的生產電力優惠補貼機制，按照各電力供應商的生產量而作出補貼。年內杭州海聯共收到相等於3,035,000港元（二零零三年：無）的有關補貼，並於綜合財務報表中以其他收益列賬。

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Well before the Group acquired interest in Hangzhou Sealand in 2000, an ex-shareholder of Hangzhou Sealand owed Hangzhou Sealand an over-distributed profit equivalent to HK\$8,563,000. As the ex-shareholder was unable to confirm when the over-distributed profit would be repaid, the amount was fully provided for when its equity interest was acquired by the Group. During the year, pursuant to a previous resolution of the board of directors of Hangzhou Sealand that the said receivable would be repayable by CATIC as referred to below, the amount was settled in full by CATIC. Thus, the amount recovered was reflected as other revenue in the consolidated financial statements.

By virtue of its past experience, the hard work of its staff members and the full support from the local government during the difficult times, Hangzhou Sealand was able to deliver a segment profit of HK\$15,604,000 (2003: HK\$11,511,000) to the Group for the year.

During the year, all the shareholders of Hangzhou Sealand unanimously agreed to increase their equity interests in Hangzhou Sealand by way of capitalisation of the dividends otherwise payable to them in 2004 according to their respective shareholding percentages. This would enable Hangzhou Sealand to utilise its internal resource more effectively. After the capital injection, Hangzhou Sealand's issued share capital was increased from RMB50,000,000 to RMB59,700,000.

早於二零零零年本集團於收購杭州海聯權益前，杭州海聯一名前股東欠杭州海聯一筆數目相等於8,563,000港元的超分利潤。由於該前股東未能承諾何時能把該筆款項償還，該筆數目已於本集團收購杭州海聯權益時全數撥備。於年內按早前杭州海聯一項董事會決議該筆欠款由下述中航技總公司代為償還，中航技總公司悉數償還該欠款。該筆收回之款項於綜合財務報表中以其他收益列賬。

憑藉杭州海聯過去的經驗、全體員工的努力及當地政府的大力扶助下，杭州海聯於這艱辛的一年仍然能為本集團按業務分類提供15,604,000港元（二零零三年：11,511,000港元）的溢利貢獻。

於年內，經杭州海聯全體股東一致同意以二零零四年度派發之股息按各股東的持股百分比向杭州海聯增資，以便杭州海聯更有效地運用其本身之資源。增資後，杭州海聯之註冊資本從人民幣50,000,000元增加至人民幣59,700,000元。

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MA-60 Aircraft 新舟60客機



Aero-technology

Albeit order for EC120 helicopters was gradually on the rise during the year, Project EC120's performance remains adversely affected as the overall helicopter market is still consolidating in 2004. Having considered the profit and cashflow forecast of Project EC120, the Group made a provision for impairment of HK\$4,000,000 (2003: HK\$2,000,000) against the financial asset thereunder. Taking into account this provision for impairment and accrued income in respect of an exclusive distributorship of certain helicopter engines as mentioned below, the aero-technology business posted an operating loss of HK\$775,000 for the year. For 2003, on the basis of profit warranty of not less than RMB6,500,000 in respect of Project EC120 and the abovementioned impairment of HK\$2,000,000, the Group took in a contribution of HK\$3,965,000 to operating profit.

航空技術

儘管EC120直升機於本年之訂單已略見回升，二零零四年直升機的整體銷售市場仍在鞏固中，故此阻礙此項目在本年的表現。經考慮項目EC120的未來溢利及現金流入預測，本集團於本年度就該項目財務資產作出虧損撥備4,000,000港元（二零零三年：2,000,000港元）。在計入此虧損撥備及如下文所述之若干直升機引擎獨家分銷權之收入後，航空技術業務全年錄得775,000港元的經營虧損。在二零零三年度，基於項目EC120不少於人民幣6,500,000元的溢利保證及上述2,000,000港元虧損計算，航空技術業務錄得3,965,000港元的經營溢利貢獻。

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K-8 Trainer K-8教練機



On 24 December 2003, the Company entered into an agreement with an independent third party to pay US\$5,000,000 (equivalent to approximately HK\$39,000,000) for the exclusive distributorship of certain helicopter engines produced by the third party in the following three years. The amount was paid in full on 20 January 2004. As the helicopter engines are of latest hi-tech models, the responses from the market are encouraging. Pursuant to the agreement, the average annualised return to the Company on the paid amount of HK\$39,000,000 shall not be less than 8% per annum or effectively US\$1,200,000 in aggregate for the three years ending 31 December 2006. Accordingly, the Group has accrued for the year a profit of US\$400,000 (equivalent to approximately HK\$3,120,000) which was credited to other revenue.

本公司於二零零三年十二月二十四日與一獨立第三者訂立協議，就由該第三者生產之若干直升機引擎在未來三年之獨家分銷權支付5,000,000美元（約等於39,000,000港元）。該筆款項已於二零零四年一月二十日全數支付。鑑於有關直升機引擎為新研製型號，市場反應理想。按有關協議，本公司在截至二零零六年十二月三十一日止三年按已付款項39,000,000港元之基礎計算平均年度將可獲得不少於年利率八厘或相等於總金額1,200,000美元之回報。因此，本公司於本年內之應計收益達400,000美元（約等於3,120,000港元）並已列入其他收益賬之內。

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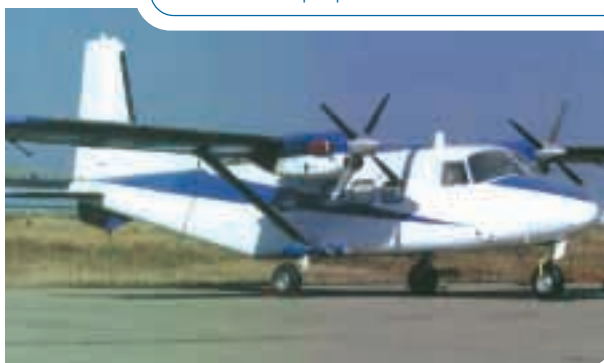
S-92 Helicopter S-92直升機



During the year, CATIC Siwei Co., Ltd. ("CATIC Siwei") (an associate which is engaged in the provision of aero-photographic services in the Mainland) achieved a breakthrough in sales by successfully signing several aero-photographic service contracts with a government department in the Mainland. Accordingly, CATIC Siwei's turnover for the year reached HK\$31,739,000, which represented an increase of 40% when compared to HK\$22,592,000 for last year. Sales of automobile navigation and mobile phone positioning services by

於年內，四維航空遙感有限公司（「四維遙感」）（一家在國內提供空中攝影服務之聯營公司）在銷售方面取得突破性的進展，成功與國內政府部門簽訂多份空中攝影合約。因此四維遙感本年度的營業額達31,739,000港元，較去年錄得的22,592,000港元相比下增幅達40%。北京四維圖新導航信息技術有限公司（「北京四維」）（一家於二零零二年十二月三日成立從事利用全球衛星

Y-12 Multi-purposes Aircraft 運12飛機



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EC-120 Helicopter EC-120直升機



China Nav-Info Co., Ltd. ("China Nav-Info") (an associate in the business of utilising geographical information system and global positioning system technologies to manufacture location-based navigation products and provide related services) increased more than 9 folds to HK\$25,049,000 (2003: HK\$2,463,000). As both of these associates are in the hi-tech sector requiring higher initial setup costs, they have not yet been able to make any profit contribution to the Group for the year.

定位系統及地理資訊系統技術生產定位導航產品及提供相關服務業務的聯營公司)在車載導航及手機位置服務本年的銷售額較去年勁升超過9倍至25,049,000港元(二零零三年:2,463,000港元)。惟由於該等聯營公司均屬高科技行業,初期開發費用較高,本年度仍未能為本集團提供溢利貢獻。

MA-60 Aircraft 新舟60客機



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PROSPECTS

The overall Hong Kong economy rebounded in the second half of 2004. The building industry has already begun to turn around and the Group, taking advantages of the opportunities, is confident of capturing further new contracts. After having secured projects in Singapore and the U.S., the Group is optimistic of winning projects in other overseas markets such as Japan. The Group remains committed to its long-term market strategy "Resolutely standing rooted to Hong Kong whilst facing the world, Actively pursuing developments of overseas markets and Prudently selecting projects in the Mainland" which serves to facilitate long-term steady growth by cushioning the impact on overall performance as may be brought by the cyclical ups and downs of individual markets.

The introduction of macro-austerity measures in 2004 had led to an amelioration in the overheated economic growth in the Mainland. This helps to maintain a steady, continuing economic growth in the Mainland and hence, a great demand for electricity and steam power. Hangzhou Sealand has well prepared itself to meet such opportunities by continuously expanding its electricity and steam power generation capacity and boosting its productivity, speeding up the installation of infrastructure to increase steam power supply to customers and introducing quality management to improve operational efficiency and cost-effectiveness. With all these in place, Hangzhou Sealand would be able to contribute more to the profit of the Group.

The overall market of helicopters has been undergoing consolidation for more than two years. Recently the order for EC120 helicopters is gradually on the rise. Thus, Project EC120 would have a positive effect to the Group's profit.

前景

在二零零四年下半年香港整體經濟出現反彈，建築業已開始復甦。本集團積極抓緊機會，有信心取得更多新工程。本集團在美國及新加坡已取得工程，對其他海外市場如日本取得零的突破深感樂觀。本集團的長遠市場策略「紮根香港面對全球，積極開拓海外市場，慎重選擇國內工程」堅定不變，有助減低個別市場可能出現的循環性興衰對整體表現可造成的影響，可利業務長遠穩健發展。

通過去年實施的宏觀調控措施，國內經濟發展過熱的情況已有所改善，這有利國內的經濟持續穩定增長，也將繼續保持對電力和蒸汽的旺盛需求。杭州海聯已為這有利的契機做好準備工作，包括繼續增建發電機及蒸汽鍋爐以達至提升生產力、加速熱網管道之建設為求增加供應蒸汽給與客戶之能力及引入全優質管理模式以提高營運效率和成本效益，為本集團提供可觀之溢利貢獻。

直升機的整體銷售市場的鞏固期已超過兩年，EC120直升機的訂單近期已有回升的跡象，故此EC120直升機項目對本集團之溢利將有正面的作用。

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China is going to host the Beijing Olympics in 2008 and the Shanghai Expo in 2010. Run-up preparation work for these events and the growth of an affluent consumer sector will increase the demand for intelligent electronic devices and the relating products, which would be able to bring in better financial performance to the Group.

CHANGES OF DIRECTORS

Mr. Li Zhaoxi was appointed as an independent non-executive director and a member of the audit committee of the Company with effect from 30 September 2004. With effect from 8 April 2005, Mr. Yang Chunshu and Ms. Yu Li resigned, and Mr. Liu Rongchun and Mr. Diao Weicheng were appointed, as executive directors of the Company.

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
Fu Shula
Chairman

Hong Kong, 12 April 2005

中國將分別於二零零八年在北京舉辦奧運會及於二零一零年在上海舉行世界博覽會，該等工程之前期準備工作及加上國內消費力愈趨強勁將能帶動消費者對電子智能產品及其周邊產品的需求從而能為本集團帶來更佳的財務表現。

董事變更

李兆熙先生於二零零四年九月三十日起獲委任為本公司之獨立非執行董事及審核委員會成員。由二零零五年四月八日起，楊春樹先生及于莉女士辭任本公司之執行董事，而劉榮春先生及刁偉程先生獲委任為本公司之執行董事。

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
付舒拉

香港，二零零五年四月十二日