

Report of the Directors 董事會報告

The directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise:

- (i) the design, manufacture and installation of fabricated aluminium and stainless steel products for buildings, such as curtain wall and cladding systems, windows, doors, skylights and other related products;
- (ii) the generation and sale of electric and steam power in the Linping industrial region of Hangzhou in the People's Republic of China (the "PRC") through its 70%-owned subsidiary, Hangzhou Sealand Electric Power Company Limited; and
- (iii) the share of profit from the development, manufacture and distribution of EC120 helicopters.

There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 39 to 144 of this annual report.

The directors do not recommend the payment of any dividend in respect of the year ended 31 December 2004.

董事會謹此呈報截至二零零四年十二月三十一日止年度之董事會報告及本公司與本集團之經審核財務報告。

主要業務

本公司主要從事投資控股，其附屬公司之主要業務包括：

- (i) 設計、製造及安裝用於大廈之鋁製及不銹鋼產品，如玻璃幕牆及鋁牆面板系統、窗、門、採光棚及其他有關產品；
- (ii) 透過擁有70%權益之附屬公司杭州海聯熱電有限公司在中華人民共和國（「中國」）杭州臨平工業區從事生產及銷售電力及蒸汽；及
- (iii) 分享開發、製造及分銷EC120直升機之溢利。

本集團之主要業務性質年內並無重大轉變。

業績及股息

本集團截至二零零四年十二月三十一日止年度之溢利及本公司與本集團於該日之財政狀況載於本年報第39至144頁之財務報告。

董事會並不建議派付截至二零零四年十二月三十一日止年度之任何股息。

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SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities and minority interests of the Group for the last five financial years, as extracted from the audited financial statements is set out on page 145 of this annual report. This summary does not form part of the audited financial statements.

INVESTMENT PROPERTIES AND FIXED ASSETS

Details of movements in the investment properties and fixed assets of the Company and the Group during the year are set out in notes 13 and 14 to the financial statements, respectively. Further details of the Group's investment properties are set out on page 146.

SHARE CAPITAL AND SHARE OPTIONS

There was no movement in the Company's authorised share capital during the year. Details of movements in the Company's issued share capital and share options during the year, together with the reasons therefor, are set out in notes 31 and 32 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws/articles of association or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

財務資料概要

本集團最近五個財政年度之已公佈業績及資產、負債及少數股東權益之概要（摘錄自經審核財務報告）載於本年報第145頁。該概要並不構成經審核財務報告之一部份。

投資物業及固定資產

本公司及本集團年內投資物業及固定資產變動之詳情分別載於財務報告附註13及14。有關本集團投資物業之進一步詳情載於第146頁。

股本及購股權

本公司之法定股本年內並無變動。本公司已發行股本及購股權年內之變動詳情及原因載於財務報告附註31及32。

優先購買權

本公司之公司章程細則／公司章程或百慕達法例均無優先購買權條文，規定本公司必須按當時股東之持股比例向其發售新股。

買賣或贖回本公司上市證券

年內，本公司及其各附屬公司概無買賣或贖回本公司任何上市證券。

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RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 33 to the financial statements and in the consolidated summary statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2004, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Act 1981 of Bermuda (as amended), amounted to HK\$20,977,900. In addition, the Company's share premium account in the amount of HK\$1,972,500 may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Purchases from the Group's five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

The percentages of the Group's turnover attributable to major customers are as follows:

		2004 二零零四年 %	2003 二零零三年 %
Percentage of turnover:	佔營業額百分比：		
From the largest customer	來自最大客戶	12	26
From the five largest customers	來自五大客戶	42	56

None of the directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the five largest customers.

儲備

本公司及本集團年內之儲備變動詳情分別載於財務報告附註33及綜合權益變動摘要表。

可供分派儲備

按百慕達一九八一年公司法(修訂本)之規定計算,於二零零四年十二月三十一日,本公司之可供分派儲備達20,977,900港元。此外,本公司之股份溢價1,972,500港元可按繳足股款紅股形式予以分派。

主要客戶及供應商

本集團之五大供應商佔本集團本年度採購總額不足30%。

本集團主要客戶所佔本集團之營業額百分比如下：

本公司各董事或其任何聯繫人士或據董事會所知擁有本公司5%以上已發行股本之股東概無擁有五大客戶任何權益。

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DIRECTORS

The directors of the Company during the year and up to the date of this report were as follows:

Executive directors:

Fu Shula	(appointed on 17 May 2004)
Wang Xinkuo	(appointed on 17 May 2004)
Ji Guirong	
Liu Rongchun	(appointed on 8 April 2005)
Diao Weicheng	(appointed on 8 April 2005)
Ren Haifeng	
Yang Chunshu	(resigned on 8 April 2005)
Wang Xinyan	(resigned on 17 May 2004)
Yu Li	(resigned on 8 April 2005)
Pan Linwu	(resigned on 17 May 2004)

Non-executive directors:

Ip Tak Chuen, Edmond	
Chu Yu Lin, David*	
Li Ka Cheung, Eric*	
Li Zhaoxi*	(appointed on 30 September 2004)

* Independent non-executive directors

董事

本公司年內及截至本報告日期之董事如下：

執行董事：

付舒拉	(於二零零四年五月十七日獲委任)
王心闊	(於二零零四年五月十七日獲委任)
季貴榮	
劉榮春	(於二零零五年四月八日獲委任)
刁偉程	(於二零零五年四月八日獲委任)
任海峰	
楊春澍	(於二零零五年四月八日辭任)
汪鑫炎	(於二零零四年五月十七日辭任)
于莉	(於二零零五年四月八日辭任)
潘林武	(於二零零四年五月十七日辭任)

非執行董事：

葉德銓	
朱幼麟*	
李家祥*	
李兆熙*	(於二零零四年九月三十日獲委任)

* 獨立非執行董事

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Pursuant to the bye-laws of the Company, Messrs. Li Zhaoxi, Liu Rongchun and Diao Weicheng, who were appointed as directors subsequent to the preceding annual general meeting, will hold office until the forthcoming annual general meeting and will then be eligible to offer themselves for re-election at the meeting. Furthermore, Messrs. Ji Guirong and Ren Haifeng will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 18 to 26 of this annual report.

DIRECTORS' SERVICE CONTRACTS

The non-executive directors and independent non-executive directors are not appointed for a specific term, but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the bye-laws of the Company.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No director during the year had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its holding companies and subsidiaries was a party during the year.

根據本公司章程細則，於上屆股東週年大會舉行後獲委任為董事之李兆熙先生、劉榮春先生及刁偉程先生，其任期將至應屆股東週年大會舉行為止，屆時將符合資格於會上膺選連任。此外，季貴榮先生及任海峰先生將於應屆股東週年大會上輪流告退，但符合資格並願膺選連任。

董事及高級管理人員之履歷

本公司董事及本集團高級管理人員之履歷載於本年報第18至26頁。

董事之服務合約

非執行董事及獨立非執行董事並無指定任期，惟須根據本公司章程細則於股東週年大會上輪流告退及膺選連任。

建議於應屆股東週年大會膺選連任之董事並無與本公司訂立本公司不可於一年內無償（法定賠償除外）終止之服務合約。

董事於合約之權益

於年內，各董事在本公司或其任何控股公司或附屬公司所訂立之任何有關本集團業務之重大合約中概無直接或間接擁有實際權益。

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

Name of director	董事名稱	Number of shares Personal interests 股份數目個人權益	Percentage of the Company's issued share capital 佔本公司已發行 股本之百分比
Ren Haifeng	任海峰	11,282,000	0.30

The interests of the directors in the share options of the Company are separately disclosed in note 32 to the financial statements.

Certain directors have non-beneficial personal equity interests in certain subsidiaries held for the benefit of the Company solely for the purpose of complying with the minimum company membership requirements.

Save as disclosed above, at 31 December 2004, none of the directors had registered an interest or short position in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事之股份及相關股份權益及淡倉

於二零零四年十二月三十一日，本公司各董事及最高行政人員於本公司或其任何相聯法團（按《證券及期貨條例》第XV部之定義詮釋）之股份、相關股份及債券證中擁有遵照《證券及期貨條例》第352條須予備存的登記冊所記錄者，或如須遵照香港聯合交易所有限公司（「聯交所」）之《上市發行人董事進行證券交易的標準守則》（「標準守則」）知會本公司及聯交所之權益及淡倉如下：

董事所擁有本公司購股權之權益於本財務報告附註32另行披露。

若干董事純粹為符合最低公司股東人數規定而代本公司於若干附屬公司持有非實際個人股權。

除以上披露者外，於二零零四年十二月三十一日，各董事概無擁有根據證券及期貨條例第352條須予登記的本公司或其任何相關法團（定義見證券及期貨條例第XV部）之股份、相關股份之權益或淡倉，亦無擁有根據標準守則而須知會本公司及聯交所之該等權益及淡倉。

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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option scheme disclosures in note 32 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

董事認購股份或債券之權利

除財務報告附註32所披露之購股權計劃資料外，於年內任何時間，概無向任何董事或彼等各自之配偶或未滿18歲之子女授出可藉購買本公司股份或債券而獲益之權利，而彼等亦無行使任何該等權利；本公司或其任何控股公司及各附屬公司亦無參與任何安排，致使任何董事可於任何其他法人團體中取得該等權利。

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SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

At 31 December 2004, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Shareholder	股東	Number of shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
Tacko International Limited ("Tacko")	Tacko International Limited ("Tacko")	1,265,767,000 * (Note 1) (附註1)	33.83
CATIC (H.K.) Limited ("CATIC (H.K.)")	中國航空技術進出口(香港)有限公司 ("中航技(香港)")	1,265,767,000 # (Note 1) (附註1)	33.83
Speed Profit Enterprises Limited ("Speed Profit")	凱得利國際有限公司 ("凱得利")	508,616,000 * (Note 2) (附註2)	13.59
Catic International Finance Limited ("Catic Finance")	凱迪克國際財務有限公司 ("凱迪克財務")	508,616,000 # (Note 2) (附註2)	13.59
China National Aero-Technology Import & Export Corporation ("CATIC")	中國航空技術進出口總公司 ("中航技總公司")	1,774,383,000 # (Note 3) (附註3)	47.42
China Aviation Industries Corporation I ("AVIC I")	中國航空工業第一集團公司 ("中航工業I")	1,774,383,000 # (Note 3) (附註3)	47.42
China Aviation Industries Corporation II ("AVIC II")	中國航空工業第二集團公司 ("中航工業II")	1,774,383,000 # (Note 3) (附註3)	47.42

* The shares were directly beneficially owned by these shareholders.

These shares were owned through controlled corporation.

主要股東之股份及相關股份權益

於二零零四年十二月三十一日，本公司遵照證券及期貨條例第336條存置之權益登記冊紀錄之本公司5%或以上已發行股本權益如下：

好倉：

Number of shares held 所持股份數目	Percentage of the Company's issued share capital 佔本公司已發行股本百分比
1,265,767,000 * (Note 1) (附註1)	33.83
1,265,767,000 # (Note 1) (附註1)	33.83
508,616,000 * (Note 2) (附註2)	13.59
508,616,000 # (Note 2) (附註2)	13.59
1,774,383,000 # (Note 3) (附註3)	47.42
1,774,383,000 # (Note 3) (附註3)	47.42
1,774,383,000 # (Note 3) (附註3)	47.42

* 該等股份由有關股東直接實益擁有。

該等股份透過所控制法團持有。

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Notes:

- (1) Tacko is a wholly-owned subsidiary of CATIC (H.K.), which is in turn a wholly-owned subsidiary of CATIC. Pursuant to the SFO, both CATIC (H.K.) and CATIC are deemed to be interested in the 1,265,767,000 shares held by Tacko.
- (2) Speed Profit is a wholly-owned subsidiary of Catic Finance, which is in turn a wholly-owned subsidiary of CATIC. Pursuant to the SFO, both Catic Finance and CATIC are deemed to be interested in the 508,616,000 shares held by Speed Profit.
- (3) CATIC is owned as to 50% by AVIC I and as to 50% by AVIC II. Pursuant to the SFO, each of CATIC, AVIC I and AVIC II is deemed to be interested in the aggregate of the shares stated in (1) and (2) above (i.e., an aggregate of 1,774,383,000 shares held by Tacko and Speed Profit).

Save as disclosed above, as at 31 December 2004, no person, other than the directors of the Company whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Company and the Group had certain connected transactions, details of which are set out in note 38 to the financial statements.

POST BALANCE SHEET EVENT

Details of significant post balance sheet events of the Group are set out in note 39 to the financial statements.

附註:

- (1) Tacko為中航技(香港)之全資附屬公司,而中航技(香港)則為中航技總公司之全資附屬公司。根據證券及期貨條例,中航技(香港)及中航技總公司均被視作擁有由Tacko持有之1,265,767,000股股份之權益。
- (2) 凱得利為凱迪克財務之全資附屬公司,而凱迪克財務則為中航技總公司之全資附屬公司。根據證券及期貨條例,凱迪克財務及中航技總公司均被視作擁有由凱得利持有之508,616,000股股份之權益。
- (3) 中航工業I及中航工業II分別擁有中航技總公司50%之權益。根據證券及期貨條例,中航技總公司、中航工業I及中航工業II均被視作擁有上文附註(1)及(2)之股份(即由Tacko及凱得利持有合共1,774,383,000股股份)之權益。

除上述者外,於二零零四年十二月三十一日,除有關權益資料載於上文「董事之股份及相關股份權益及淡倉」之董事外,並無任何人士擁有根據證券及期貨條例第336條須予登記之本公司股份或相關股份之權益或淡倉。

關連交易

本公司及本集團年內有若干關連交易,其有關詳情載於財務報告附註38。

結算日後事項

有關本集團之重大結算日後事項之詳情載於財務報告附註39。

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CODE OF BEST PRACTICE

In the opinion of the directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("the Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the accounting year covered by this Annual Report, except that the non-executive directors and independent non-executive directors of the Company are not appointed for a specific term as required by paragraph 7 of the Code, but are subject to retirement by rotation in accordance with the bye-laws of the Company.

Pursuant to recent amendments to the Code, every director should be subject to retirement by rotation at least once every three years. Accordingly, the directors proposed a special resolution at the forthcoming annual general meeting to amend the relevant bye-laws of the Company in order to comply with such amendments.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with the Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Fu Shula
Chairman

Hong Kong
12 April 2005

最佳應用守則

董事會認為本公司於本年報所述之會計年度內一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之最佳應用守則（「守則」），惟本公司之非執行董事及獨立非執行董事並無按守則第7段規定有指定任期，而須依據本公司章程細則輪流告退。

根據近期守則之修訂，每名董事必須至少每三年輪流告退一次。據此，董事會建議於即將舉行之股東週年大會上提呈一項特別決議案批准修訂本公司之有關章程細則以符合該等修訂。

審核委員會

本公司已設立根據上市規則第3.21條之規定成立之審核委員會，以審核及監督本集團之財務申報程序及內部監控。審核委員會由本公司三名獨立非執行董事組成。

核數師

安永會計師事務所任滿告退，而即將舉行之股東週年大會上將提呈決議案續聘該會計師事務所為本公司核數師。

代表董事會

主席
付舒拉

香港
二零零五年四月十二日