



董事長耿雷先生  
Mr. Geng Lei, Chairman

致各位股東：

本人欣然提呈哈爾濱動力設備股份有限公司2004年1月1日至12月31日之年度報告，並代表本公司全體同仁向各位股東致意。

2004年中國經濟持續快速增長，電力需求旺盛。作為中國最大發電設備製造基地之一的哈爾濱動力設備股份有限公司，既迎來了新的發展機遇，也承擔著為中國電力發展提供優良產品和優良服務的重要責任。

2004年是公司發展史上的重要一年，國內政治經濟環境良好，得益於強大的市場需求和公司發展戰略的有效實施，公司全體同仁共同努力，公司業務高速增長，實現了多項突破。

經營業績穩步增長。截止2004年12月31日，公司實現除稅及少數股東收益後溢利為人民幣11,757萬元，比上年增長119.88%；每股溢利為人民幣0.099元；實現營業額人民幣1,021,567萬元，比上年增長98.58%。（有關上述業績的討論詳見本年報《管理層論述與分析》一節）

To all shareholders:

I am pleased to present the annual report of Harbin Power Equipment Co., Ltd (the company) for the year ended 31st December, 2004.

In the year of 2004, the economy of China continued to grow rapidly and the power supply is greatly needed. As one of the largest manufacture bases in the field of power generation equipments, Harbin Power Equipment Co., Ltd not only met with new developing opportunities but also take the responsibility for offering good quality equipments and service to Chinese power development.

2004 is important year in the company's developing history. With the support of sound domestic political environment, great market demand, implement effectively on the company's developing strategy and hard working for all the company's employees, the company's business has improved rapidly and has made breakthroughs in many fields.

The business results grew stably. For the year ended 31st, 2004, the Company recorded consolidated profit after taxation and minority interest of Rmb117.57 million, representing an increase of 119.88% over last year; earnings per share was Rmb0.099 yuan. Turnover was Rmb10,216 million, representing an increase of 98.58% over last year. (Pls see details in the section "Management Discussion and Analysis").

股東回報顯著增加。為回報廣大股東，董事會向股東大會建議從當年可供分配的利潤中提取人民幣6,065萬元向股東派發末期股息，即每股股息人民幣0.0510元。H股股東的股息將以港幣支付，匯率乃按股息宣派日前一周中國人民銀行公布的平均匯率計算，即港幣一元兌換人民幣1.0608元，每股H股可得股息0.0481港元。該股息將於2005年8月13日或之前派發予2005年5月13日已經登記在股東名冊上的股東。

公司期內正式簽訂合同人民幣302億元，從新簽訂單上分析，公司保持了在大型水電、大型火電、重型燃機等項目上的領先地位。大型水電市場佔有率超過65%，600MW超超臨界火電市場佔有率100%，重型燃機市場佔有率49%。同時，燃氣—蒸汽聯合循環發電機組餘熱鍋爐島和300MW大型抽水蓄能機組合同的簽訂，為公司開闢了新的市場空間；巴基斯坦恰其瑪工程項目2台核電蒸發器製造合同的簽訂，使公司核電製造推進了重要一步，為開發前景廣闊的核電市場奠定了基礎。300MW火電機組脫硫島合同的簽訂使公司在環保設備製造上實現了零的突破。

核心產品體系更加完備，核心技術躍上新台階。公司積極進行引進技術的消化吸收和技術創新，具備了自主設計製造700 MW大型水電、600MW大型空冷火電機組的能力，通過技術引進和技術合作，具備了設計製造600MW、1,000MW等級超超臨界火電機組能力，基本掌握了9F級重型燃氣輪機的總裝和試車技術。新簽了1,000MW超超臨界燃煤鍋爐、300MW大型抽水蓄能機組和濕法脫硫、脫銷技術引進協議。加快推進公司主導產品的升級換代，增強了核心競爭力。

The rewarding for shareholders grew obviously. In order to reward our shareholders, The Board of Directors recommend a final dividend of Rmb60.65 million from the profit of the year available for distribution. The final dividend was Rmb0.0510 yuan per share. Dividend of shareholders for H shares will be paid in Hong Kong dollars, the exchange rate used, this is HK\$1 = RMB1.0608, is based on average closing rate of the People's Bank of China during the calendar week proceeding the date of recommending final dividend. The final dividend for every H share will be HK\$0.0481. On or before the day of 13th August, 2005, The dividend will be distributed to shareholders who have registered on the shareholders' list by the day of 13th May, 2005.

The officially signed contract value is amounted to 30.2 billion. The Company kept in leading position in large scale hydro power projects, large scale thermal power equipment and large scale heavy duty gas turbine projects. The market occupation rate for large scale hydro power exceeded 65%. The market occupation rate for 600MW ultra super critical thermal power is 100%; The market occupation rate for heavy duty gas turbine is 49%. At the same time the winning contract of gas-steam combined cycle generation unit HRSG island and 300MW large scale pump storage units exploited new market filed for the Company. The winning manufacture contract for 2 units' nuclear power steam generator of Pakistan Chashma Project pushed the Company to make a big movement in nuclear power manufacture and laid the foundation for nuclear power market with great prospects. The winning contract of 300MW thermal power unit Desulphurization Island shows that the Company has the capability to manufacture environment protection products.

Leading product system is more perfected and the core technology has reached to a new stage. The Company took positive actions on the absorption of transferred technology and technology renovation including design and manufacture 700MW large scale hydro power and 600MW large scale air-cooling thermal power. The Company is capable to design and manufacture 600MW, 1000MW ultra super critical thermal power by the way of technology introduce and technical cooperation. The Company has mastered the technology of assembly and test for 9FA heavy duty gas turbine. The newly signed technology introduce agreements on 1000MW ultra super critical coal combustion boiler, 300MW large scale pump storage units, wet desulphurization and desalpetre technology speeded up the Company's leading projects' upgrade and increased leading competitive capability.

生產系統經受了考驗，生產能力大幅度提升。火電三大主機的產量都在1,200萬千瓦以上，按合同交貨的難度很大。經過一年的不懈努力，實現了主要產品產量由2003年的500萬千瓦到2004年1,400萬千瓦的重大飛躍，兌現了對用戶的承諾，維護了公司市場信譽，帶動了公司各方面工作水平的提高，也使公司上下對完成今後幾年繁重的生產任務充滿了信心。

公司治理日臻完善。公司董事會組建了戰略發展委員會、審核委員會、提名委員會和薪酬委員會，進一步規範和完善了董事會的運作，提高了公司治理水平。

總之，通過一年的有效工作，公司生產能力大幅度提高，實現利潤快速增長，資產質量和運營效率進一步好轉，全體員工士氣高昂，信心倍增，公司呈現出良好的發展勢頭。

2005年，國內宏觀環境持續看好，發電設備市場規範發展，振興東北老工業基地的政策加快推進，這都為公司的發展提供了良好的外部環境。公司近幾年改革發展取得的成果、飽滿的在手訂單和綜合競爭優勢的提高，為公司今後的發展奠定了基礎。

董事會和本人認為，2005年，公司將繼續施行技術領先、國際化發展、機制創新、管理創新和以人為本的發展戰略，積極做好各方面工作，完成生產經營任務，提高經濟效益，為股東創造更多的回報。

The production system bear proof and the production capability have increased rapidly. The production output for three leading units were above 12000MW. It was difficult to delivery the equipment according to contract's requirement. With one year's continuous hard working, the Company has achieved a big improvement from 5000MW in 2003 to 14000MW in 2004, met its commitment to customer, maintained the company's reputation, improved the Company's work ability in all fields and made the Company feel confidence in finish heavy tasks in the following years.

The Company's management system was more and more completed. The company board of directors set up strategy development committee, audit committee, nomination committee and salary committee to further complete and regulate the board of director's operation, which have improved the Company's management level.

In general, with one year's efficient work, the Company's manufacture capability has been improved a lot, the Company's profits have increased a lot and the asset quality and operation efficiency was looking up. All employees were working diligently and confidently and the Company was in a positive developing tide.

In 2005, the positive condition of domestic macro environment, the canonical development of power equipments market and further implement of "Thrive Northeast Old Industry Base" strategy provided a sound outer environment for the Company's development. The results achieved through renovation and development, full contracts on hand and the improvement in the comprehensive competitive advantages laid a foundation for the Company's development in the following years.

Board of Directors and me is aware that the Company will continue to take active actions in all fields, finish production and management task, improve economy profit and create more rewards for our shareholders with implement of advanced technology, international development, system renovation, management renovation and strategy of regarding human resource as the core of the Company's development in 2005.

公司將加快引進技術的消化、吸收和創新，大力加強核心技術的自主開發形成具有自主知識產權之產品體系。通過提高科研設計水平，降低設計成本和生產成本，進一步提高產品質量。通過採用新科技和新工藝，縮短製造周期，提高生產效率。

在繼續抓好重點項目開發的同時，公司將加大以國際電站工程總承包項目為主的國際市場開發力度，構建國際、國內市場互補的戰略格局；繼續加強與跨國公司多層次、全方位的合作，改進公司的技術、管理、營銷等各方面工作，加快公司國際化發展步伐。

公司將繼續抓住降低成本這個重要環節，以提高產品毛利率為重點，改進成本控制，以有效控制設計成本、採購成本、製造成本、管理費用，提高公司贏利能力；加強對分包、擴散企業的控制；完善社會化生產組織體系。公司將加快企業信息化進程，以此為切入點，推動先進的管理理念和管理手段在公司的應用。年內將成立資金結算中心，對全公司的資金實行統一管理。

公司將進一步規範各類專業人員的培訓，為人才的成長和發揮作用創造條件，持續推動員工隊伍素質的提高，適應公司快速發展的需要。

本人堅信，公司一定能夠把握住發展的機遇，在2005年的工作中取得更大的突破。公司董事會和管理層對未來的發展充滿信心。

董事長  
耿雷

於中國·哈爾濱，二零零五年四月十六日

The Company will speed up the digestion, absorption and renovation of transferred technology to strengthen its core technologies and knowledge in order to create its own technologies and skill sets. It will reduce design cost and production cost and improve its product quality by way of improve scientific research design ability. It will reduce manufacture cycle and enhance productive efficiency by way of adopting new technology and new process.

As the same time of working on the important projects development, the Company will strengthen on international market taking general contract for international power station projects as dominant factor to build the structure that the domestic and foreign market can complementary mutually. With continuing to strengthening cooperation with multinational companies in multi-levels and all-directional, it will improve its work in all fields, such as technology, management and marketing etc and speed up its developing internationally.

Continuing cost reduction as key process, taking improving product gross profit as key point, updating cost control system, the Company will control design cost, sourcing cost, manufacture cost and managing cost efficiently to enhance the Company's ability of winning profit. Strengthening control on subcontracts, the Company will complete societalized production organization system. The Company will speed up informationization and takes it as point of contact to push forward the implement on advanced managing philosophy and managing methods in the Company. Within the year of 2005, the Company will set up a financial setting account center to reach a common management on the whole capitals.

The Company will further regulate training on professionals to create positive conditions for talented people to make progress and give full play to their skills.

I believe that the Company will grasp develop opportunity and make greater breakthrough in the work of 2005. The Board of Directors and managers are confidence on the development in the further.

Chairman  
Geng Lei

Harbin, the People's Republic of China, 16th April, 2005