

RESULTS

All areas of the Group's activities experienced strong demand and produced improved results, leading to profit attributable to shareholders increasing by 41% to HK\$618 million. The improvement in results reflects not only increased level of activity throughout the Group but also better margins due to high utilisation. Turnover at the Company's operations in Hong Kong grew by 12% and that of Taikoo (Xiamen) Aircraft Engineering Company Limited ("TAECO"), which had become a subsidiary in October 2004, increased by 19%. The turnover at Hong Kong Aero Engine Services Limited ("HAESL"), a jointly controlled company, was 18% higher.

Your Directors have recommended a final dividend for 2005 of HK\$1.10 per share which, together with the interim dividend of HK\$0.50 per share paid on 26th September 2005, results in a total distribution for the year of HK\$1.60 per share, representing an increase of 47% over the total dividends declared for 2004.

INVESTMENTS

The Company is building a second hangar at Hong Kong International Airport which is expected to open at the end of 2006.

TAECO opened its fourth double-bay hangar at Xiamen airport in December 2005 and is constructing a fifth double-bay hangar to open in the third quarter of 2007.

STAFF

The strong result for the year reflects the excellent qualities and hard work of the staff of more than 8,000 whom the Group employs. On behalf of the shareholders, I should like to thank them for their continuing support.

業績

集團業務各範疇均有強大的需求，令業績進步，股東應佔溢利因而增加百分之四十一至港幣六億一千八百萬元。業績進步不單反映集團各方面的業務水平有所增長，邊際利潤亦因使用率高而提高。公司在香港的業務營業總額增長百分之十二，而於二零零四年十月成為附屬公司的廈門太古飛機工程有限公司（「廈門太古飛機工程公司」）增加百分之十九，共控公司香港航空發動機維修服務有限公司（「香港航空發動機維修服務公司」）的營業總額則上升百分之十八。

董事局建議派發二零零五年度末期股息每股港幣1.10元，連同於二零零五年九月二十六日已派發的中期股息每股港幣0.50元，本年度共派息每股港幣1.60元，比二零零四年宣派的股息總額增加百分之四十七。


投資

公司正於香港國際機場興建第二個機庫，預期於二零零六年底啟用。

廈門太古飛機工程公司位於廈門機場的第四個雙機位機庫於二零零五年十二月啟用，第五個雙機位機庫正進行興建工程，將於二零零七年第三季啟用。

員工

本年度業績表現強勁，反映集團所僱用逾八千名員工質素卓越及辛勤努力。本人謹代表各股東衷心感謝他們一直以來的支持。

The image shows three technicians in white uniforms working on the wing of a Continental Airlines B737 aircraft in a hangar. They are focused on a task on the wing's surface, which appears to be the installation of wing tips. The hangar is filled with scaffolding and structural elements, and yellow straps are visible hanging from the ceiling. A blue text box is overlaid on the upper left portion of the image.

Adding wing tips to a Continental Airlines B737 at HAECO's Hong Kong hangar. This modification is done to improve fuel efficiency. HAECO substantially cut the ground time required to do this modification.

港機工程在香港的機庫為美國大陸航空的波音737型飛機加裝翼尖。
這項改裝工程可提高燃油效益。港機工程大大削減這項改裝工程所需的
地面停留時間。

BOARD OF DIRECTORS

Mr. Chan Ping Kit, the Deputy Chairman and Chief Executive Officer, reached normal retirement age during the year and has contracted to work for the Company for a further three years.

OUTLOOK

Demand for the HAECO Group's services remains robust. Line maintenance at Hong Kong International Airport should benefit from additional movements and strong demand for heavy maintenance is expected. However, additional staff training and other costs will be incurred during 2006 in preparation for the opening of the second hangar shortly before the end of the year. TAECO is expected to grow significantly in step with the added use of its newly opened fourth hangar. HAESL has strong demand but was operating at full capacity during 2005 and thus has little room to grow. Overall the prospects for 2006 are good but improving on the excellent results achieved in 2005 will be a challenge.

David Turnbull

Chairman

Hong Kong, 7th March 2006

董事局

副主席兼行政總裁陳炳傑先生於年內達到正常退休年齡，並已簽訂合約再為公司服務三年。

展望未來

港機工程集團的服務需求仍然穩健。香港國際機場的外勤維修應可因航班增加而受惠，而大型維修的需求亦預期強大。然而，二零零六年間將有更多的員工培訓及其他成本，以為第二個機庫於年底前啟用作好準備。隨著廈門太古飛機工程公司第四個機庫落成投入服務，預期該公司將齊步有顯著的增長。香港航空發動機維修服務公司的需求強大，但由於二零零五年間可用量已全部運用，故增長空間不大。二零零六年的整體前景良好，但要在二零零五年出色的業績表現上更上層樓，將會是一項挑戰。

主席

唐寶麟

香港，二零零六年三月七日