



管理層論述與分析

Management Discussion and Analysis

宏觀經濟與行業發展

二零零三年，中國經濟繼續保持快速發展勢頭，國內生產總值同比增長9.1%。經濟的快速增長使用電需求大幅度增加，用電量同比增長15.3%，國內再次出現電力短缺現象，有22個省級電網拉開限電。發電設備需求強勁，發電設備製造業迎來了前所未有的發展機遇。

訂貨情況

自二零零三年五月份以來，發電設備市場形勢顯著改善，本集團新接訂單大幅度增加。至六月末新接訂單已達到116億元，超過二零零二年全年。下半年再創佳績，全年累計新接訂單達423億元，較上年增長445%。其中主機設備訂單367億元，較上年增長439%；工程服務訂單36億元，較上年增長279%。伴隨訂單的增加，產品價格逐步回升，與上年同期比較平均上升約20%左右。

在新接訂單中，本集團600MW火電主機產品的市場佔有率約為33%，300MW火電主機產品的市場佔有率約為50%，大型水電機組的市場佔有率為50%，本集團產品已經進入中國除港、澳、台以外所有地區，行業龍頭地位得到了鞏固和加強。

MACRO-ECONOMY SITUATION AND INDUSTRY DEVELOPMENT

In the year of 2003, China economy continued to grow rapidly. The gross domestic product grew by 9.1% compared with last year. With the rapid development of economy, the demand for electric power obvious increased. The electric power consumption grew by 15.3% compared with last year and some areas were in shortage of electricity. 22 provincial electric power grids restricted power supply by tuning off power brakes. Now, with great demands for power equipments, the power equipment manufacturing industry meets unprecedented opportunities.

NEW CONTRACTS

Since May, 2003, there is great improvement on electric power equipment market and the new contracts have increased a lot. Until the end of June, the new-receiving contracts have already got to Rmb11.6 billion which exceeded the whole contracts for the year of 2002. In the latter half of the year, we got new achievements, with new-receiving contracts up to Rmb42.3 billion which grew 445% compared with that of last year. Among which the contracts for main units are Rmb36.7 billion which grew 439% compared with that of last year and the contracts for engineering service are Rmb3.6 billion which grew 279% compared with that of last year. With the increasing orders, the product price is increasing gradually and grew 20% compared with that of last year.

Among new contracts, the Group's market occupation percentage for 600MW thermal power main units product is 33%, for 300MW thermal power main units product is 50%, for large hydro power units product is 50%. The Group's power equipments have entered all the areas within China in addition to Taiwan, Hong Kong and Macao and its leading position in this industry was strengthened and stabilized.

新訂單的大幅度增加為集團今後幾年的發展打下了堅實的基礎，同時訂單中的1,000MW等級超超臨界火電項目、600MW超臨界火電項目、重型燃機及聯合循環項目、600MW空冷火電項目、300MW循環流化床鍋爐項目以及700MW大型水電項目等都是世界水平的項目，必將推動本集團主導產品的升級換代，使本集團主導產品的生產進入世界先進行列。

科研開發與技術合作

本集團十分重視新產品開發工作，著眼於市場需求和未來發展方向，採取自主研製、引進技術、合作設計、聯合投標等多種方式，開發新產品，改進老產品，不斷滿足發電設備的市場需求。二零零三年，本集團投入科研費用11,823萬元，完成了141項新產品開發和科研課題，其中600MW超臨界汽輪機、600MW空冷汽輪機、300MW空冷汽輪機、300MW「W」火焰鍋爐、150MW循環流化床鍋爐、60MW抽水蓄能機組已研製成功，三峽左岸機組已有3台提前並網發電。「三峽水輪發電機組研製」、「超超臨界發電技術選型研究」、「135MW循環流化床鍋爐設計」和「200MW循環流化床鍋爐方案設計」已通過國家驗收；三峽右岸水輪機模型轉輪的研製為二零零四年三月獲得右岸4台機組的製造合同奠定了基礎。此外，公司還開展了風力發電設備的研製工作。

The great increase of new contracts will lay a firm foundation for the Group's development in the following years. At the same time, the projects in the contracts all reach to domestic or international level, such as 1,000MW ultra-super critical thermal power projects, 600MW super critical thermal power projects, heavy -duty gas turbine and combined – cycle project, 600MW air cooling thermal power project, 300MW circulated fluidized bed boiler project and 700MW large hydro power project, which will promote the Group to upgrade and update its leading products and make the manufacturing capability of the Group's leading products reaches to an internationally advanced level.

R&D AND TECHNOLOGY COOPERATION

The Group paid much attention to developing new products. According to market demand and developing trend in the future, the Group adopted various ways, independent research, technology introduction, cooperative design, and bundle buy to develop new products and update old product and, finally, to meet the demand of power equipment market. In the year of 2003, the Group invested Rmb118.23 million in R&D and completed 141 new products' R&D. Among which, the 600MW super critical steam turbine, the 600MW air cooling steam turbine, the 300MW air cooling steam turbine, 300MW "W" flame boiler, 150MW circulated fluidized boiler and 60MW pumped storage unit have been successfully developed; three units which belong to the Three Gorge project's left bank are connected to power grid and begin to supply power in advance; "the Three Gorge Hydro Power Units Research" project passed the metaphase evaluation by National Development and Reform Committee and China Machinery Industry Federation in September, 2003; the "selection of ultra-super critical generating technology's type" project has passed nation's inspection in November, 2003; "the 135MW Circulated Fluidized Bed Boiler Design" and "the 200MW circulated Fluidized Bed Boiler Design" have passed the National Science and Technology Ministry's inspection in July, 2003; the research for hydro power unit model rotating wheel belonging to the Three Gorge Right Bank project laid a foundation for winning the contracts of manufacturing 4 units of the Right Bank in March, 2004. In addition, the Group is researching the wind power equipment.



與此同時，集團加強了與跨國公司的合作，技術引進工作取得了重要進展。年內集團先後與GE公司簽訂了9F型重型燃機及聯合循環汽輪機、汽輪發電機技術轉讓協議；與三菱重工簽訂了600MW超臨界汽輪機技術轉讓協議；與三井巴布科克公司簽訂了600MW超臨界鍋爐技術轉讓協議；與阿爾斯通公司簽訂了200-350MW循環流化床鍋爐技術轉讓協議；公司在與跨國公司合作的基礎上自主開發了三缸四排汽亞臨界600MW汽輪機，與三菱重工合作取得了玉環1,000MW超超臨界鍋爐合同。這些項目的實施，將使本集團主導產品達到當代國際水平，鞏固並提高本集團的行業地位，對本集團的長遠發展具有重要意義。

生產與服務

二零零三年，本集團生產形勢繼續改善，產品產量大幅度增加。全年完成電站鍋爐30台共計5,265MW，比上年同期增長9%；電站汽輪機26台共計4,482MW，比上年同期增長73%；汽輪發電機25台共計5,104MW，比上年同期增長45%；水輪發電機組13台共計1,027MW，比上年同期增長137%。其中，大同600MW、漳山300MW空冷汽輪機以及沁北600MW超臨界汽輪機和汽輪發電機等新產品製造均已完工，以上項目均為國內首台；三峽左岸700MW大型水電機組已有3台移交電廠運行，運行狀況良好。

Meanwhile, the Group strengthened its cooperation with international companies and achieved a lot in technology introduction. Within the year, the Group has signed Technology Transfer Agreement with GE on heavy-duty gas turbine and combined cycle steam turbine, signed Technology Transfer Agreement with Mitsubishi Heavy Industry on 600MW super critical steam turbine, signed Technology Transfer Agreement with Mitsui-Babcock on 600MW super critical boiler technology, signed Technology Transfer Agreement with Alstom on 200-350MW circulated fluidized boiler, independently developed sub-critical 600MW steam turbine with three casings and four exhausts cooperating with international company and got the contract of YuHuan 1,000MW ultra-super critical boiler contract cooperating with Mitsubishi Heavy Industry. The enforcement of these contracts promoted the Group's leading products to international level, consolidated and improved the Group's position in this industry and was of significant meanings for the Group's further development.

PRODUCTS AND SERVICES

In 2003, the Group's production situation remarkably improved and the output increased substantially. During the year, the Group's output was 30 units of utility boiler with total capacity of 5,265MW, an increase of 9% over 2002; 26 units of power plant turbine with total capacity of 4,482MW, an increase of 73% over last year; 25 turbine generators with total capacity of 5,104MW, an increase of 45% over 2002 and 13 units of hydro power turbo-generators with total capacity of 1,027MW, an increase of 137% over last year. Among which, the manufacture of air cooling steam turbine of Datong 600MW and Zhangshan 300MW and the super critical steam turbine and steam turbine generator of Qinbei 600MW were finished. All the above-mentioned projects are the first units of such kind of equipments within China. Three units of The Three Gorge Project left bank 700MW large hydro power units were delivered to customers and they are in good operation now.



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電站工程服務方面：蘇丹吉利2 X 206B聯合循環電站項目1號機組和2號機組分別於二零零三年十二月和二零零四年一月完成試運行，移交業主進入商業運行；韓城2 X 600MW鍋爐島已完成60%，汽機島已完成40%；托克托2 X 600MW鍋爐島項目已全部完成，並於二零零四年一月通過性能試驗，所有設備性能均滿足合同要求；越南高岸2 X 55MW火電站總承包項目已開始啟動。

溢利

二零零三年，本集團實現淨溢利5,347萬元，比上年同期增長41.87%；每股盈利0.045元，比上年同期增加0.013元；期末資產淨值為300,503萬元，比二零零二年末增加4,634萬元；每股資產淨值為2.53元，比二零零二年末增加0.04元。

股息

董事會建議派發二零零三年度股息為每股人民幣0.008元（二零零二年度為每股人民幣0.006元）。

營業額

二零零三年，本集團實現主營業務收入514,425萬元，比上年同期增長34.62%。其中，火電主機設備的營業額為289,884萬元，比上年同期增長54.31%；水電主機設備的營業額為51,756萬元，比上年同期增長29.96%；電站工程服務的營業額為117,997萬元，比上年同期下降3.99%；電站輔機及配套產品的營業額為14,713萬元，比上年同期增長42.69%；交直流電機及其它產品與服務的營業額為40,075萬元，比上年同期增長88.71%。

In respect of engineering services, the commissioning of unit one of Sudan El Gaili 206B combined-cycle power station project was completed on December, 2003, and the commissioning of unit two was finished on January, 2004. These two units were delivered to customers and began commercial operation; 60% and 40% of HenCheng boiler island and turbine island (two sets of 2 X 600MW) was completed; the 2 X 600MW Turoketuo boiler island project was completed; the general contracting project of CaoNgan Thermal power plant in Vietnam (two sets of 55MW) started.

CONSOLIDATED PROFIT AFTER TAX

In 2003, the Group recorded net consolidated profit of Rmb53.47 million, an increase of 41.87% as compared to the last year. Profit per share recorded Rmb0.045 yuan, an increase of Rmb0.013 yuan over last year. The net assets at the end of the term recorded Rmb3,005.03 million, an increase of Rmb46.34 million compared with that of the end of 2002. Net assets per share recorded Rmb2.53 yuan, and increase of Rmb0.04 yuan compared with that to the end of 2002.

DIVIDEND

The Board of Directors recommended a final dividend of Rmb0.008 yuan per share for 2003, as compared to that of Rmb0.006 per share yuan in 2002.

TURNOVER

In 2003, the Group recorded turnover of Rmb5,144.25 million, an increase of 34.62% compared to the last year. During the year under review, turnover of the thermal power main units was Rmb2,898.84 million, an increase of 54.31% over last year. Turnover of hydropower main units was Rmb517.56 million, an increase 29.96% over last year. Turnover of power plant engineering services project was Rmb1,179.97 million, a decrease of 3.99% compared to last year. Turnover of power plant accessories and parts was Rmb147.13 million, an increase of 42.69% over last year. Turnover of AC/DC motors and other products and services was Rmb400.75 million, an increase 88.71% over last year.





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年內，本集團出口收入佔主營業務收入的21.60%，亞洲為10.15%，非洲為11.45%。本集團實行按單生產，即根據訂單生產和銷售產品，二零零三年營業額增長的主要原因是前期訂單增加所致。

成本

年內，本集團的主營業務成本為449,119萬元，比上年同期增加124,337萬元，增幅為38.28%。扣除主營業務收入增長所帶來的成本相應上升的因素外，原材料價格上漲亦是成本上升的重要原因。

目前，本集團正積極研究對策，將從產品設計入手努力降低設計成本，降低原材料成本，以有效控制產品成本的增長。

毛利及毛利率

年內，本集團營業毛利為65,306萬元，比上年同期增加7,959萬元，增長13.88%；毛利率為12.69%，比上年同期下降2.32個百分點。

其中，火電主機設備毛利為39,522萬元，毛利率為13.63%，比上年同期下降5.59個百分點；水電主機設備毛利為12,036萬元，毛利率為23.26%，比上年同期下降1.17個百分點；電站工程服務毛利為6,300萬元，毛利率為5.34%，比上年同期上升1.35個百分點；電站輔機及配套產品毛利為3,847萬元，毛利率為26.15%，比上年同期上升4.61個百分點；交直流電機及其它產品與服務的毛利為3,600萬元，毛利率為8.98%，比上年同期下降11.63個百分點。

During the year, the export sales of the Group accounted for 21.60% of the turnover of main business activities. Among which 10.15% was in Asia and 11.45% was in Africa. The Group manufactured products according to contracts, which means that the Group manufacture and sale products according to orders. The reason that the turnover in 2003 was increased is that the orders increased.

COST

During the year, the cost of main business activities of the Group was Rmb4,491.19 million, an increase of Rmb1,243.37 million and 38.28% as compared to last year. Except for the corresponding increase in cost brought by the increase in turnover of main business activities, the price increase of raw materials was the main reason for the increase in cost.

At present, the Group is actively studying certain measures to reduce design cost so as to effectively control the increase of raw material cost.

GROSS PROFIT AND PROFIT MARGIN

In 2003, the gross profit of the Group was Rmb653.06 million, an increase of Rmb79.59 million and 13.88% over last year. The profit margin was 12.69%, a decrease of 2.32% compared to last year.

Among which the profit for thermal power main units were Rmb395.22 million. The profit margin for thermal power main units was 13.63%, a decrease of 5.59% compared to last year. The profit for hydropower main units was 120.36 million. The profit margin for thermal power main units was 23.26%, a decrease of 1.17% compared to last year. The profits for power plant engineering services were Rmb63 million. The profit margin was 5.34%, an increase of 1.35% over last year. And the profit for power plant accessories and parts were Rmb38.47 million. The profit margin for power plant accessories and parts were 26.15%, an increase of 4.61% over last year. The profit for the AC/DC motors and other product and service was 36 million. The profit margin for the AC/DC motors and other product and service was 8.98%, a decrease of 11.63% compared to last year.



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本集團二零零三年實現銷售的項目，其訂貨合同大部分是二零零二年及以前簽訂的，由於當時發電設備市場競爭非常激烈，合同價格較低，加上二零零二年下半年以來原材料價格持續上漲，對本集團業績構成了負面影響。

期間費用

二零零三年，本集團發生營業及管理費用支出為58,436萬元，較上年同期增加7,552萬元。

利息支出

二零零三年，本集團發生利息費用11,153萬元，比上年同期減少2,434萬元。主要是因為貸款減少所致。

資金來源及借款情況

本集團之營運及發展所需資金主要有三個來源：股東資金、客戶貸款和銀行借款。本集團之借款乃根據具體項目而安排，除特殊情況外，借款一般由旗下各子公司分別籌措，但屬於資本投資性借款須先由總公司批准。截至二零零三年十二月三十一日，本集團銀行借款總額為262,474萬元，均為按國家規定利率從各商業銀行及國家政策性銀行取得的借款。其中，須於一年內償還之借款為56,178萬元，比年初減少159,438萬元，為償還流動資金借款所致；須於一年後償還之借款為206,296萬元，比年初增加22,650萬元，主要是工程項目賣方信貸增加。

Most contracts for the products sold by the Group in 2003 were signed before 2002. At that time, the competition of power equipment market was very intense and the contracts were secured at low prices and the profit margin was also low. In addition the price of raw material continued to grow in the latter half of 2002. All these factors caused a negative effect to our Group's achievements.

EXPENSES DURING THE YEAR

The Group's expensed from operation and administration activities during the year of 2003 amounted to Rmb584.36 million, an increase of 75.52 million compared to last year.

FINANCE COSTS

During the period under review, the Group's finance cost amounted to 111.53 million, a decrease of 24.34 million over last year. This was caused by decreasing loan.

FUNDING AND BORROWINGS

The Group's funding for operation and development mainly has three resources, they are shareholder capital, customer loans and bank borrowings. The borrowings of the Group will be arranged according to specific projects. Except for those special situations, the loans will be separately conducted by subsidiaries under the Group. However, the Group must approve the capital investment borrowings in advance. As at 31st December, 2003, the total sums of the Company borrowings are Rmb2,624.74 million. The Group's borrowings are loans from various commercial banks and the State's policy banks with interest rates stipulated by the state. Among which the Group's borrowings due within one year were Rmb561.78 million, a decrease of Rmb1,594.38 million compared to the beginning of the year. The long-term borrowings were Rmb2,062.96 million, an increase of Rmb226.50 million compared to the beginning of the year.





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存款及現金流量

於二零零三年十二月三十一日，本集團銀行存款及現金為415,993萬元，較年初增加263,188萬元。年內，本集團經營業務現金流入淨額為457,201萬元（二零零二年同比口徑為9,011萬元）；融資業務之現金流出淨額為142,488萬元（二零零二年同比口徑為流入43,641萬元）；投資業務之現金流出淨額為26,369萬元（二零零二年同比口徑為17,807萬元）。本集團經營業務現金流入數額較大，主要是年內新訂單大量增加，預收貨款增加所致。

資產結構及變動情況

於二零零三年十二月三十一日，本集團資產總值為1,751,374萬元，比年初增加690,857萬元。其中，流動資產為1,498,059萬元，佔資產總值的85.54%；非流動資產為253,315萬元，佔資產總值的14.46%。

負債

於二零零三年十二月三十一日，本集團負債總值為1,399,253萬元，較年初增加684,599萬元，增長95.79%。其中，流動負債總值為1,165,257萬元，佔負債總值的83.28%，較年初增長125.45%；非流動負債總值為233,996萬元，佔負債總值的16.72%，較年初增長18.30%。於二零零三年十二月三十一日本集團的資產負債率為79.89%。

股東權益

於二零零三年十二月三十一日，本公司股東權益總額為300,503萬元，比年初增加4,634萬元；每股資產淨值為2.53元。二零零三年，本公司淨資產收益率為1.78%，較二零零二年度增長0.51個百分點。

DEPOSITS AND CASH INFLOW

AS at 31st December, 2003, the bank deposits and cash of the Group amounted to Rmb4,159.93 million, an increase of 2,631.88 million over the beginning of the year. During the year, the net cash used by operating activities amounted to Rmb4,572.01 million (the sum in 2002 was 90.11 million). The net cash from financing activities amounted to Rmb1,424.88 million (the sum in 2002 was 436.41 million) and the net cash used by investment activities was Rmb263.69 million (the sum in 2002 is 178.07 million). The reason that the Group's inflow sum of cash for operating activities is big is because of the increasing of new contracts and pre-charged payment.

CAPITAL STRUCTURE AND ITS CHANGES

As at 31st December, 2003, the total assets of the Group amounted to Rmb17,513.74 million, an increase of Rmb6,908.56 million compared to the beginning of the year. Among which, the total current assets were Rmb14,980.59 million, representing 85.54% of the total assets. The total non-current assets were Rmb2,533.15 million, representing 14.46% of the total assets.

LIABILITIES

As at 31st December, 2003, the Group's liabilities totaled Rmb13,992.53 million, an increase of Rmb6,845.99 million and 95.79% compared to the beginning of the year. Among which, the total current liabilities were Rmb11,652.57 million, representing 83.28% of the total liabilities, an increase of 125.45% over the beginning of the year. The non-current liabilities were Rmb2,339.96 million, representing 16.72% of the total liabilities, an increase of 18.3% over the beginning of the year. At 31st December, 2003, the Group's current liability ratio is 79.89%.

SHAREHOLDER'S FUND

AS at 31st December, 2003, the shareholder's fund of the Company totaled Rmb3,005.03 million, an increase of Rmb46.34 million over the beginning of the year. The net assets per share were Rmb2.53 yuan. In 2003, the Company's assets-income ratio was 1.78%, an increase of 0.51% compared with that of last year.



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資本與負債比率

於二零零三年十二月三十一日，本集團的資本杠杆比率（非流動負債比股東權益總額）為0.78:1，上年同期為0.67:1。

或有負債及抵押資產

於二零零三年十二月三十一日，本集團有4,758萬元銀行存款抵押於銀行作為本集團獲授銀行短期信貸之擔保。

資本開支及所持重大投資情況

公司一向重視技術改造，用先進的設備提高產品製造能力和製造水平。二零零三年，本集團用於基本建設和技術改造的資本開支總額約為28,631萬元，主要用於增加大型水電設備製造能力項目、超臨界項目、汽輪機設備改造項目以及出海口基地建設項目等。其中，增加大型水電設備製造能力項目已於年內完工，累計投資6.6億元，該項目的完成為生產三峽及其它大型水電項目創造了條件；出海口基地建設項目計劃投資2.8億元，主要用於重型燃氣輪機的總裝試車。該項目於二零零三年三月動工，目前廠房已封閉，正在進行設備安裝調試和燃機的總裝試車，二期工程正在進行前期工作。出海口基地的建成將為重型燃機、核電、百萬千瓦級超超臨界及其它大型產品的發展奠定基礎，提高本集團的行業地位和競爭能力。

GEARING RATIO

AS at 31st December, 2003, The Group's gearing ratio (non-current liabilities/total shareholders' fund) was 0.78:1, as compared to that of 0.67:1 of last year.

CONTINGENT LIABILITIES AND MORTGAGE ASSETS

As at 31st December, 2003, The Group had bank deposit of Rmb47.58 million mortgaged to banks as the guarantee for short-term loans.

CAPITAL EXPENDITURE AND IMPORTANT INVESTMENT

The Company always pays attention to technology renovation and improves product manufacture capability and level with advanced equipment. In the year of 2003, the Group invested Rmb286.31 million for basic construction and technology renovation in increasing manufacture capability of large hydro power equipment, super-critical project, steam turbine equipment renovation project and Seaside Workshop Construction project etc. Among which the project of increasing manufacture ability of large hydro power equipment was completed within the year and the accumulated investment is 660 million. This accomplishment brought favorable conditions for the Three Gorge Project and the other large hydro power projects. The first stage investment in Seaside Workshop Construction project of QHD was Rmb280 million which was mainly used in the assembly and test of heavy-duty gas turbine. This project began in March, 2003, and the factory construction was finished and the equipment installation and adjustment are under working now. The second stage prophase work is going on. The accomplishment of Seaside Workshop Construction project of QHD will lay a foundation for the development of heavy-duty gas turbine, nuclear power, 1,000MW super-critical product and the other large product and promote the Company's industry status and competitive capability.





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匯率波動風險及相關對沖

本集團擁有部分外幣存款，於二零零三年十二月三十一日，本集團外幣存款折合人民幣55,694萬元。本集團出口以及外幣結算之業務，存在匯兌風險。年內本集團已委托中國銀行對部分外幣結算的日元採取對沖措施，以規避匯率波動風險。

募集資金運用

二零零三年，本公司共運用募集資金3,000萬元，用於出海口基地建設項目。

截至二零零三年十二月三十一日，本集團已累計運用H股募集資金約8.34億元，剩餘款項約4.06億元暫存放於銀行，將用於出海口基地建設及其它技術改造項目。

投資計劃

二零零四年本集團計劃投資約4.2億元繼續用於超臨界項目、大型燃氣輪機及聯合循環成套技術引進項目、出海口基地建設項目、大型抽水蓄能機組技術引進及技術改造項目以及企業信息化建設等，以促進產品升級換代，增強核心競爭能力。同時，本集團也將增添部分關鍵設備，解決生產瓶頸環節，擴大生產能力。

員工及薪酬

於二零零三年十二月三十一日，本集團擁有在崗員工約17,400人，年薪酬總額約為3.67億元。本集團採取崗位培訓、到大專院校培訓和到跨國公司培訓等多種措施培訓員工，提高員工素質。薪酬政策方面，本集團對公司經營者實行了以激勵收入為主的薪酬政策，對技術人員和管理人員實行以崗位技能為主的分配方式，對生產工人實行以計件、計時（或部件承包）形式為主的分配政策。該等政策意在將員工收入與個人貢獻掛鉤來。

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group has certain amount of deposits that are in foreign currencies. As at 31st December, 2003, the amount of the Group's deposits in foreign currencies was Rmb556.94 million after conversion. The export business of the Group is also settled in foreign currencies and there is exchange risk. In 2003, the Group entrusted the Bank of China to adopt hedging measures for part of the Japanese yen to avoid exposure to fluctuation in exchange.

USE OF LISTING PROCEEDS

The Group used a total of Rmb30 million from its listing proceeds. Which was used for Workshop Construction project of QHD.

AS at 31st December, 2003, the Group used a total of Rmb834 million from its listing proceedings and the remaining balance of Rmb406 million of listing proceeds was deposits in the bank and it will be used in Workshop Construction project of QHD and other technology renovation projects.

INVESTMENT PLAN

In the year of 2004, in order to upgrade products and improve core competition capability, the Group are planning to invest Rmb420 million in super-critical project, large gas turbine technology introduce project, Workshop Construction project of QHD, combined cycle HRSG technology renovation and technology introduce and technology introduce and renovation of large pumped storage units projects. At the same time, the Group will buy part key equipments to solve the throughput problems and to enlarge producing capability.

STAFF AND REMUNERATION

AS at 31st December, 2003, the Group's total number of staff was 17,400. The annual remuneration was Rmb367 million. The Group adopted various measures such as on-job-training, training in universities and multinational companies to improve their qualities. According to remuneration, the Group adopted the policy that take promoting income as the remuneration ways to the Companies operators, take position capability as the remuneration distribution to technicians and managers and take quantity and time counting (or contract with parts) as the remuneration distribution to workers. This policy connected employee's income with individual contribution.



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展望

二零零四年將是本集團快速發展的一年。從外部環境來看，中國經濟仍將保持快速增長，電力供應將更加緊張，發電設備仍將保持旺盛需求。為加快電力發展，為國民經濟發展提供能源保障，中國計劃在今後7年時間，平均每年裝機超過3,000萬千瓦。這為發電設備製造業提供了廣闊的發展空間。另一方面，國家振興東北老工業基地和大力振興裝備製造業的發展戰略，也為公司提供了良好的政策環境。

從企業內部來看，一方面是通過近幾年的技術改造，本集團的生產能力已有很大提高，出口基地的建設將使大型產品製造能力得到進一步加強和改善；新訂單中1,000MW超超臨界火電機組、600MW超臨界火電機組、700MW大型水電機組、重型燃機及聯合循環機組以及抽水蓄能機組等新技術產品的研製將推動本集團的產品製造能力和製造水平進入世界先進行列，進一步增強本集團的核心競爭能力。另一方面，超過500億元的在手訂單為本集團的發展提供了重要的物質保障。不利因素是原材料價格居高不下將對改善本集團的經營業績構成負面影響。為此，本集團將繼續實施既定的發展戰略，在注重市場開發的同時，更加注重生產能力的開發和資源的合理調度，加快產品升級換代步伐，調整組織結構，加強內部管理，嚴格控制成本費用，努力提高公司經營業績。尤其是要抓好以下幾方面工作：

一是抓好生產組織工作，確保按合同交貨。

面對訂單的大幅度增加，本集團將改進製造工藝，調整生產組織，並增添部分設備解決生產瓶頸環節，加快出口基地建設步伐，同時將加大對外擴散的比例，走社會化大生產的路子，滿足合同交貨的需要；

PROSPECT

In 2004, the Group will develop rapidly. According to outer environment, China economy will continue to grow fast. The power supply will be not enough and there will be great demands for power generation equipments. In order to speed up power generation development and provide energy source guarantee, China is planning to pass 30,000MW for average annual installation in the following seven years. This provides a wild space to develop the manufacturing of power generation equipment. On the other hand, the national strategy of thriving northeast old industry base and thriving the development of equipment manufacture industry provided a good policy to the Company's development.

According to the Group itself, on one hand, receiving technology renovation in resent years, the Group's producing capability has improved a lot. The Seaside Workshop Construction project of QHD will strengthen and improve the Group's producing capability for large-scale products. The research and manufacture on new product, 1,000MW ultra-super critical thermal power units, 600MW super critical thermal power units, 700MW large hydro power units, heavy-duty gas turbine and combined cycle units and pumped storage units will promote the Group's producing capability and level to reach to the advanced level all over the world and enhance the Group's core competitive Capabilities. On the other hand, new contracts which are more than Rmb50 billion will provide material guarantee for the Group's development. The negative factor is that the raw material's price is still very high and this will cause a bad effect on the Group's achievements. In order to overcome this, continuing the established policy, the Group will continue to strengthen its force to explore the market, speed up its steps to upgrade products, adjust organization structure, strengthen inside management and strictly control cost and fees. Especially the Group will pay attention to the following work:

First, pay attention to producing organization work and ensure to deliver according to contract.

Facing with great increase of new contracts, the Group will improve its productive engineering, adjust productive organization, buy more equipment to solve throughput problems, speed up Seaside Workshop Construction and increase the percentage of sub-contracts and adopts the way of socialized production to meet the deliver demand of contracts.





二是進一步加快主輔分離、輔業改制的步伐，加大工作力度，年內完成部分單位的改制分流工作，引入戰略投資者、引入私有資本，以騰出資源發展發電設備主業；

三是抓好新產品開發工作，加強與跨國公司的合作，加快引進技術的消化吸收，促進主導產品的升級換代；

四是加快貨款回收，加強成本控制，尤其是設計環節的成本控制，降低材料費用支出，抓好資金調度與運作，提高經濟效益；

五是加大市場開發力度，尤其抓好新產品項目及工程總承包項目的開發，為後幾年的發展奠定基礎；

六是改革薪酬政策和用人機制，創建人性化的人才培養、使用機制，加強考核，把員工的個人目標與公司的目標有效結合起來，調動各方面的積極性，加快公司發展。

Second, the Group will speed up steps to divide the supplementary business from main business, strengthen work force, finish structure reform and divide the supplementary business from main business. While the Group is introducing strategy investors and private capitals, it is considering sale parts of its non-core business and assets so as to spare capital and resource to develop power generation equipment.

Third, the Group will work at exploration for new product, enhance its cooperation with international companies, speed up digestion and absorbability of imported technologies and accelerate upgrade of leading products.

Forth, the Group will speed up to get back contracts payments and stresses on cost control, especially for design process. In addition, the Group will pay attention to capital dispatch and operation and, as a result, to improve economy profits.

Fifth, the Group will put more effort on market exploration, especially the exploration on turn-key construction of nuclear power and other engineering projects.

Sixth, reform the remuneration policy. The Group will set up an employee working and training system of humanity and strengthen evaluation process. To efficiently connect staffs' goal with the Group's goal, the Group will evoke staffs' enthusiasm and, therefore, speed up its development.