



董事會報告書

Report of the Directors

董事會謹此呈交本公司二零零三年度報告和截至二零零三年十二月三十一日止年度經審計的財務報表。

主要業務

本公司業務為投資控股管理型公司，其主要附屬公司主要從事各種發電設備的生產、銷售及电站工程服務業務，詳情載於財務報表附註15。

本集團所有業務均以中國為基地，其中約78.4%之集團營業額來自中國。

截至二零零三年十二月三十一日止年度，本集團產品出口營業額為1.34億美元，佔總營業額的21.6%。本集團的出口地區主要包括亞洲、非洲地區。

附屬公司

本公司擁有4家主要附屬公司，哈爾濱電機廠有限責任公司主要從事水輪發電機組、汽輪發電機的生產與銷售，哈爾濱鍋爐廠有限責任公司主要從事电站鍋爐的生產與銷售，哈爾濱汽輪機廠有限責任公司主要從事电站汽輪機的生產與銷售，电站鍋爐、电站汽輪機和汽輪發電機構成火力發電的三大主機設備；哈爾濱电站工程有限責任公司主要從事电站項目總承包及电站設備成套業務。

於二零零三年十二月三十一日，本公司主要附屬公司詳情載於本年報財務報表附註15。

The Directors have the pleasure in submitting their 2003 annual report and audited financial statements for the year ended 31st December, 2003.

PRINCIPLE ACTIVITIES

The Company acts as investment holding company and its principal subsidiaries and associate are in the field of power equipment manufacture, sales and power engineering services which are set out in Note 15 to the financial statements.

All the activities of the Group are based in the PRC, where 78.4% of the Group's turnover is derived from.

The export sales of the Group for the year ended 31st December, 2003 amounted to US\$134 million, representing 21.6% of the Group's total turnover for the year. The Group's export markets mainly include Asian, African and American countries.

SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company has four subsidiaries and associate, Harbin Electrical Machinery Co., Ltd which mainly in the field of manufacture and sales on hydro generator units and steam turbine units, Harbin Boiler Co., Ltd which mainly in the field of manufacture and sales on boilers for power stations, Harbin Turbine Co., Ltd which mainly in the field of manufacture and sales on steam turbine for power stations and Harbin Power Engineering Co., Ltd which mainly in the field of the turn key construction of for power stations, steam turbine for power stations and steam turbine units are the three main equipment of thermal equipment.

Details of the Company's principal subsidiaries and associate as at 31st December, 2003 are set out in Note 15 to the financial statements.



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業績及分配

本集團截至二零零三年十二月三十一日止之年度業績載於本年報第48頁的綜合損益表中。

董事會建議本公司二零零三年度除稅及少數股東收益後溢利分配如下：

1. 提取法定盈餘公積金人民幣513萬元。
2. 提取法定公益金人民幣513萬元。
3. 董事會建議向二零零四年五月十八日登記在股東名冊的股東派發二零零三年度股息每股人民幣0.008元，合共派發股息人民幣951萬元。

董事、監事

於二零零三年六月二十日本公司股東周年大會上，本公司進行了董事會、監事會換屆選舉，選舉了耿雷先生、宮晶坤先生、趙克非先生、段洪義先生、商中福先生、吳偉章先生、周道炯先生、李根深先生、都興有先生、梁維燕先生、丁雪梅女士等11名董事和郎恩齊先生、李振華先生、盧春蓮女士、楊旭先生、胡長付先生等5名監事，其中周道炯先生、都興有先生、丁雪梅女士為獨立非執行董事。各董事及監事均任期三年。有關董事及監事的詳情載於本年報《董事、監事及高級管理人員》一節。

FINANCIAL RESULTS AND APPROPRIATIONS


The results of the Group for the year ended 31st December, 2003 are set out in the consolidated income statement on page 48 of the annual report.

The Directors recommend the appropriation of profit after taxation for 2003 as follows:

1. To transfer Rmb5.13 million to the statutory surplus reserve.
2. To transfer Rmb5.13 million to the statutory public welfare fund.
3. The Directors recommend that the dividend for shareholders who registered on shareholder' list until 18th May, 2004 is Rmb0.008 per share, payment of dividends is totally amounted to Rmb9.51 million.

DIRECTORS AND SUPERVISORS

At the Company's Annual General Meeting of Shareholders at 20th July, 2003, the Company had an election of Board of Directors and Supervisory Committee for the next term. Geng Lei, Gong Jingkun, Zhao Kefei, Duan Hongyi, Shang Zhongfu, Wu Weizhang, Zhou Daojiong, Li Gengshen, Du Xingyou, Liang Weiyan and Ding Xuemei were elected Directors and Lang Enqi, Li Zhenhua, Lu Chunlian, Yang Xu and Hu Changfu as supervisors, among which Zhou Daojiong, Du Xingyou and Ding Xuemei are elected independent non-executive Directors. The term for every Directors and supervisors is three years. Details of directors and supervisors are set out in the Section "Director, Supervisors and Senior Management" of the annual report.



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董事、監事及高級管理人員的股本權益

於二零零三年十二月三十一日，本公司各董事、監事及高級管理人員概無在本公司及其／或在任何相聯法團（定義見《證券及期貨條例》第XV部）的股份、相關股份及／或債券證（視情況而定）中擁有任何需根據《證券及期貨條例》第XV部的第7及第8分部知會本公司及香港聯交所的權益或相關股份或債券證的淡倉（包括根據《證券及期貨條例》該等章節的規定被視為或當作這些董事、監事及高級管理人員擁有的權益或淡倉），或根據《證券及期貨條例》第352條規定需記錄於本公司保存的登記冊的權益或淡倉，或根據上市規則附錄十中的《上市公司董事進行證券交易的標準守則》須知會本公司及香港聯交所的權益或淡倉。

董事、監事的服務合約

各董事及監事與本集團任何成員公司之間概無任何既有或建議的服務合約（一年內約滿或可由願主終止和約而無須賠償（法定賠償除外）的和約除外）。

董事、監事在重要合約中的權益

年內各董事或監事概無在本公司及其附屬公司訂立的重要合約中直接或間接擁有權益。

董事及監事酬金

截至二零零三年十二月三十一日止之年度，本公司董事及監事酬金詳情載於本年報財務報表附註10。

獲最高酬金的前五名人士

獲最高酬金的前五名人士均為本公司董事及監事。

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S INTERESTS IN THE SHARE CAPITAL OF THE COMPANY

As at 31 December 2003, none of the directors, supervisors and senior management of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such director, supervisor or senior management is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register kept by the Company pursuant to section 352 of the SFO or which was required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

There are no existing and suggesting service contract between every Directors, supervisors and any of its subsidiaries (in addition to contract that will expire within a year or contract that can be terminated without compensation (legal compensation is not included) by customers)

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from service contracts, no contract of significance, to which the Company or any of its subsidiaries was a party and in which a director or supervisor of the Company had material interests in whether directly or indirectly, existed at the end of the year or at any time during the period.

REMUNERATION OF DIRECTORS AND SUPERVISORS

Details of the salaries and bonuses of the directors or supervisors of the Company for the year ended 31st December, 2003 are set out in Note 10 to the financial statements.

FIVE HIGHEST PAID PERSONNEL

The five highest paid personnel of the Company during the year are all directors and supervisors.



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員工退休及福利計劃

員工退休及福利計劃詳情載於本年報財務報表附註36。

醫療保險

本公司所在的哈爾濱市從二零零一年四月一日起開始實行《哈爾濱市城鎮職工醫療保險暫行辦法》，本公司的附屬公司——哈爾濱汽輪機廠有限責任公司於二零零三年一月一日起開始實施該辦法，哈爾濱電機廠有限責任公司和哈爾濱鍋爐廠有限責任公司於二零零三年十一月一日開始實施該辦法。根據該辦法規定，職工基本醫療保險在福利費中列支，因此，實施該辦法對公司的資產損益及資產負債表不會產生任何重大影響。

固定資產

本集團固定資產的變動詳情載於本年報財務報表附註14。

儲備

於二零零三年十二月三十一日，本公司可供分派的儲備總額為人民幣1,986.8萬元，本集團及本公司年內的儲備變動情況載於財務報表綜合股東權益變動表。

財務摘要

本集團過去五年之財務摘要載於本年報《財務摘要》一節。

借款及利息資本化

本集團銀行借款和其它借貸細節載於本年報財務報表附註26。

本集團期間內在建工程的利息資本化金額為人民幣1,099萬元。

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme are set out in Note 36 to the financial statements.

MEDICAL INSURANCE

The city of Harbin, where the Company is located, has carried out the policy "The Temporary Measures of Medical Insurance for the Staff in the City or Countries of Harbin" since 1st April, 2001. One subsidiary of the Company – Harbin Turbine Company Limited, adopted this policy at 1st January, 2003, and Harbin Electrical Machinery Company Limited and Harbin Boiler Company Limited adopted this policy at 1st November, 2003. According to the policy, the cost of staff's foundational medical insurance will be outlaid in the benefit fee, therefore, the implement of this policy will not make significant influence on the Company's "Balance Sheet" and "Income Statement".

FIXED ASSETS

Details of the movements in fixed assets of the Group are set out in Note 14 to the financial statements.

RESERVES

The Company's reserves available for distribution are Rmb19.868 million until 31st December, 2003. Movements in the reserves of the Group during the year are set out in consolidated statement of changes in equity.

FINANCIAL HIGHLIGHTS

The financial highlights of the Group for the last five years are set out in the Section "Financial Highlights" to the annual report.

BORROWINGS AND INTEREST COSTS CAPITALISED

Details of bank loans and other borrowings of the Group are set out in Note 26 to the financial statements.

Interest capitalized by the Group during the year amounted to Rmb10.99 million in respect of construction-in-progress.



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購買、出售及贖回本公司之上市證券

年內本公司或其附屬公司概無購買、出售及贖回任何本公司之上市證券。

優先購買權

根據本公司章程或中國法律，並無優先購買權規定本公司須按持股比例向現有股東提呈發售新股之建議。

重大訴訟事項

年內本公司無任何重大訴訟事項。

重大合約

本集團年內簽訂的重大合約詳情載於本年報《管理層論述與分析》一節。

主要供應商和客戶

1. 期內本集團首五大供應商佔總採購百分比為39.5%。其中最大的供應商為舞陽鋼鐵有限公司，佔28.6%。
2. 期內本集團首五大電力集團佔營業額百分比為24.48%。其中最大的客戶是中國大唐電力集團公司，佔總營業額的8.78%。
3. 本公司董事、監事及其聯繫人以及任何股東（根據董事會所知擁有5%或以上本公司股本者）在上述供應商或客戶中概無任何權益。

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

No purchase, sale or redemption of the Company's listed securities has been made by the Company or any of its subsidiaries during the period.

PRE-EMPTIVE RIGHTS

According to the Article of Association of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

MAJOR LITIGATION

The Company was not engaged in any major litigation of material importance during the year.

MATERIAL CONTRACTS

The material contracts of the Group for the year are detailed in the Section "Management Discussion and Analysis" of the annual report.

MAJOR SUPPLIERS AND CUSTOMERS

1. The aggregate amount of purchases during the period attributable to the Group's five largest suppliers represented 39.5% of the Group's total purchases. The largest is Wuyang Steel Ltd. represented 28.6% of the total purchases.
2. 24.48% of the total turnover of the Group during the period was attributable to the Group's five largest customers. Amongst which the Datang Power Corporation was the largest customer, accounting for 8.78% of the total turnover.
3. None of the directors, supervisors, their associates or any shareholders of the Company (which to the knowledge of the directors own more than 5% of the Company's share capital) has any interest in above mentioned suppliers or customers.





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H股所得款項之運用

期內本公司募集資金的運用詳情載於《管理層論述與分析》一節。

委托存款及逾期定期存款

於二零零三年十二月三十一日，本公司在商業銀行或非銀行金融機構未有委托存款，亦未有逾期未取回的存款。

所得稅率及出口退稅

根據中國財政部及中國國家稅務局於一九九四年三月二十九日發出之《關於企業所得稅若干優惠政策的通知》中關於「國務院批准的高新技術產業開發區內的高新技術企業，減按15%稅率徵收所得稅」之規定，本集團一直執行15%的所得稅率。董事會認為，由於本集團符合國家有關法律、法規之規定，因此，本集團仍應執行15%企業所得稅率。

根據國家稅務總局之規定由二零零三年十月十五日開始，本集團新接出口產品定單退稅率改為13%，在此之前所簽訂合同之出口產品一直執行17%的出口退稅率。該措施對本集團二零零三年的出口項目未構成影響，但對以後的出口項目將產生負面影響。

關聯交易

有關關聯交易詳情載於本年報財務報表附註37。

PROCEEDS FROM THE H SHARES ISSUE

The use of listing proceeds of the Company for the period details in the Section "Management Discussion and Analysis" of the annual report.

ENTRUSTED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31st December, 2003, the Company had no entrusted deposits in commercial banks or non-bank financial institutions and had no due deposits that had not been withdrawn.


INCOME TAX RATE AND EXPORT VAT REBATE

Pursuant to the regulation of the Notice on Several Preferential Income Tax Policies issued by the PRE Ministry of Finance and the State Tax Bureau on 29th March, 1994, the high technological enterprises in the high technological development zones approved by the PRC State Council enjoy an income tax rate of 15%, so the taxable income earned by the Group are subject to a rate of 15%. So the Board of Directors of the Company holds that, according to the relevant regulations of PRC laws, the Group still enjoys an income tax rate of 15%.

Pursuant to the stipulations in the document of the State Tax Bureau, the export VAT rebate applicable to the Group export products is 13% from 15th October, 2003. The export VAT rebate applicable to the Group export products was 17% before. This measure did not have any negative impact on export projects of the Group in the year of 2003, but it will have negative effect on the export projects in the future.

CONNECTED TRANSACTIONS

For the connected transactions, see the details in Note 37 to the financial statements of the annual report.



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獨立董事對關聯交易的確認

本公司獨立董事已經審核了載於財務報表附註37中的關聯交易（定義見上市規則），並且確認：

1. 這些交易是本公司按照其業務一般通常過程達成的；及
2. 這些交易是(I)按照通常商業條款（運用此條款時須參考中國境內由類似的企業達成的類同性質的交易）達成的或(II)（如無可比較的例子）按照對本公司的股東而言，為公平和合理的條款達成的；以及
3. 這些交易是(I)按照與相關的協議條款達成的或(II)（如無這類協議）按照不比第三方可取得的條件差的條款達成的。

股本情況

於二零零三年十二月三十一日，本公司總股本為 1,189,151,000 股，其中發起人持有 720,000,000 股，佔總股本的 60.55%，境外 H 股股東持有 469,151,000 股，佔總股本的 39.45%。本公司在二零零三年內概無發行任何股票。

股東人數

於二零零三年十二月三十一日，本公司註冊股東人數及類別如下：

國有法人股股東（由發起人持有）	1
H 股股東數	142
股東總數	143

CONFIRMATION BY INDEPENDENT DIRECTORS ON CONNECTED TRANSACTIONS

The independent directors of the Company have, in such capacity, reviewed the connected transactions referred to in Note 37 to the financial statements and confirmed that:

1. Such transactions have been entered into by the Company in the ordinary and usual course of its business; and
2. Such transactions have been entered into either (I) on normal commercial terms (which expression will be applied by reference to transactions of a similar nature and to be made by similar entities with PRC) or (II) (where there is no available comparison) on terms that are fair and reasonable so far as the shareholders of the Company are concerned; and
3. Such transactions have been entered into either (I) in accordance with the terms of the relevant agreements governing such transactions or (II) (where there is no such agreement) on terms no less favorable than terms available to third parties.

SHARE CAPITAL STRUCTURE

As at 31st December, 2003, the share capital structure of the Company comprised of 1,189,151,000 shares, of which 720,000,000 shares were held by the promoter (representing 60.55% of the entire share capital) and 469,151,000 shares were held by overseas H shares investors (representing 39.45% of the entire share capital). The Company did not issue any stocks in the year of 2003.

NUMBER OF SHAREHOLDERS

Details of the Company's registered shareholders as at 31st December, 2003 were as follows:

Holders of State Shares (held by the Promoter)	1
Holders of H Shares	142
Total number of shareholders	143

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首十名股東

於二零零三年十二月三十一日，本公司股東名冊上持股量最多的首十名股東的持股情況如下：

TOP TEN SHAREHOLDERS


At 31st December, 2003, the top ten registered shareholders who hold the most shares were as follows:

股東名稱 Name of Shareholders	股數 Number of Shares	持股百分比 Percentage of Shares Holding	備註 Remark
哈爾濱電站設備集團 Harbin Power Plant Equipment Group Corporation	720,000,000	60.55%	國有法人股 state shares
HKSCC Nominees Limited	454,232,798	38.20%	H股 H shares
HSBC Nominees (Hong Kong) Limited A/C BR-1	7,410,000	0.62%	H股 H shares
Cheung Yum Tin	460,000	0.04%	H股 H shares
Yam Kam Ming	300,000	0.03%	H股 H shares
HSBC Nominees (Hong Kong) Ltd	254,000	0.02%	H股 H shares
Li Siu Kei	250,000	0.02%	H股 H shares
Tang Lai Ming Cavini	250,000	0.02%	H股 H shares
Ip Tsan Kwang	200,000	0.02%	H股 H shares
Kam Fu Man	140,000	0.01%	H股 H shares

H股股東股權分析（根據二零零三年十二月三十一日股東名冊）

INTEREST'S IN THE SHARE CAPITAL ANALYSIS OF HOLDERS OF H SHARES (ACCORDING TO SHAREHOLDERS LIST AT 31ST DECEMBER, 2003)

範圍 Scope (number of shares)	人數 People Number	持股數 Number of Share Holding	佔已發行H股百分比 Percentage to Issued H Shares
1-1,000	3	202	0.00%
1,001-5,000	27	68,000	0.01%
5,001-10,000	45	416,000	0.09%
10,001-100,000	57	2,248,000	0.48%
100,001-以上	10	466,418,798	99.42%
合計	Total	469,151,000	100%



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最佳應用守則

本公司尚未根據上市規則附錄14《最佳應用守則》(最佳應用守則)之第14段,成立一個旨在檢討及監察本公司的財務匯報程序及內部控制的審核委員會(審核委員會)。本公司自成立以來,本公司的組織架構內已設立一個職能與之相近的監事會,監事會成員由股東大會選舉產生及罷免並向股東大會負責,而非向董事會負責。而審核委員會的成員主要由公司的獨立非執行董事組成;除此之外,董事會概無知悉任何有合理跡象顯示本公司在現時或在會計期間內任何時間未有遵守最佳應用守則的資料。

核數師

自本公司成立日始,德勤•關黃陳方會計師行及德勤華永會計師事務所有限公司已被聘任為核數師。

本公司將於股東大會上提呈議案,續聘德勤•關黃陳方會計師行作為按香港普遍接納之會計準則編製之財務報表之核數師和續聘德勤華永會計師事務所有限公司為按中國會計準則編製之財務報表之核數師。

承董事會命
董事長
耿雷

二零零四年四月二十五日

CODE OF BEST PRACTICE

The Company has not established an audit committee, whose principle duties should be the review and supervision of the Company's financial reporting process and internal controls in accordance with the 14th paragraph in the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities. Since the establishment of the Company, the Company has set up a supervisory committee with the similar functions to those of audit committee in its organization. The members of the supervisory committee shall be elected and removed by the shareholders' general meeting and shall be accountable to the shareholders' general meeting, but not the board of directors. However, the members of audit committee shall mainly consist of independent non-executive directors. Other than the above-mentioned, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing Securities in the Stock Exchange of Hong Kong Limited through the year.

AUDITORS

Messrs. Deloitte Touche Tohmatsu and Deloitte Touche Tohmatsu Certified Public Accountants Limited have acted as auditors of the Company since its date of incorporation.

A resolution will be submitted to the Annual General Meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company for the financial statements prepared under the accounting principles generally accepted in Hong Kong and Deloitte Touche Tohmatsu Certified Public Accountant Limited as auditors of the Company for the financial statements prepared under the accounting principles generally accepted in the PRC.

On behalf of the Board of Directors
Geng Lei
Chairman

Harbin, the People's Republic of China, 25th April, 2004

