HPEC

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公司簡介
Overview of the Company

哈爾濱動力設備股份有限公司(「本公司」)是由中華人民共和國(「中國」)製造大型發電設備歷史最悠久的製造商—哈爾濱電站設備集團公司(「哈電集團公司」)及其所屬原哈爾濱電機廠、哈爾濱鍋爐廠、哈爾濱汽輪機廠(「三大動力」)重組而成。「三大動力」始建於二十世紀五十年代。本公司於一九九四年十月六日在中國哈爾濱註冊成立。一九九四年十二月十六日,其股票在香港聯合交易所(「香港聯交所」)上市交易。

Harbin Power Equipment Company Limited (the "Company") was formed through the restructuring of Harbin Power Plant Equipment Group Corporation ("HPEGC"), which is the oldest large-scale power plant equipment manufacturer in the People's Republic of China (the "PRC") and its three affiliates: Harbin Electrical Machinery Works, Harbin Boiler Works and Harbin Turbine Works ("the three major power factories"). These three major power factories were established in the 1950s. The Company was established in Harbin, PRC on 6th October, 1994. The dealings in the shares of the Company commenced on the Stock Exchange of Hong Kong Limited (the "HKSE") on 16th December, 1994.

於二零零五年十二月三十一日,本公司總股本為127,445.1萬股,其中在香港聯交所流通的H股為56,298.1萬股。

As at 31st December, 2005, the share capital of the Company comprised of 1,274,451,000 shares, of which 562,981,000 shares were circulated on the HKSE as H shares.

本公司及其附屬公司(「本集團」)是中國國內規模最大的發電設備製造商,其主要業務包括:

The Company and its subsidiaries (the "Group") are the largest manufacturer of power plant equipment in the PRC. The Group's principal activities include:

- 火電主機設備:單機容量最大達 1,000MW之鍋爐、汽輪機及汽輪發電機,重型燃氣輪機及聯合循環成套設備,中國之最大清潔煤燃燒設備製造基地、CFB、PFBC等
- Thermal power equipment: boilers, steam turbines and steam turbine generators with single unit capacity up to 1,000MW heavy-duty gas turbine and combined cycle units, the largest manufacturing base for clean coal combustion equipment in the PRC: CFB, PFBC, etc.
- 水電主機設備:單機容量最大達700MW之水力發電機組
- Hydro power equipment: hydro power sets with single unit capacity up to 700MW
- 核電主機設備:核電廠核島及常規島設備
- Nuclear power main equipment: nuclear island and conventional island equipment for nuclear power plants
- 其他產品:電站配套輔機、工業鍋爐、工業汽輪機、控制設備、交流電機、直流電機、電站閥門、壓力容器及軸流風機等
- Other products: ancillary equipment, industrial boilers, industrial steam turbines, control devices, AC/DC motors, valves for power stations, pressure vessels and axial compressor, etc.
- 電站及其它工程總承包
- Turn-key construction of power station projects and other engineering projects
- 火電及水電設備成套服務
- Contract supply of complete sets of thermal and hydro power equipment
- 經營電站設備進出口業務
- Import and export of power equipment
- 成套發電設備的工程化技術研究與開發
- Engineering technology R&D of complete set of power equipment

公司簡介(續)
Overview of the Company – (continued)

· 成套發電設備的系統研究與開發

· 發電設備及其配套產品的研究與開發

· 技術轉讓、技術咨詢和技術服務

· 環保工程業務等

本集團擁有先進的生產和科研試驗設備，其研究開發能力、生產製造能力和電站承建能力在中國發電設備製造商中一直雄據領先地位。

本集團地處聞名中外的中國哈爾濱，被譽為「動力之鄉」。

• System R&D of complete set of power equipment

• R&D of power equipment and its ancillary equipment

• Technology transfer, technical consultation and services

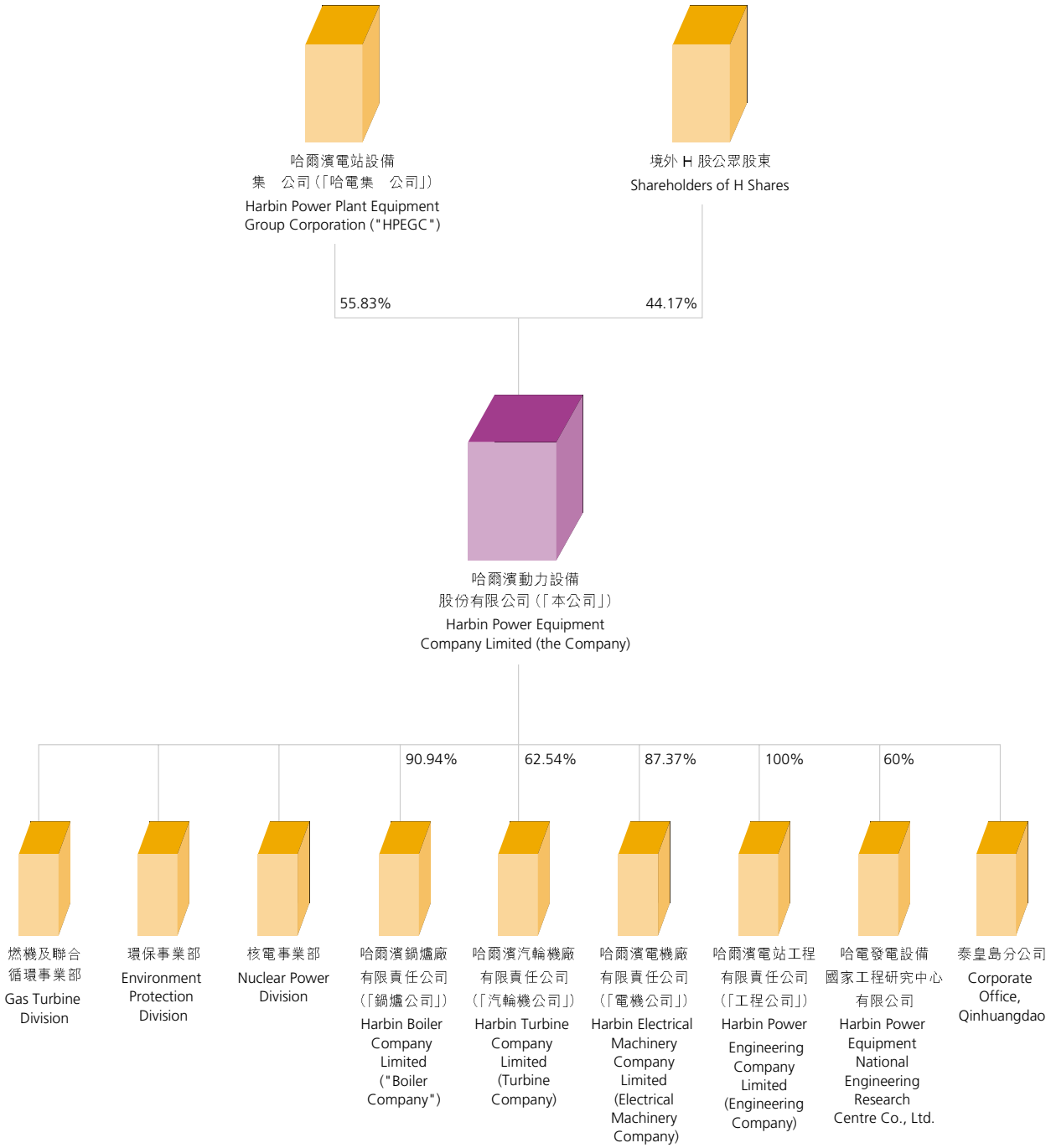
• Environmental protection engineering services

The Group possesses a comprehensive range of advanced production and research facilities. Its capabilities in research and development, product manufacturing and power station construction have been in the forefront of the power plant equipment manufacturing industry in the PRC.

The Group is located in Harbin, PRC, also known as the "City of the Power".

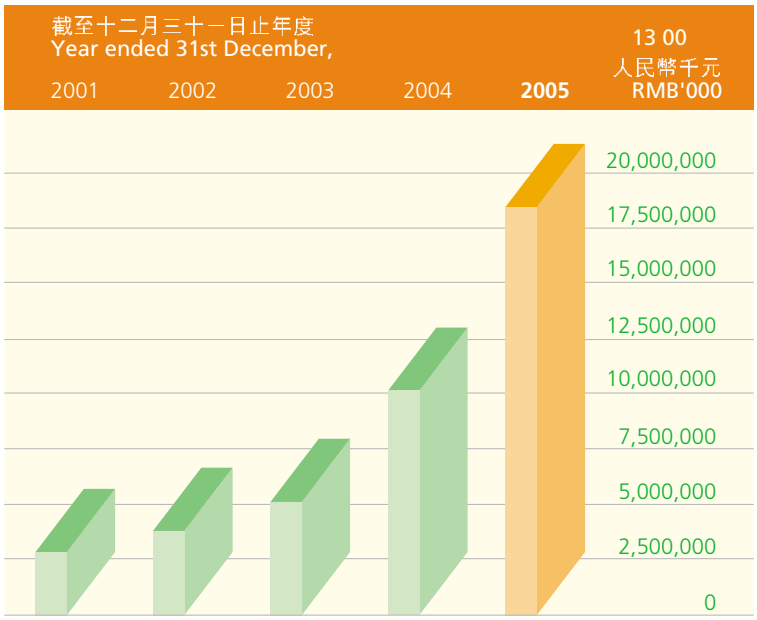
公司簡介(續)
Overview of the Company – (continued)

公司架構及主營業務
Corporate Structure and Main Business Line



財務摘要(續)
Financial Highlights – (continued)

營業額



年度盈利

財務摘要(續)
Financial Highlights – (continued)

本集團五年之業績、資產及負債概列如下:

The summary of results, assets and liabilities of the Group for the last five years are as follows:

		截至十二月三十一日止年度				
	Uni 單位	**2005**	2004	31 2003	, 2002	2001
營業額 Turnover	人民幣千元 *Rmb'000*	**1 ,464,106**	10,215,670	5,144,246	3,821,280	2,860,696
除稅前溢利 Profit before tax	人民幣千元 *Rmb'000*	**6 6,125**	168,963	70,336	53,279	36,332
本年淨利潤 Net profit for the year	人民幣千元 *Rmb'000*	**464, 0**	117,572	53,471	37,691	21,768
資產總值 Total assets	人民幣千元 *Rmb'000*	**36,44 , 7**	31,015,199	17,513,741	10,605,175	9,857,509
負債總值 Total liabilities	人民幣千元 *Rmb'000*	**31, 24,207**	27,361,591	13,992,527	7,146,537	6,908,916
少數股東權益 Minority interests	人民幣千元 *Rmb'000*	**640,052**	540,546	516,189	499,949	21,649
股東權益 Shareholders' fund	人民幣千元 *Rmb'000*	**3, 4,62**	3,113,062	3,005,025	2,958,689	2,926,944
每股淨資產 Net assets per share	人民幣元 *Rmb*	**3.05**	2.62	2.53	2.49	2.46
每股盈利 Earnings per share	人民幣元 *Rmb*	**0.3**	0.099	0.045	0.032	0.018

財務摘要(續)
Financial Highlights – (continued)

主要業務

本公司主要作為投資控股公司並提供企業管理服務予其附屬公司。

The Company acts as an investment holding company and provides corporate management services to its subsidiaries.

	截至2005年12月31日止年度		截至2004年12月31日止年度 Year ended 31st December, 2004	
按主要產品分類營業額及營業利潤貢獻	**營業額**	**營業利潤**	營業額 Turnover	營業利潤 Contribution to operating profit
	人民幣千元 ***Rmb 000***	*人民幣千元* ***Rmb 000***	*人民幣千元* *Rmb'000*	*人民幣千元* *Rmb'000*
火電主機設備 Main thermal power equipment	**13,253,712**	**1,523,274**	7,208,106	559,194
水電主機設備 Main hydro power equipment	**1,214,0**	**67, 51**	728,162	35,723
電站工程服務 Engineering services for power stations	**2,24 , 03**	**33,051**	1,180,669	59,675
電站輔機及配套設備 Power equipment accessories and parts	**316,6 3**	**7 ,7**	224,614	26,062
交直流電機及其他產品與服務 A.C./D.C. motors and other products and services	**1,430,6**	**15 ,125**	874,119	82,332
	1 ,464,106	**1, 63,0**	10,215,670	762,986
其他業務收益 Profit from other activities		**25 ,0 6**		157,636
未分配到主要產品之費用 Expenses not allocated to major products		**1,426,060**		751,659
稅前溢利 Profit before tax		**6 6,125**		168,963

董事長報告書
Chairman's Statement

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二零零五年一月一日至十二月三十一日之年度報告，並代表本公司全體同仁向各位股東致意。

二零零五年是公司發展史上的重要一年，國內實施科學發展觀，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，公司業務保持高速增長，核心競爭力進一步增強。

截止二零零五年十二月三十一日，公司實現除稅及少數股東收益後溢利為人民幣46,499萬元，比上年增長295.5%；每股溢利為人民幣0.39元（基本）；實現營業額人民幣1,846,411萬元，比上年增長80.7%。創造了公司成立以來的最好業績。（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 2005. On behalf of the Company, I would like to extend my gratitude to our shareholders.

2005 is an important year in the Company's developing history. With the support of the implementation of Scientific Concept of Development, great market demand, effective implementation of the company's developing strategy and hard working of all the Company's employees, the Company's business has improved rapidly and has further increases its leading competitive capability.

For the year ended 31st December 2005, the Company recorded consolidated profit after taxation and minority interest of Rmb464.99 million, representing an increase of 295.5% over last year; earnings per share was Rmb0.39 Yuan (basic). Turnover was Rmb18,464.11 million, representing an increase of 80.7% over last year. The Company has actually reached the highest result since inception. (Pls see details in the section "Management Discussion and Analysis").

董事長報告書(續)
Chairman's Statement – (continued)

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7,774萬元向股東派發末期股息, 即每股股息人民幣0.061元。H股股東的股息將以港幣支付, 匯率仍按股息宣派日前一周中國人民銀行公佈的平均匯率計算, 即港幣1元兌換人民幣1.0329元, 每股H股可得股息0.0591港元。該股息將於二零零六年八月十六日或之前派發予二零零六年五月十六日已經登記在股東名冊上之股東。

The Board of Directors recommends a final dividend of Rmb77.74 million from the profit of the year available for distribution. The final dividend was Rmb0.061 Yuan per share. Dividend of shareholders for H shares will be paid in Hong Kong dollars, the exchange rate used, this is HK$1 = Rmb1.0329, 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$0.0591. On or before the day of 16th August 2006, the dividend will be distributed to shareholders who have registered on the shareholders' list by the day of 16th May 2006.

公司期內正式簽訂合同人民幣184億元, 累計在手訂單人民幣690億元。在大力拓展市場的工作中, 公司特別注重代表產品發展方向的高新技術產品市場的開發。江蘇泰州百萬千瓦級超超臨界機組、北京太陽宮燃機奧運項目、秦山核電二期擴建工程汽水分離再熱器以及宣城600MW和古城300MW火電機組脫硫島的中標, 鞏固了公司在燃機、超超臨界等高新技術產品市場的領先優勢, 為公司開發核電、環保等方向性產品市場奠定了基礎。

During the review period, the officially signed contract value is amounted to Rmb18.4 billion, adding up the total value of contracts on hand to Rmb69 billion. On the market exploitation front, the Company paid close attention to the high-tech market, which represents the direction of our product development. The winning contracts of Jiangsu Taizhou 1000MW class ultra super critical unit project, Beijing Taiyanggong gas turbine Olympics project, the second stage of extension of Qinshan nuclear power plant moisture separator reheater project, Xuancheng 600MW thermal power unit Desulphurization Island project and Gucheng 300MW thermal power unit Desulphurization Island project, kept the Company in the leading position in such high-tech market as gas turbine and ultra super critical products, and laid a foundation for the Company's development in the fields of nuclear power and environment protection products.

董事長報告書(續)
Chairman's Statement – (continued)

公司科技領先戰略成效顯著, 公司堅持引進, 吸收基礎上的再次創新和自主開發相結合的科技發展道路。自主開發的構皮灘水輪機模型轉輪在瑞士洛桑試驗台通過驗證, 最高效率達95.17%, 達到國際領先水平;大型空冷機組, 超臨界機組投入成功, 標誌著公司在重大產品的設計、製造上達到國際先進水平。代表國內大型火電機組發展方向的600MW、百萬千瓦級超超臨界汽輪機和汽輪發電機, 電站鍋爐的技術引進, 技術開發進展順利。

The Company has made a significant progress in the strategy of technology advancement. The Company pursued the technology development strategy by combining re-innovation and independent development on the basis of technology introduction and absorption. In particular, the self-developed Goupitan hydraulic turbine model runner has passed the test of EPFL-LMH, CH-1015 laboratory, Switzerland, with the highest efficiency up to 95.17%, of which has reached the leading international standard; the manufacturing of large scale air-cooling generating unit and ultra super critical unit has been successfully carried on, reflecting the Company's capability in heavy duty product designing and manufacturing has come up to the most advanced world standard; the technology introduction and development for manufacturing 600MW, 1000MW class ultra super critical steam turbine and turbine-generator and power plant boiler has been progressing smoothly.

二零零五年, 各生產性子公司的產品產量都超過了2000萬千瓦, 再創歷史新高。得益於公司生產組織體系的有效運行和社會化協作體系的不斷完善, 公司順利完成了全年生產任務, 兌現了對用戶的承諾, 維護了公司市場信譽。

In the year of 2005, the output of each productive subsidiary exceeded 20,000MW, recording its highest level ever. With the support of the effective implementation of producing organization system and the continuing improvement of social cooperation system, the Company has successfully achieved the annual production target, and thus fulfills its commitment to the customers and maintains the Company's good reputation.

為滿足秦皇島出海口基地二期建設的需要, 根據公司股東周年大會的授權及董事會決議, 公司增發8530萬股H股, 募集資金淨額3.7億港元。增發結束後, 公司股票價格持續上漲, 本人特別向各位股東的信任和支援表示衷心感謝。

On the basis of the authorization of the annual general meeting and the resolution of the board of directors, the Company further issued 85.3 million H shares and raised the net proceeds of HK$370 million, to fund the second stage of Qinhuangdao Seaside Workshop Construction Project. After the placing, the Company's share price saw a continuous increase, I'm here to give my sincere acknowledgement and thanks to shareholders for their trust and support.

二零零六年, 國內宏觀環境依然良好, 公司在手任務飽滿, 我們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, 大力推進機制、體制改革, 加快提高公司核心競爭力。

Given that the domestic macro environment is still positive, with full contracts on hand, we will seek to accelerate the mechanism and system renovation and to further increase the Company's leading competitive capability with implementation of technology advancement, international development, system renovation, management renovation and strategy of regarding human resource as the core of the Company's development in 2006.

董事長報告書(續)
Chairman's Statement – (continued)

公司將對今年生產過程加強科學組織力度，制定切實可行的解決措施；加強對所屬分、子公司的協調組織，科學調配內部資源，提高生產組織水平和市場競爭能力；積極學習、借鑒國際大公司選擇供應商的程序和方式，通過採用科學的供應鏈管理，真正整合社會資源為我所用，加快構建、完善現代化、社會化生產組織體系；加快對引進技術的消化、吸收和再創新，加強與國內科研院所、高等院校之間的技術交流與合作，充分借助科研院所和大專院校的人才優勢、技術優勢，增強公司自主創新能力；抓住新的發展機遇，研究市場對我們內部機制、體制的要求，積極進行業務流程重組和組織結構調整的研究和探索，為深化改革奠定基礎。

The Company will seek to strengthen the organization in a more scientific way and to develop an effective and practical solution for the production process; to improve the cooperation among its subsidiaries and branches and to allocate the interior resources scientifically, so as to realize further synergies and improve competitive capability; to learn the procedure and manner of supplier selection from famous multinational corporations, to conduct scientific management on the supply chain and make full use of the social resources to accelerate and reform modernization process and socialization of production organization system; strengthen the cooperation and technology exchange with domestic scientific research institutes and universities; speed up its step on the absorption of introduced technology, so as to fully improve the Company's capability of independent development and innovation through external personnel and technical edge; carry out business process reorganization and organization structure adjustment review through pursuing new develop opportunities, reinforcing understanding on the market's demand for our internal mechanism and system, to laid a foundation for further innovation.

本人堅信，公司一定能夠把握住發展的機遇，在2006年取得新的業績，更好的回報各位股東的信任和支援。

I believe that the Company will grasp develop opportunity and make much more outstanding achievement in the work of 2006, and to reward our shareholders for their trust and support.

董事長
耿雷

Chairman
Geng Lei

於中國·哈爾濱，二零零六年四月十四日

Harbin, the People's Republic of China, 14th April 2006

管理層論述與分析

宏觀經濟與行業發展

二零零五年，中國經濟保持平穩較快增長，國內生產總值比上年增長 . %。隨著國民經濟快速增長和居民生活水平的提高，全年用電量同比增長13.5%。年內新增裝機6,600萬千瓦，使得全國總裝機容量首次突破5億千瓦，達到50,841萬千瓦，同時仍有大約2.5億千瓦的在建規模，電力需求的持續旺盛，推動了發電設備行業的快速發展。

MACRO-ECONOMY SITUATION AND INDUSTRY DEVELOPMENT

2005, Chi m
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66000 , mak h 500000
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訂貨情況

二零零五年，本集團新接訂單184億元，其中火電設備133億元，水電設備32.7億元，電站工程服務7.4億元，燃機 .6億元，環保產品1.3億元。本集團一方面著力提高大型機組市場佔有率，600 火電機組的中標率是

NEW CONTRACTS

2005, m 18.4 , m
hi h m 13.3 , h
m 3.27 , m 740 mill
, m 60 mill m 130
mill .
k m
42.25 600 , 50
700 h
hi h- h
h

管理層論述與分析(續)

年內本集團中標的主要專案有:2005年1月6日,與華能集團簽訂了小灣6台700　　水輪發電機製造合同,再次展現了本集團在大型水電專案上的雄厚實力;2005年4月12日,與國電公司簽訂了江蘇泰州2台百萬千瓦等級超超臨界爐、機、電專案合同,實現了百萬千瓦等級超超臨界機組爐、機、電成套供貨;2005年10月　日,與深圳能源集團簽訂了廣東河源2台600　　超超臨界機組合同,保持了本集團在該等級超超臨界專案上的領先地位;2006年1月16日,與北京太陽宮燃氣熱電有限公司簽訂了為奧運工程供電、供熱、供冷的太陽宮燃機專案,不僅進一步鞏固了本集團在重型燃機市場上的領先地位,而且開發了新機型,為後續市場開發奠定堅實基礎。此外,宣城600　　和古城2台300　　火電機組脫硫島的中標,標誌著本集團在環保事業的拓展上又邁出了重要一步;越南2台11萬千瓦循環流化床鍋爐製造合同,是國內首台具有自主知識產權的CFB產品出口,具有重大戰略意義。

管理層論述與分析(續)

生產與服務

面對繁重的生產任務，本集團一方面繼續完善生產組織體系和激勵約束機制，合理安排技術改造解決生產瓶頸環節，充分挖掘、發揮公司內部生產能力；另一方面進一步規範分包、擴散管理，對合格分包廠家提供必要的技術、質量指導，提高了協作廠家的配套能力，產品產量再創歷史新高。全年共完成發電設備22,363萬千瓦（以汽輪發電機和水輪發電機組計），同比增長53.65%，其中電站鍋爐完成67台20,510萬千瓦，同比增長66.82%；電站汽輪機完成80台23,320萬千瓦，同比增長70.51%；汽輪發電機完成61台1,280萬千瓦，同比增長5.05%；水輪發電機組完成30台3,083萬千瓦，同比增長26.72%；燃氣輪機8台2,040千瓦。

PRODUCTS AND SERVICES

[illegible]

管理層論述與分析(續)

在本集團各方面的高度重視和精心組織下，重點專案進展順利。2005年5月1 日，國內首台燃機半山1號機組在杭州一次性點火成功。目前，首捆11台燃機已全部成功點火，並順利通過168小時試運行。本集團成為國內唯一一家擁有11台 級燃機運行業績的設備製造商；玉環1號鍋爐主要部件已經交貨，2、3、4號鍋爐的技術準備、材料採購和產品交貨正在進行中；泰州專案鍋爐、汽輪機和汽輪發電機正在進行技術準備和材料採購，部分部件已開始製造；河源專案正在進行技術準備，主要原材料已開始採購；電站工程服務方面，韓城專案順利完成2號機組168小時的整套驗收運行，越南高岸火電專案一號機已經並網發電。蘇丹麥洛維輸變電線路專案、越南宣光水電、伊朗塔瓦茲以及蘇丹吉利二期聯合循環電站專案進展順利。

科研開發與技術引進

二零零五年，本集團共完成科研課題173項，新產品開發27項，投入科研經費3.03億元，比二零零四年增長48.5%。其中，自主開發的構皮灘水輪機模型轉輪在瑞士洛桑試驗台通過驗證，最高效率達 5.17%，達到世界先進水平；列入國家「863計劃」的課題超超臨界鍋爐關鍵技術研究通過國家驗收；1,200mm長葉片的開發成功，標誌著我國汽輪機行業長葉片的科研設計能力已經具有國際前沿技術水平。

R&D AND TECHNOLOGY INTRODUCTION

管理層論述與分析(續)

在自主研發的同時, 本集團加快技術引進步伐。以國電泰州1000 火電機組項目為依託, 本集團與東芝公司簽訂了百萬千瓦級超超臨界汽輪機和汽輪發電機技術轉讓協議; 與三菱公司簽定了600 兩缸超超臨界機組合作製造備忘錄, 相關圖紙資料的消化、引進正在進行中。

溢利

二零零五年, 本集團實現淨溢利46,4 萬元, 比上年增長2 5.5%; 每股盈利0.3 元(基本), 比上年增加0.2 元; 期末資產淨值為388,463萬元, 比上年期末增加77,157萬元; 每股資產淨值為3.05 元, 比上年期末增加0.43 元。

股息

董事會建議派發二零零五年度股息為每股0.061 元(二零零四年度為每股0.051元)。

CONSOLIDATED PROFIT AFTER TAX

DIVIDEND

TURNOVER

管理層論述與分析(續)

年內，本集團出口收入佔主營業務收入的17．7%，主要出口亞洲及非洲地區。

成本

年內，本集團的主營業務成本為1,660,102萬元，比上年增加714,833萬元，增幅為75.6%。主要是主營業務收入增長所帶來的成本相應上升。

毛利及毛利率

年內，本集團營業毛利為186,30 萬元，較上年增長144.2%。毛利率為10.0 %，比上年上升2.62 個百分點。

其中，火電主機設備毛利為152,327萬元，毛利率為11.4 %，比上年 上升3.73個百分點；水電主機設備毛利為6,785萬元，毛利率為5.5 %，比上年上升0.68個百分點；電站工程服務毛利為3,305萬元，毛利率為1.47%，比上年下降3.58個百分點；電站輔機及配套產品毛利為7，7 萬元，毛利率為25.1 %，比上年上升13.5 個百分點；交直流電機及其他產品與服務的毛利為15，13萬元，毛利率為11.12%，比上年上升1.70個百分點。人民幣匯率變化是電站工程服務毛利率下降的主要原因。

管理層論述與分析(續)

期間費用

二零零五年，本集團發生營業及管理費用支出為135,768萬元，較上年同期增加67,370萬元。其中人工成本增加約8,237萬元；計提壞帳準備、存貨跌價準備31,264萬元，比上年多計提30,046萬元；任務量增加，管理幅度及市場開發力度加大使業務經費增加約1,637萬元。

EXPENSES DURING THE YEAR

利息支出

二零零五年，本集團發生利息費用3,377萬元，比上年同期減少1,412萬元。主要是需於年內償還之借款減少所致。

FINANCE COSTS

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、客戶貨款和銀行借款。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。截至二零零五年十二月三十一日，本集團銀行借款總額為 313,0 5萬元（二零零四年十二月三十一日為227,366萬元），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45,218萬元，比年初減少33,202萬元。須於一年後償還之借款為267,877萬元，比年初增加118，30萬元。

FUNDING AND BORROWINGS

股權融資

於二零零五年十二月十四日，公司進行了[illegible]股增發工作。增發[illegible]股8,530萬股，發行價格每股4.45港元，募集資金淨額37,102萬港元。同日，本公司控股股東將853萬股國有股劃轉給社保基金並轉為[illegible]股。發行後股份公司總股本增加至127,445.1萬股，其中哈電集團持有71,147萬股，佔55.83%，[illegible]股56,2 8.1萬股，佔44.17%。

EQUITY FINANCING

[illegible] 14 h D[illegible]m[illegible]r 2005, [illegible] C m [illegible] [illegible]r [illegible] 85.30 mill[illegible] h[illegible] . [illegible] [illegible]r h[illegible] [illegible] $4.45 [illegible] li [illegible] r [illegible]m [illegible] $371.02 mill[illegible] . O [illegible] [illegible], [illegible] C m [illegible] h[illegible] h [illegible] [illegible]r [illegible]mi [illegible] 8.53 [illegible] mill[illegible] h[illegible] [illegible] h[illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] h[illegible]. [illegible] [illegible] [illegible] k [illegible] C m [illegible] [illegible] 1,274.451 mill[illegible] h[illegible] [illegible]m h[illegible] h 711.47 mill[illegible] h[illegible] [illegible] [illegible] [illegible] P[illegible] [illegible] C [illegible], [illegible] [illegible] r 55.83 [illegible] h[illegible] [illegible]m [illegible] 562. 81 mill[illegible] h[illegible], [illegible] [illegible] r 44.17 [illegible] [illegible].

存款及現金流量

於二零零五年十二月三十一日，本集團銀行存款及現金為524,771萬元，比年初減少74, 4 萬元。年內，本集團經營業務現金流出淨額為48 ,038 萬元（二零零四年為流入708,334萬元）；融資業務之現金流入淨額為120,52 萬元（二零零四年為流出40,870萬元）；投資業務之現金流入淨額為305,7 7萬元（二零零四年為流出557,705萬元）。

DEPOSITS AND CASH INFLOW

[illegible] 31 D[illegible]m[illegible]r 2005, [illegible] [illegible]k [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m [illegible] [illegible]m 5,247.71 mill[illegible], [illegible] [illegible] [illegible]m 74 .4 mill[illegible] [illegible]r [illegible] [illegible] [illegible] [illegible]r. D [illegible]r [illegible], [illegible] [illegible] h [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m [illegible] [illegible]m 4,8 0.38 mill[illegible] ([illegible] m [illegible] 2004 [illegible] [illegible] [illegible]m 7,083.34 mill[illegible]). [illegible] [illegible] h [illegible] [illegible]r m [illegible] [illegible] [illegible] [illegible] [illegible]m [illegible] [illegible] [illegible]m 1,205.2 mill[illegible] ([illegible] m [illegible] 2004 [illegible] [illegible] [illegible]m 408.70 mill[illegible]) [illegible] [illegible] h [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m 3,057. 7 mill[illegible] ([illegible] m [illegible] 2004 [illegible] [illegible] [illegible]m 5,577.05 mill[illegible]).

305,7 7

CAPITAL STRUCTURE AND ITS CHANGES

存款及現金為

[illegible] 31 D[illegible]m[illegible]r 2005, [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m [illegible] [illegible]m 36,448.8 mill[illegible], [illegible] [illegible] [illegible]m 5,433.6 mill[illegible], [illegible] [illegible] 17.5 [illegible] [illegible] [illegible] [illegible]. [illegible]m [illegible] h[illegible], [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m 33,0 7. 8 mill[illegible], [illegible] [illegible] [illegible] 0.8 [illegible] [illegible] [illegible] [illegible]. [illegible] [illegible] - [illegible] [illegible] [illegible] [illegible] [illegible] [illegible]m 3,350. 0 mill[illegible], [illegible] [illegible] [illegible] .2 [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible] [illegible].

管理層論述與分析(續)

LIABILITIES

SHAREHOLDER'S FUND

GEARING RATIO

CONTINGENT LIABILITIES AND MORTGAGE ASSET

管理層論述與分析(續)

資本開支及所持重大投資情況

二零零五年, 本集團用於基本建設和技術改造的資本開支總額約為34,7 6萬元. 出海口基地建設項目一期總投資30,758萬元, 其中固定資產總投資28,258萬元, 到二零零五年年底, 累計完成投資31,087萬元, 3,000噸級泊位、起重能力1,200噸的碼頭工程已經建設完成;哈鍋大型循環流化床鍋爐改造項目年內完成投資1,274萬元, 累計完成投資 0 2萬元, 項目已全面建設完成;哈汽大型燃氣輪機技術改造項目年內完成投資8,774萬元, 累計完成投資 ,274萬元, 完成了主要設備採購.

CAPITAL EXPENDITURE AND IMPORTANT INVESTMENT

2005, m 347. 6 mill h C r Q D m 307.58 mill , m h h m 282.58 mill . B 2005, m m 310.87 mill . 3,000- h 1,200- m . B m 12.74 mill , m m 0. 2 mill . m C - m 87.74 mill , m 2.74 mill . h m .

匯率波動風險及相關對沖

本集團擁有部分外幣存款, 於二零零五年十二月三十一日, 本集團外幣存款折合人民幣81,528

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

h A 31 D m r 2005, m m 815.28 mill h k. 2005, B k Chi m J

USE OF LISTING PROCEEDS

2005, m 155.00 mill r m W rk h C Q D.

A 31 D m r 2005, m 1.155 ill r m h m 85.00 mill m 3 0 mill h k W rk h C Q, h l

管理層論述與分析(續)

投資計劃

二零零六年本集團計劃投資5 億元繼續用於出海口基地二期建設項目、超超臨界項目、大型燃氣輪機技術引進項目、聯合循環餘熱鍋爐技術引進及技術改造項目、大型抽水蓄能機組技術引進及企業信息化建設項目等, 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。尤其是核電主設備項目, 公司將進一步加大投入, 擴大建設規模, 提高製造能力, 以期能成套供應核電主設備, 滿足核電發展需要。建設資金準備採取自籌、銀行貸款或發行股票等方式解決。

INVESTMENT PLAN

員工及薪酬

於二零零五年十二月三十一日, 本集團擁有在崗員工18,84 人, 薪酬及福利為7.2 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, 着力創建人性化的人才培養、使用機制, 全年進行各種形式的培訓共計6,523人次。實行了崗位工資制、計件工資制等多種工資制度, 加強了崗位考核, 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, 推動公司發展。

STAFF AND REMUNERATION

管理層論述與分析(續)

展望

隨著國家加強和改善宏觀調控，高耗能產業將受到抑制，加上新建項目的陸續投運，電力供求矛盾逐步趨於緩和。據國家有關部門預測，二零零六年用電增幅將達到11%，同比下降2.5個百分點。雖然總體供需矛盾得到緩解，但區域性、季節性特別是時段性電力緊缺局面仍將存在，發電設備行業仍有較大的發展空間。

國家「十一·五」規劃的頒佈與實施，使得發電設備的市場需求加速向環保、高效的高新技術產品發展，核電、風電、抽水蓄能等產品已經成為市場競爭的熱點。本集團將抓住良好的發展機遇，加大機制和體制的改革與調整力度，努力提高自主創新能力，不斷增強核心競爭能力。為此，本集團在2006年將重點做好以下工作：

一是加大市場開發力度，為可持續發展奠定基礎。在採取有效措施鞏固、提高常規機組的市場佔有率的同時，加大以核電、超超臨界、燃氣輪機、大型空冷、大型抽水蓄能為代表的高新技術產品，以風電為代表的新能源產品和國際電站工程總承包專案的開發力度，重視備品、備件和維修服務市場的拓展。

PROSPECT

管理層論述與分析(續)

二是進一步完善生產組織體系，確保按期交貨。2006年的主要產品產量與2005年大體持平，新產品所佔額度進一步提高，全面兌現合同仍然是本集團的工作重點。本集團將加快構建、完善現代化、社會化生產組織體系，持續改進質量保證體系的運行效果，加強專案管理，確保按合同交貨。

三是堅持科技領先戰略，提高自主創新能力。本集團將積極爭取牽頭承擔國家發電新技術的研究開發工作。加強與國內科研院所、高等院校之間的技術交流與合作，加快對引進技術的消化吸收，積極開發具有自主知識產權的技術，全面增強公司自主創新能力。

四是深入分析體制、機制上存在的問題，不斷深化改革，加強管理。年內重點完善自主創新的體制架構，健全能夠煥發科技人員創新熱情的激勵機制。加大對關鍵人才、重要崗位的激勵力度，研究實施股票增值權計劃。進一步發揮資金結算管理中心的各項功能，整合公司內部資源，發揮集約化管理的效能，降低公司資金風險，提高資金使用效益。加大貨款回收力度，採取更加有效的措施控制存貨。

為適應燃機、核電、環保以及國外工程總承包等事業發展的需要，同時為了加大對人才的吸引力度，本公司正在北京接洽租用一處辦公地點，先期供營銷系統、科研開發系統使用。

二零零六年四月十四日
於中國哈爾濱

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董事

執行董事

耿雷先生，現年58歲，碩士學位，高級經濟師職稱，現任本公司及哈電集團公司董事長、黨委書記。耿先生於一九六八年加入哈電集團，後就讀於哈爾濱工業大學管理學院，獲碩士學位。耿先生曾任本集團原鍋爐廠黨委辦公室主任、黨委書記等職務。一九九四年十月起任本公司執行董事兼本集團鍋爐公司董事長兼總經理及本公司副總經理等職務。一九九七年八月任哈電集團公司黨委書記兼副董事長及本公司黨委書記，同年十月任本公司副董事長。一九九九年十一月任哈電集團公司董事長，二零零零年一月任本公司董事長。耿先生現被聘為哈爾濱工業大學客座教授。

宮晶义先生，現年47歲，碩士學位，高級工程師職稱，現任本公司副董事長及哈電集團公司副董事長兼總經理。宮先生一九八二年畢業於瀋陽機電學院，同年加入哈電集團。後就讀於上海復旦大學工業經濟管理專業，獲碩士學位。宮先生曾任本集團原電機廠生產部副部長、水電分廠廠長以及本集團電機公司總經理助理、副總經理等職務。一九九九年調任哈電集團所屬企業－阿城繼電器集團公司和阿城繼電器股份有限公司董事長。二零零零年八月任哈電集團公司副董事長兼總經理，九月任本公司副董事長。

DIRECTORS

Executive directors

Mr. Geng Lei, 58, senior economist and with a master degree, secretary of the Communist Party Committee and chairman of the Company and HPEGC. Mr. Geng joined HPEGC in 1968, later studied in Management Institute of Harbin Institute of Technology and got the master degree. Mr. Geng has been director of the Communist Party Committee Office and secretary of the Communist Party Committee of former Boiler Works of the Company. He began to act as the executive director of the Company, chairman and general manager of the Boiler Company of the Group and deputy general manager of the Company in October 1994. He has been the secretary of the Communist Party Committee and vice chairman of HPEGC since August 1997 and in October 1997, he was appointed as vice chairman of the Company. He began to act as chairman of HPEGC in November 1999 and in January 2000, he was appointed as chairman of the Company. Mr. Geng was appointed by Harbin Institute of Technology as a visiting professor.

Mr. Gong Jing-kun, 47, senior engineer and with a master degree, now vice chairman and general manager of HPEGC and vice chairman of the Company. Mr. Gong graduated from Shenyang Institute of Machinery and Electronics in 1982 and joined HPEGC in the same year. Later on, he studied in Shanghai Fudan University, majoring in economic management and was conferred the master degree. Mr. Gong has been vice manager of production department, manager of hydropower workshop in former Harbin Electric Machinery Works of the Group, and general manager assistant and deputy general manager of the Electric Machinery Company of the Group. Mr. Gong was appointed as chairman of Archeng Relay Group Company and Archeng Relay Company Limited in 1999, in August 2000, he was appointed as vice chairman and general manager of HPEGC and in September 2000, Mr. Gong was appointed as vice chairman of the Company.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

趙克非先生, 現年49歲, 碩士學位, 高級經濟師職稱, 現任本公司副董事長兼總經理及哈電集團公司副董事長。趙先生一九八二年畢業於東北重型機械學院, 後於一九八七年就讀於哈爾濱工業大學管理學院, 獲碩士學位。趙先生於一九八二年加入哈電集團。曾任本集團原電機廠工程師、黨委組織部副部長、汽輪發電機分廠副廠長等職務。一九九二年任哈電集團黨委組織部部長;一九九四年任本集團電機公司黨委副書記, 一九九五年十二月任常務副總經理, 一九九七年八月任哈電集團公司董事, 同年十月任本公司執行董事、總經理。一九九九年十一月任哈電集團公司副董事長, 二零零零年一月任本公司副董事長。趙先生現被聘為哈爾濱工業大學、哈爾濱工程大學客座教授。

Mr. Zhao Ke-fei, 49, senior economist and with a master degree, now vice chairman and general manager of the Company and vice chairman of HPEGC. Mr. Zhao graduated from Northeast Heavy Machinery Institute in 1982, studied in Management Institute of Harbin Institute of Technology in 1987 and got the master degree. He joined HPEGC in 1982, was the engineer, vice director of organization department and vice director of turbine-generator workshop in former Harbin Electric Machinery Works of the Group. He began to act as director of organization department of HPEGC in 1992 and standing vice secretary of the Communist Party Committee of the Electric Machinery Company of the Group in 1994, managing deputy general manager of the Electric Machinery Company of the Group in December 1995. He was appointed as director of HPEGC in August 1997, executive director and general manager of the Company in October 1997. In November 1999, he was appointed as vice chairman of HPEGC and in January 2000 appointed as vice chairman of the Company. Mr. Zhao was appointed by Harbin Institute of Technology and Harbin Engineering University as a visiting professor.

段洪義先生, 現年42歲, 工商管理碩士、高級經濟師職稱, 現任哈電集團公司副總經理。段先生一九八二年畢業於哈爾濱電機製造學校機械專業, 同年加入哈電集團。曾任本集團原鍋爐廠計劃處綜合計劃員, 副處長等職務。段先生一九九四年參加哈電集團股改和本公司股票發行與上市工作, 一九九五年起先後任本公司計財部副部長、部長、公司副總會計師以及本集團汽輪機公司監事、副總經理及本集團動力科貿公司副董事長等職務。二零零零年八月任哈電集團公司副總經理。段先生曾於二零零二年三月至二零零三年一月在中央黨校中青年幹部培訓班學習。

Mr. Duan Hong-yi, 42, senior economist and master of business administration, now deputy general manager of HPEGC. Mr. Duan graduated from Harbin Electrical Machinery College in 1982, majoring in mechanics, and joined in HPEGC in the same year. Mr. Duan has been a comprehensive planner and vice manager of planning department of former Boiler works of the Group. He participated in the reorganization of HPEGC as share-holding Company and issuing and listing of the Company's shares in 1994. He has been vice director and director of planning and accounting department, vice chief accountant of the Company and supervisor, deputy general manager of the Turbine Company of the Group and vice chairman of Harbin Power Technology & Trade Incorporation of the Group since 1995. He was appointed as deputy general manager of HPEGC in August 2000. From March 2002 to January 2003, Mr. Duan studied at Young Cadre Training Class of CPC Centraln School.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

商中福先生，現年44歲，工商管理碩士，高級工程師，現任本公司執行董事、副總經理。商先生一九八二年畢業於哈爾濱工業大學汽輪機專業，同年加入哈電集團。曾任本集團原汽輪機廠設計研究所副科長、副所長、副總經濟師、副總工程師等職務。一九九八年十月任本集團汽輪機公司副總經理。一九九九年十一月任本集團汽輪機公司董事長兼總經理。二零零零年九月任本公司執行董事。二零零二年二月任本公司副總經理。

Mr. Shang Zhong-fu, 44, senior engineer and master of business administration, now executive director and deputy general manager of the Company. Mr. Shang graduated from Harbin Institute of Technology in 1982, majoring in steam turbine, and joined in HPEGE in the same year. He has been assistant section head and deputy head of the Design Research Institute, vice chief economist and vice chief engineer of former Turbine Works of the Group. In October 1998, he was appointed as deputy general manager of the Turbine Company of the Group and in November 1999, chairman and general manager of the Turbine Company of the Group. In September 2000 he was executive director of the Company and in February 2002, appointed as deputy general manager of the Company.

吳偉章先生，現年43歲，博士學位，高級工程師職稱，現任本公司執行董事及本集團電機公司董事長兼總經理。吳先生一九八八年畢業於清華大學水利動力專業，獲碩士學位，同年加入哈電集團。曾任本集團電機公司大電機研究所水輪機室副主任、副所長、水電分廠副廠長、電機公司副總工程師兼產品設計部副部長等職務。一九九九年起任本集團電機公司副總經理，二零零零年十月任董事長兼總經理。二零零零年九月任本公司執行董事。吳先生二零零二年獲清華大學博士學位。

Mr. Wu Wei-zhang, 43, senior engineer and with a doctor degree, now executive director of the Company and chairman and general manager of the Electric Machinery Company of the Group. Mr. Wu graduated from Qinghua University, majoring in hydropower and was conferred master degree in 1988, and joined in HPEGC in the same year. Mr. Wu was deputy director of turbine department of Electrical Machinery Institute and deputy head of Electrical Machinery Institute, deputy manager of hydropower workshop, vice chief engineer and vice manager of product design department of the Electric Machinery Company of the Group. Mr. Wu has been the deputy general manager of the Electric Machinery Company of the Group since 1999, in October 2000, was appointed as chairman and general manager of the Electric Machinery Company of the Group. He was appointed as executive director of the Company in September 2000 and obtained the doctor degree in 2002.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

非執行董事

李根深博士, 現年75歲, 高級工程師職稱。李博士一九五一年畢業於上海交通大學動力專業, 一九五二年至一九五六年於前蘇聯莫斯科莫洛托春動力學院從事渦輪機空氣動力研究, 獲博士學位。同年加入哈電集團, 曾任本集團原汽輪機廠副總設計師。一九六二年調任國防部第七研究院第三研究所任副所長、所長兼總工程師等職務。一九八五年起先後任中共黑龍江省委副書記兼哈爾濱市委第一書記、中央委員、黑龍江省人大常委會副主任等職務。李博士曾於一九九四年至一九九七年任本公司及哈電集團公司董事長。一九九七年九月起任本公司非執行董事。

梁維燕先生, 現年76歲, 中國工程院院士, 高級工程師職稱。梁先生一九五一年畢業於天津北洋大學電機系, 同年加入哈電集團。曾任本集團原電機廠車間副主任、副總工藝師兼工藝科科長、副廠長及總工程師等職務。一九八八年任哈電集團公司總工程師;一九九二年起任哈電集團公司常務董事、咨詢委員會主任、中國電機工程學會和中國電工技術學會常務理事, 原機械工業部三峽裝備辦公室副主任等職務。一九九四年起任本公司非執行董事。

Non-executive directors

Mr. Li Gen-shen, 75, senior engineer. Dr. Li graduated from Shanghai Communication University in 1951, majoring in mechanical engineering. Between 1952 and 1956, Dr. Li was engaged in the research of acro-thermodynamics of turbo-machinery in the Moscow Institute of Power Technology in the former Soviet Union, and was awarded a doctor degree. In the same year, Dr. Li joined in HPEGC and was assistant chief designer of former Turbine Works of the Group. In 1962, he was transferred to the Research Center No. 3 of the Research Institute No. 7 of the State Defense Department and acted as deputy director, director and chief engineer. Since 1985, Dr. Li has been the deputy secretary of Heilongjiang Provincial Party Committee, first secretary of Harbin Municipal Party Committee, a member of the Party Central Committee, and deputy head of Heilongjiang Provincial People's Congress. He began to act as chairman of HPEGC and the Company from 1994 to 1997, and the non-executive director of the Company in September 1997.

Mr. Liang Wei-yan, 76, an academic of the Chinese Academy of Engineering and senior engineer. Mr. Liang graduated from Tianjing Beiyang University in 1951, majoring in electrical engineering, and joined in HPEGC in the same year. He was deputy workshop manager, assistant chief technician and head of Technical Process Department, vice factory director and chief engineer of former Electric Machinery Works of the Group. In 1988, Mr. Liang acted as the chief engineer of HPEGC, and since 1992 he has been executive director and director of the Consultative Committee of HPEGC, council member of PRC Society of Electrical Engineering and PRC Society of Electrical Engineering Technology and vice director of the Three Gorges Project Equipment Office under former Ministry of Machinery. He was appointed as the non-executive director of the Company since 1994.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

獨立董事

周道炯先生，現年72歲，現任本公司獨立董事和中國陶行知基金會理事長，中國投資發展促進會會長，中國財政學會、中國市場經濟學會顧問，北京大學、中國人民大學、中南財經大學、東北財經大學、西南財經大學兼職教授等職務。周先生一九五零年參加工作，先後任安徽省財政廳廳長，省人民政府秘書長，中國建設銀行行長，中國投資銀行董事長，國務院證券委常務副主任，國家開發銀行副行長及中國證券監督管理委員會主席等職務。

都興有先生，現年76歲，高級工程師職稱，現任中國電機工程學會秘書長，中國動力工程學會副理事長。都先生一九五二年畢業於上海同濟大學電機系。曾任徐州賈汪電廠總工程師、徐州電業局總工程師等職務，一九七八年任水利電力部科技司處長、總工程師、司長等職務，一九八八年任能源部科技司司長，一九九一年起任中國電力企業聯合會常務理事、中國電機工程學會秘書長等職務。都先生一九九七年起任本公司獨立董事。

Independent directors

Mr. Zhou Dao-jun, 72, independent director of the company and chairman of Tao Xing-zhi Fund of China, chairman of Investment Committee of China, advisor to Society of Finance China and Society of Market Economic of China, and part-time professor in Beijing University, People's University of China, Central South Economic and Finance University, Northeast Economic and Finance University and Southwest Economic and Finance University. Mr. Zhou joined in work in 1950 and has been the head of Finance Department of An Hui provincial government and secretary-general of provincial government, president of China Construction Bank and chairman of China Investment Bank, deputy executive director of Securities Committee of State Council, deputy president of State Development Bank and chairman of Securities Supervisory & Management Committee of China.

Mr. Du Xing-you, 76, senior engineer and secretary-general of the China Society of Electrical Engineering, vice chairman of the PRC Society of Engineering Dynamics. Mr. Du graduated from Shanghai Tongji University in 1952, majoring in electrical machinery studies. He was the chief engineer of Xuzhou Jiawang Power Plant and chief engineer of Xuzhou Electricity Bureau. In 1978, Mr. Du was appointed as the director and chief engineer of Technology Division of the Ministry of Hydraulic Power. He was appointed as the director of Technology Division under the Ministry of Energy in 1988. In 1991, he began to act as the council member of the PRC Electricity Enterprises Association and secretary-general of the PRC Society of Electrical Engineering. Mr. Du was appointed as the independent director of the Company in 1997.

丁雪梅女士, 現年46歲, 博士學位, 大學教授, 現任哈爾濱工業大學研究生院常務副院長。丁博士一九八六年畢業於哈爾濱工業大學, 獲工學碩士學位, 一九九一年赴瑞士洛桑聯邦工業大學留學, 一九九五年獲該校工學博士學位, 後於該校從事博士後科研工作。丁博士曾先後任哈爾濱工業大學副教授、教授、博士生導師以及研究生院培訓處處長、副院長等職務, 一九九八年起任常務副院長。丁博士現兼任中國研究生院院長聯席會執行主席、哈爾濱市科協副主席職務。

Ms. Ding Xue-mei, 46, doctor degree and professor, now deputy executive director of Graduate Student College of Harbin Institute of Technology. Dr. Ding graduated from Harbin Institute of Technology in 1986 and was conferred master degree. In 1991, she studied in Lausanne Federal Institute of Industry of Swiss, engaged in research work in this institute after she was conferred doctor degree in 1995. Dr. Ding has been appointed as assistant professor, professor, tutor for doctoral candidates in Harbin Institute of Technology, head of training department of Graduate Student College and deputy director of Graduate Student College. She was appointed as the executive deputy director in 1998. Dr. Ding is now the executive chairman of Joint Conference for Directors of Graduate Student College of China and vice chairman of Harbin Science & Technology Association.

監事

股東代表監事

郎恩齊先生, 現年59歲, 高級工程師職稱, 現任哈電集團公司董事、黨委副書記、紀委書記及本公司監事會主席。郎先生一九六八年畢業於哈爾濱航空工業學校, 同年加入哈電集團。曾任本集團原汽輪機車間主任、廠黨委組織部部長、汽輪機輔機工業公司經理、副廠長、黨委副書記等職務。一九九四年任哈電集團哈汽實業開發總公司總經理, 一九九五年十二月任本集團汽輪機公司常務副總經理。一九九九年十一月任哈電集團公司董事、黨委副書記、紀委書記以及本公司黨委副書記和紀委書記。二零零零年一月任本公司監事會主席。

SUPERVISORS

Supervisors representing shareholders

Mr. Lang En-qi, 59, senior engineer, director and assistant secretary of the Communist Party Committee and secretary of the Disciplinary Committee of HPEGC, chairman of the Supervisory Committee, assistant secretary of the Communist Party Committee and secretary of the Disciplinary Committee of the Company. Mr. Lang graduated from Harbin Aviation Industry School in 1968 and joined in HPEGC in the same year. He has been workshop manager, director of Organization Department of former Turbine Works of the Group, manager of Turbine Auxiliaries Company, vice factory director and assistant secretary of the Communist Party Committee of the Turbine Company. He was appointed as general manager of HTC Industry Development Company of HPEGC in 1994, and began to act as the managing deputy general manager of the Turbine Company of the Group in December 1995. In November 1999, he was appointed as director, assistant secretary of the Communist Party Committee, secretary of the Disciplinary Committee of HPEGC and assistant secretary of the Communist Party Committee and secretary of the Disciplinary Committee of the Company. In January 2000, he was appointed as chairman of the Supervisory Committee of the Company.

楊旭先生, 現年43歲, 研究生學歷, 高級工程師職稱, 現任本集團鍋爐公司企業管理發展處副處長。楊先生一九八六年畢業於吉林工業大學, 同年加入哈電集團, 曾任本集團鍋爐公司企管辦企管員、組長, 總經理辦公室秘書、組長、企業管理發展處處長助理等職務, 二零零零年任企業管理發展處副處長。

Mr. Yang Xu, 43, senior engineer and with a master degree, vice director of enterprise management and development department of the Boiler Company of the Group. Mr. Yang graduated from Jilin Industry University in 1986 and joined in HPEGC in the same year. He has been enterprise management staff in the enterprise management department, secretary of general manager office, assistant director of enterprise management and development department of the Boiler Company of the Group. In 2000, he was appointed as vice director of enterprise management and development department.

職工代表監事

Supervisors representing staff and workers

胡長付先生, 現年44歲, 大專學歷, 高級會計師職稱, 現任本集團汽輪機公司審計處處長。胡先生一九八五年加入哈電集團, 曾任本集團原汽輪機廠財務處、廠辦秘書、哈爾濱哈汽實業開發總公司計財處計劃科科長、本集團汽輪機公司審計處副處長等職務, 一九九七年任審計處處長。

Mr. Hu Chang-fu, 44, senior accountant and with a junior college degree, now director of auditing department of the Turbine Company of the Group. Mr. Hu joined in HPEGC in 1985, worked for the accounting department in former Turbine Works of the Group. He has been secretary of general administration office, head of planning section under the accounting and planning department of HTC Industrial Development Company and vice director of the auditing department of the Turbine Company of the Group. He was appointed as director of the auditing department in 1997.

盧春蓮女士, 現年46歲, 大學學歷, 高級工程師職稱, 現任本公司股東代表監事和本集團電機公司線圈分廠廠長。盧女士一九八二年畢業於哈爾濱電工學院, 同年加入哈電集團。曾任本集團電機公司大電機研究所絕緣材料研究室工程師、副主任以及電機公司線圈分廠技術室主任等職務。盧女士二零零二年起任電機公司線圈分廠廠長。

Ms. Lu Chun-lian, 46, senior accountant and with a bachelor degree, now shareholders-delegating supervisor of the Company and head of coil factory of the Electric Machinery Company of the Company. Ms. Lu graduated from Harbin Institute of Electrical Engineering in 1982 and joined in HPEGC in the same year. She has been an engineer and deputy director of insulation material Research Section under Electrical Machinery Research Institute and director of technology department of coil factory in the Electric Machinery Company. In 2002, Ms. Lu was elected as head of coil factory in the Electric Machinery Company.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

獨立監事

李振華先生，現年45歲，大學學歷，高級審計師、註冊會計師、註冊資產評估師，現任哈爾濱中盛會計師事務所和哈爾濱中盛資產評估有限公司董事長。李先生一九七七年參加工作，曾任哈爾濱市審計局主任科員、副處長和哈爾濱市審計事務所所長等職務。李先生現為黑龍江省註冊會計師協會常務理事、中國審計學會會員。

Independent supervisors

Mr. Li Zhen-hua, 45, senior auditor and with a bachelor degree, registered accountant and registered asset valuator, now chairman of Harbin Zhongsheng Accountant Office and Zhongsheng Asset Evaluation Company Limited. Mr. Li joined in work in 1977, he has been a office stall and deputy director of Harbin Audit Bureau and director of Harbin Auditing Affairs Institute. Mr. Li is now the standing director of Registered Accountant Association of Heilongjiang Province and a member of Society of Auditor of China.

高級管理人員

姚金龍先生，現年59歲，教授級高級工程師，現任本公司副總經理。姚先生一九六八年畢業於合肥工業大學機械製造專業，同年加入哈電集團。曾任本集團廠鍋爐廠技術員、勞動人事處副處長、廠長助理等職務。一九九四年任哈電集團哈鍋實業開發總公司總經理，一九九五年十二月起任本集團鍋爐公司副總經理及常務副總經理等職務。一九九九年十一月任本公司副總經理。

SENIOR MANAGERS

Mr. Yao Jin-long, 59, professor senior engineer and now deputy general manager of the Company. Mr. Yao graduated from Hefei Industrial University in 1968, majoring in mechanical manufacturing, and joined in HPEGC in the same year. He was technician, vice director of personnel department and assistant factory director of former Boiler Works of the Group. In 1994, Mr. Yao was appointed as general manager of HBC Industrial Development Company of the Group. Since December 1995, he began to act as deputy general manger and managing deputy general manager of the Boiler Company of the Group, and in November 1999, was appointed as deputy general manager of the Company.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

張海權先生, 現年44歲, 工商管理碩士, 高級工程師職稱, 現任本公司副總經理。張先生一九八四年畢業於哈爾濱電工學院, 同年加入哈電集團。曾任本集團原鍋爐廠機修分廠工程師, 廠黨委辦公室秘書及主任助理等職務。張先生一九九四年參加哈電集團股改及本公司股票發行與上市工作。一九九四年十

入哈挽响蟭一⑸灑製 1 驗菱綆先生宀胼入哈剛丶 [illegible] 職稱 [illegible] 任本公司副總經理。張先生一九八四年畢業於哈爾濱電工學院, 同年加入哈電集團。曾任本集團原鍋爐廠機修分廠工程師, 廠黨委辦公室秘書及主任助理等職務。張先生一九九四年參加哈電集團股改及本公司股票發行與上市工作。一九九四年十

Mr. Zhang Hai-quang, 44, senior engineer and master of business administration, now deputy general manager of the Company. Mr. Zhang graduated from Harbin Institute of Electrical Engineering in 1984, and joined in HPEGC in the same year. He has been engineer of the enginery repairing workshop, secretary and assistant director of the Communist Party Committee Office of former Boiler Works of the Group. In 1994, Mr. Zhang participated in the reorganization of the Group and share [illegible] of the Company. Since November 1994, [illegible] appointed as [illegible] of the [illegible] manager office, vice director of planning department and director of enterprise administration department, and director of auditing and law department the Boiler Company of the Group. In 1998, he was transferred acting as one member of the Group's and the Company's Standing Communist Party Committee and director of organization department. In 1999, Mr. Zhang was appointed as secretary of the Communist Party Committee and vice chairman of Archeng Relay Group Company and Archeng Relay Company Limited, one of the Group's subsidiary companies. He has been appointed as deputy general manger of the Company since October 2000.

Mr. Sang Hong, 56, senior engineer and with a master degree, now deputy general manager of the Company, chairman and general manager of Harbin Hadian Real Estate Company Limited. Mr. Sang began to work for Heilongjiang Production and Construction League in 1966 and in 1973 he began his study in South China Science and Technology University. After graduating from the university in 1976, Mr. Sang joined in No.39 research institute of the Electrical Industry Ministry, and has been vice director of research office of this institute. In 1988, Mr. Sang studied in the management institute of Harbin Institute of Technology, and got a master degree in 1990. He has been deputy general manager of Harbin Electrical Instrument Company and general manager of Harbin Technology Company Limited under the Polytech Group. Mr. Sang joined in the Group in 1995, he has been appointed as general manager and chairman of Harbin Power Technology & Trade Incorporation of the Group, general manager of Harbin Hadian Real Estate Company Limited. In October 2000, he was appointed as general manager of the Company.

董事、監事及高級管理人員(續)
Directors, Supervisors and Senior Management – (continued)

馮永強先生, 現年43歲, 工商管理碩士, 高級政工師職稱, 現任本公司副總經理兼鍋爐公司黨委書記。馮先生一九八五年畢業於哈爾濱電工學院電機專業, 同年加入哈電集團。曾任本集團原鍋爐廠党辦秘書、團委書記、管子分廠書記、廠長、重容分廠廠長等職務。一九九七年任本集團鍋爐公司黨委副書記、紀委書記。二零零一年十一月任內蒙古自治區通遼市市委常委、副市長(掛職鍛煉)。二零零三年十一月任鍋爐公司黨委副書記。二零零四年二月起任本公司副總經理, 二零零五年九月起兼任鍋爐公司黨委書記。

Mr. Feng Yong-qiang, 43, senior engineer and master of business administration, now deputy general manager of the Company and secretary of the Communist Party Committee of the Boiler Company of the Group. Mr. Feng graduated from Harbin Institute of Electrical Engineering in 1985, majoring in electrical engineering, and joined in HPEGC in the same year. He was the secretary of the Communist Party Committee Office, secretary of Youth League, secretary and factory director of piping workshop, and factory director of heavy vessel workshop of former Boiler Works of the Group. He was deputy secretary of the Communist Party Committee and secretary of Commission for Inspection Discipline of the Boiler Company in 1997. He was the standing committee and deputy mayor of the city of Tongliao in the Inner Mongolia Autonomous Region in November 2001. He was appointed as deputy secretary of the Communist Party Committee of the Boiler Company in November 2003. He began to act as deputy general manager of the Company in February 2004 and secretary of the Communist Party Committee of the Boiler Company of the Group in September 2005.

公司秘書

COMPANY SECRETARY

鄧先元先生, 現年46歲, 大學文化, 高級經濟師職稱, 現任本公司公司秘書兼秦皇島分公司副總經理。鄧先生一九八一年加入哈電集團, 曾於本集團原汽輪機廠長期從事企業策劃工作。一九九四年參加哈電集團股份制改組及本公司股票發行與上市業務, 同年十月調任哈電集團哈汽實業開發總公司辦公室副主任, 一九九五年三月起任本公司董事會秘書局副主任、公司辦公室(董事會秘書局)副主任以及本公司鍋爐公司監事等職務。鄧先生自本公司上市以來, 一直負責本公司董事會日常事務及公司信息披露等與上市有關的業務。

Mr. Deng Xian-yuan, 46, bachelor of science, senior economist, company secretary and director of Corporate Administration Office and Board Secretaries Department of the Company. Mr. Deng joined the Group in 1981. He had been engaged in enterprise planning in the former Turbine Works of the Group for years. In 1994, he participated in the reorganization of the Group and the Company's shares placing and listing. He was appointed as deputy chief of Administration Office of the HTC Industrial Development Company in October 1994 and in March 1995, he began to act as vice director of Corporate Administration Office (Board Secretaries Department) of the Company and supervisor of the Boiler Company of the Group. Since the Company's listing, Mr. Deng has been responsible for routine work of the Board, information disclosure and other business relevant to the listing.

董事會欣然提呈本公司二零零五年度報告和二零零五年一月一日至二零零五年十二

The Directors have pleasure to submit their 2005 annual report and audited financial statements for the year ended 31st December, 2005.

PRINCIPLE ACTIVITIES

The Company and its principal subsidiaries are mainly engaged in all kinds of power equipments manufacture, sales and power station engineering and services, which are set out in Note 8 to the financial statements.

All the activities of the Group are based in the PRC, where 82% of the Group's turnover is derived from.

The export sales of the Group for the year ended 31st December, 2005 amounted to US$411.18 million, representing 18% of the Group's total turnover for the year. The Group's export markets mainly include Asian and African countries.

SUBSIDIARIES AND ASSOCIATED COMPANIES

The Company has four principal subsidiaries. Harbin Electrical Machinery Co., Ltd is mainly in the field of manufacture and sales on hydro generator units and steam turbine generator units. Harbin Boiler Co., Ltd is mainly in the field of manufacture and sales on boilers for power stations. Harbin Turbine Co., Ltd is mainly in the field of manufacture and sales on steam turbine for power stations and Harbin Power Engineering Co., Ltd is mainly in the field of the turn-key construction of power station projects and complete set of power station equipment.

Details of the Company's principal subsidiaries for the year ended 31st December, 2005 are set out in Note 42 to the financial statements.

業績及分配

本集團截至二零零五年十二月三十一日止之年度業績載於本年報第56頁的綜合損益表中。

董事會建議本公司二零零五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4,340萬元。

2. 提取法定公益金人民幣4,340萬元。

3. 董事會建議向二零零六年五月十六日登記在股東名冊的股東派發二零零五年度股息每股人民幣0.061元，合共派發股息人民幣7774萬元。

FINANCIAL RESULTS AND DISTRIBUTION

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 56 of the annual report.

The Directors propose the distribution of profit after taxation and minority interests for 2005 as follows:

1. To transfer Rmb43.40 million to the statutory surplus reserve.

2. To transfer Rmb43.40 million to the statutory public welfare fund.

3. The Directors propose that the dividend for shareholders who registered on shareholder' list until 16th, May, 2006 is Rmb0.061 per share, payment of dividends is totally amounted to Rmb77.74 million.

董事、監事

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。

DIRECTORS AND SUPERVISORS

Details of directors and supervisors are set out in the Section "Director, Supervisors and Senior Managers" of the annual report.

董事、監事及高級管理人員的股本權益

於二零零五年十二月三十一日，本公司各董

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

As at 31st December, 2005, none of the directors, supervisors or senior managers 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 and/or any of its associated corporations (within the meaning of Part XV of "Securities And Futures Ordinance"), which is required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the Securities And Futures Ordinance (including interest and short position which any such director, supervisor or senior manager is taken or deemed to have such provisions of the Securities And Futures Ordinance) or which is pursuant to Section 352 of the Securities And Futures Ordinance or which is required to be notified to the Company and the HKSE pursuant to Model Code for Securities Transactions by Directors of Listing Companies as contained in Appendix 10 to the Listing Rules.

董事會報告書(續)
Report of the Directors – (continued)

董事、監事的服務合約

各董事及監事均與本公司訂有服務合約，該等合約於二零零六年六月二十日到期。除此以外，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。

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

There are service contracts between every director, supervisor and the Company. The contracts will expire by 20th, June, 2006 and can be terminated without compensation (legal compensation is not included). Besides this, there are no existing and suggesting service contracts between every director, supervisor and any of its subsidiaries.

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。

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Apart from service contracts, a director or supervisor of the Company has no material interest, whether directly or indirectly, in the contracts of significance, to which the Company or any of its subsidiaries is a party during the year.

董事及監事酬金

截至二零零五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13。

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, 2005 are set out in Note 13 to the financial statements.

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。

FIVE HIGHEST PAID PERSONNEL

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

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40。

RETIREMENT AND BENEFIT SCHEME

Details of the retirement and benefit scheme are set out in Note 40 to the financial statements.

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16。

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the financial statements.

儲備

於二零零五年十二月三十一日，本公司可供分派的儲備總額為人民幣7,794萬元，本集團年內的儲備變動情況載於財務報表綜合股東權益變動表。

RESERVES

The Company's reserves available for distribution are Rmb77.94 million until 31st, December, 2005. Movements in the reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity.

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。

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.

借款及利息資本化

本集團銀行借款和其他借貸細節載於本年報財務報表附註32。

本集團期間內在建工程的利息資本化金額為人民幣103萬元。

BORROWINGS AND INTEREST COSTS CAPITALISED

Details of bank loans and other borrowings of the Group are set out in Note 32 to the financial statements.

Interest capitalized by the Group during the year amounted to Rmb1.03 million in respect of construction-in-progress.

購買、出售及贖回本公司之上市證券

於二零零五年十二月十四日, 公司董事會根據股東周年大會的一般授權發行了8530萬股新H股, 該等股份佔發行前H股總量的18.18%, 發行價格為每股4.45元港幣, 集資淨額3.71億港元。

除此之外, 本公司及其附屬公司概無購買、出售及贖回本公司之任何上市證券。

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

On 14th, December, 2005, according to the common authorization of the Annual General Meeting, the Board of Directors of the Company issued 85.30 million new H-shares, accounting to 18.18% of H-shares gross before issuing, the issuing price was HK$4.45 per share, and collected capital net amount of HK$371 million together.

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

減持國有股

在本公司H股增發同時, 本公司控股股東哈電集團公司於二零零五年十二月十四日, 將853萬股國有股劃轉給全國社保基金, 並轉為H股。

REDUCING-HOLD OF THE STATE SHARES

With issuing new H-shares of the Company, on 14th, December, 2005, the controlling shareholder of the Company-HPEGC transferred 8.53 million state shares to the Countrywide Social Insurance Fund, changing to be H-shares.

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。

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.

董事會報告書(續)
Report of the Directors – (continued)

重大訴訟事項

年內本公司無任何重大訴訟事項。

MAJOR LITIGATION

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

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》及《重要事項揭示》一節。

MATERIAL CONTRACTS

The material contracts of the Group for the year are detailed in the Sections "Management Discussion and Analysis" and "Disclosure of Significant Events" of the annual report.

主要供應商和客戶

1. 期內本集團首五大供應商合共佔總採購百分比為20%。其中最大的供應商為德國曼內斯曼公司, 佔總採購百分比為5.5%。

2. 期內本集團首五大客戶合共佔總營業額百分比為41%。其中最大的客戶是大唐發電股份有限公司, 佔總營業額百分比為13.5%。

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。

MAJOR SUPPLIERS AND CUSTOMERS

1. The aggregate amount of purchases during the period attributable to the Group's five largest suppliers represented 20% of the Group's total purchases. Among which the largest supplier is German Mannesmann Company, presenting 5.5%.

2. 41% of the total turnover of the Group during the period was attributable to the Group's five largest customers. Amongst which Datang International Power Generation Co., Ltd. was the largest customer, accounting for 13.5% of the total turnover.

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.

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。

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.

委託存款及逾期定期存款

於二零零五年十二月三十一日, 本公司在商業銀行或非銀行金融機構未有委託存款, 亦未有逾期未取回的存款。

ENTRUSTED DEPOSITS AND OVERDUE TIME DEPOSITS

As at 31st December, 2005, the Company had no entrusted deposits in commercial banks or non-bank financial institutions and had no due deposits that had not been withdrawn.

稅收政策

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，本集團主要附屬公司仍應執行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為13%。

根據財政部、國家稅務總局二零零四年九月十四日頒佈的《東北地區擴大增值稅抵扣範圍若干問題的規定》，東北地區部分企業（含本公司）增值稅由生產型轉為消費型，擴大了增值稅抵扣範圍，自二零零四年七月一日起實際發生購進固定資產、用於自製（含改擴建、安裝）固定資產的購進貨物或應稅勞務等項目的進項稅額，可以抵扣，這一政策將對本公司的發展產生積極影響。

INCOME TAX AND EXPORT VAT REBATE

Pursuant to the regulation of the Notice on Several Preferential Income Tax Policies issued by the PRC 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% in main subsidiaries.

Pursuant to the stipulations in the document of the PRC Ministry of Finance, the export VAT rebate applicable to the Group' newly signed export products contracts is 13% from 15th, October, 2003.

According to Regulations on the Issues about Increasing VAT Rebate Scope in Northeast Area issued by the PRC Ministry of Finance and the State Tax Bureau in 10th September, 2004, the VAT of part of northeast areas companies (including the Company) turned from production type to consumption type, which enlarged the VAT rebate scope. By 1st, July, 2004, the income tax for actually capital asserts purchased products, purchased products for self construction (include restructure and construction extension) or tax payable labor project can be rebated. This policy will have a positive effect on the Company.

關聯交易

有關關聯交易詳情載於本年報財務報表附註41。

CONNECTED TRANSACTIONS

For the connected transactions, see the details in Note 41 to the financial statements of the annual report.

對關聯交易的確認

本公司審核委員會已經審核了載於財務報表附註41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。

CONFIRMATION ON CONNECTED TRANSACTIONS

The Audit Committee have, in such capacity, reviewed the connected transactions referred to in Note 41 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.

審核委員會

本公司審核委員會已經審閱了本公司二零零五年度業績報告。

SUPERVISION COMMITTEE

The Supervision Committee of the Company has reviewed the Company's results reports 2005.

合資格會計師

本公司已經存在一位符合《上市規則》第3.24條規定的會計師,惟彼未具有香港會計師公會或獲香港會計師公會認可獲豁免其會籍考試要求所認可的類似會計師組織之資深會員或會員資格。為此,本公司將委聘一位具有該資深會員或會員資格的人士協助本公司會計師履行其監督本公司財務匯報程序及內部監控的職責,本公司目前尚未找到合適人選。

QUALIFIED ACCOUNTANT

The Company already has an accountant who meets article 3.24 in List Rules, but he is neither a fellow or associate member of the Hong Kong Institute of Certified Public Accountants nor of a similar body of accountants reorganized by that Society for the purpose of granting exemptions from the examination requirement for membership of that Society. Therefore, the Company will employ a person who meets above-mentioned qualification to assist the Company's accountant in supervising the Company's financial reporting procedures and inner controls. Until now, the Company has not found such a suitable person yet.

獨立非執行董事獨立性的確認

本公司已經收到每名獨立非執行董事就其獨立性作出的年度確認函, 其獨立性符合《上市規則》第3.13條所載的任何一項獨立指引, 屬於獨立人士。

THE CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS INDEPENDENCE

The Company has already received the Annual Letter of Confirmation from every independent non-executive director on their independence. Their independence accord to every independence index issued in article 3.13 in List Regulation and they are independent person.

股本情況

於二零零五年十二月十四日, 本公司完成增發新股後, 截至二零零五年十二月三十一日, 本公司總股本為1,274,451,000股, 其中發起人持有711,470,000股, 佔總股本的55.83%, 境外H股股東持有562,981,000股, 佔總股本的44.17%。

SHARE CAPITAL STRUCTURE

As at 14th, December, 2005, the Company completed the work of new-shares issuing. By the end of 31st, December, 2005, the share capital structure of the Company comprised of 1,274,451,000 shares, of which 711,470,000 shares were held by the promoter (representing 55.83% of the entire share capital) and 562,981,000 shares were held by overseas H shares investors (representing 44.17% of the entire share capital).

股東人數

於二零零五年十二月三十一日, 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	80
股東總數	81

NUMBER OF SHAREHOLDERS

Details of the Company's registered shareholders as at 31st, December, 2005 were as follows:

Holders of State Shares (held by the Promoter)	1
Holders of H Shares	80
Total number of shareholders	81

首十名股東

於二零零五年十二月三十一日, 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

As at 31st, December, 2005, 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	711,470,000	55.83%	國有法人股 state shares
HKSCC Nominees Limited	553,330,598	43.40%	H股 H shares
HSBC Nominees (Hong Kong) Limited <A/C BR-1>	7,410,000	0.58%	H股 H shares
HSBC Nominees (Hong Kong) Ltd	264,000	0.02%	H股 H shares
Cheung Yum Tin	200,000	0.02%	H股 H shares
Lam Man Lai	200,000	0.02%	H股 H shares
Ng Siu Hang	120,000	0.01%	H股 H shares
Au Lei Man	100,000	0.01%	H股 H shares
Chan Suk Wan	100,000	0.01%	H股 H shares
Ho Chi Kun	100,000	0.01%	H股 H shares

INTEREST'S IN THE SHARE CAPITAL ANALYSIS OF HOLDERS OF H SHARES (ACCORDING TO SHAREHOLDERS LIST AT 31ST DECEMBER, 2005)

董事會報告書(續)
Report of the Directors – (continued)

結算日後事項

二零零六年四月十四日, 公司董事會決定從二零零六年五月一日起, 聘任馬遂先生擔任新的公司秘書, 鄧先元先生因工作變動不再擔任本公司的公司秘書, 馬遂先生簡歷如下:

馬遂先生, 現年48歲, 工商管理碩士, 副教授職稱, 現任本公司董事會秘書局主任兼總經理辦公室主任。馬先生一九七六年參加工作, 一九八二年畢業於東北重型機械學院, 同年加入哈電集團, 曾於本集團原電機廠長期從事員工培訓和企業策劃工作。先後擔任職工大學副校長、公司辦公室副主任、企業策劃部部長、副總經濟師等職務。二零零三年五月起任本公司總經理辦公室主任, 二零零六年三月起兼任董事會秘書局主任。

MATTERS AFTER THE BALANCE SHEET DATE

On 14th April, 2006, the Board of Directors of the Company decided to appointed Mr. Ma Sui as the new company secretary from 1st May, 2006, Mr. Deng Xian-yuan would not be the company secretary any longer because of the position alteration. The resume of Mr. Ma Sui is as following:

Mr. Ma Sui, 48, assistant professor and master of business administration, now the company secretary and director of the management office of the Company. Mr. Ma joined in the work in 1976, he graduated from Mechanical Institute of Northeast Heavy Machinery Institute in 1982 and joined in HPEGC in the same year. He has been engaged in the employee training and enterprise planning in former Electric Machinery Works of the Group, and has been assistant president of the Employee College, deputy director of general manager office, director of enterprise planning department and vice chief economist of the Electric Machinery Company. Since May 2003, he has been transferred acting as the director of management office of the Company, and appointed as the director of the board secretaries department in March 2006.

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。

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.

承董事會命
董事長
耿雷

二零零六年四月十四日

On behalf of the Board of Directors
Chairman
Geng Lei

Harbin, the People's Republic of China, 14th April, 2006

監事會報告書
Report of the Supervisory Committee

致各位股東：

截至二零零五年十二月三十一日止年度(本年度)，哈爾濱動力設備股份有限公司監事會(本監事會)全體成員，按照《中華人民共和國公司法》、《香港聯合交易所有限公司之證券上市規則》和本公司章程賦予的職責，認真履行監事會職能，通過參加股東大會、列席公司董事會會議和召開監事會會議，對公司提交的有關資料進行審議，對公司生產經營活動和董事會成員、經理層人員履行職責等實施了監督。並對公司的生產經營、技術改造及投資計劃等重大事項積極參與，加強監督，提出諸多建設性意見和建議，促進和保證了公司各項工作的健康開展。

對公司本年度之工作，本監事會發表如下獨立意見：

1. 在本年度內，公司能夠嚴格執行國家法律、法規，按上市公司的規範程序運作，認真執行股東大會及董事會的各項決議，以提高經濟效益和核心競爭力為目標，全面落實科學發展觀，深入開展降成本、降費用，提高經濟效益活動，通過深化改革、加強管理，充分調動廣大員工的積極性和主動性，全面、超額完成了生產經營目標，實現了主要產品產量由1,200萬千瓦到2,000萬千瓦的巨大飛躍，經濟效益創歷史新高，其經營業績是令人滿意的。

To all shareholders:

For the year ended 31st December, 2005, all members of the Supervisory Committee ("the Committee") of Harbin Power Equipment Company Limited ("the Company") carefully fulfilled their Supervisory Committee functions in accordance with the regulations of the PRC Company Law, the Listing Rules of the DKSE and the Articles of Association of the Company. The Committee has reviewed documents submitted by the Company and supervised the Company's activities and the manager level members' work performance by way of participating in the General Meeting and the Company's Board of Directors Meetings and setting up Supervisory Committee Meetings. In addition, the Committee participated actively in big events of the Company, such as the Company's production, management, technology renovation and investment plan etc., reinforced the supervision and gave a lot of positive opinions and suggestions, which pushed forward and assured the Company's work to smoothly develop.

For the Company's work during the period under review, the Committee presents the following independent opinions:

1. During the period under review, the Company operated strictly according to national laws, regulations and rules and procedures for Listing Companies, carefully carried out all resolutions of the General Meetings, aimed at improving the economic efficiency and key competitive ability, completely fulfilled the scientific developing, worked with the strategy of reducing cost and improving the economic efficiency. Through deepening reform, strengthening management and sufficiently manoeuvering the employee's positivity and activities, the Company has finished production and operation task in all field and even excessively, realized the great leap from 12,000MW to 20,000MW on its main products output. In general, the Company created the historical new highest in its economic efficiency, the managing results are satisfied.

監事會報告書(續)
Report of the Supervisory Committee – (continued)

2. 本監事會認為, 公司董事、經理及其高級管理人員在履行職責、遵紀守法、維護股東權益等方面盡職盡責, 能夠認真執行股東大會和董事會的決議、決定, 尚未發現有違反國家法律、法規和公司章程以及損害公司利益的行為。

2. The Committee is aware that the directors, the managers and other senior managers have actively carried out their duties in accordance with provisions of relevant laws and the Article of Association of the Company, and in the best interests of the shareholders. In addition, they carried out carefully the resolutions and decisions from the General Meetings and the Board of Directors. They have not abused their powers to act against the regulations of national laws, rules and the Article of Association of the Company, and interests of the Company.

3. 本監事會對公司的財務制度和財務狀況進行了審查, 認為公司的財務系統組織機構完整、制度健全, 財務工作能夠按照內部控制制度和財務管理制度有序運行。通過成立財務結算中心, 進一步強化了資金管理, 保證了資金的安全和有效運用。董事會擬提交本次股東周年大會審議的年度財務報告和紅利分配方案等相關資料, 均能夠如實地反映了公司的財務狀況、資產狀況和經營成果, 尚未發現違紀、違規問題。

3. The Committee has reviewed the Company's financial system and financial situations and got the conclusion that the Company's organization and system of the financial section are complete. In addition, through establishing the Financial Balancing Centre, with further strengthening capital management, the financial work was operated step by step according to inner control system and the financial management system, and ensured the capital operate safely and efficiently. The annual financial statement and dividend distribution scheme and the related documents submitted by the Board of Directors to the Annual General Meeting for reviewing could truly reflect financial situation, asset situation and operation results of the Company. There were on any abuses of acting against disciplines and regulations.

4. 本監事會審核了董事會工作報告, 認為報告客觀真實地評價和反映了公司在本年度所做的各項工作。

4. The Committee reviewed work report of the Board of Directors. These reports truly, fully and fairly reflected the Company's every operation in this year.

5. 本監事會認為, 公司的關聯交易均按公平合理之原則訂立, 尚未發現有損害公司利益和股東權益的行為。

5. The Committee is aware that the connected transactions of the Company are done in fair and reasonable principle. There were on any abuses of acting against the interests of the Company and shareholders.

監事會報告書(續)
Report of the Supervisory Committee – (continued)

本監事會由衷感謝公司各位同仁及股東的信任和支援, 並將積極探索新的監督途徑和方法, 制定具體的監督檢查措施, 更好地履行監督職能, 為全面實現公司二零零六年度的生產經營目標和保障股東權益而努力工作。

The Committee sincerely appreciates trust and support from every employee of the Company and shareholders. With positively exploring new supervisory approach and method, establishing detailed supervisory and inspect method, the Committee will performance supervisory function better and work hard for achieving production and operation target in 2006 of the Company.

承監事會命
主席
郎恩齊

For and on behalf of the Supervisory Committee
Lang en-qi
Chairman

於中國哈爾濱·二零零六年四月十四日

Harbin, the People's Republic of China, 14th April, 2006

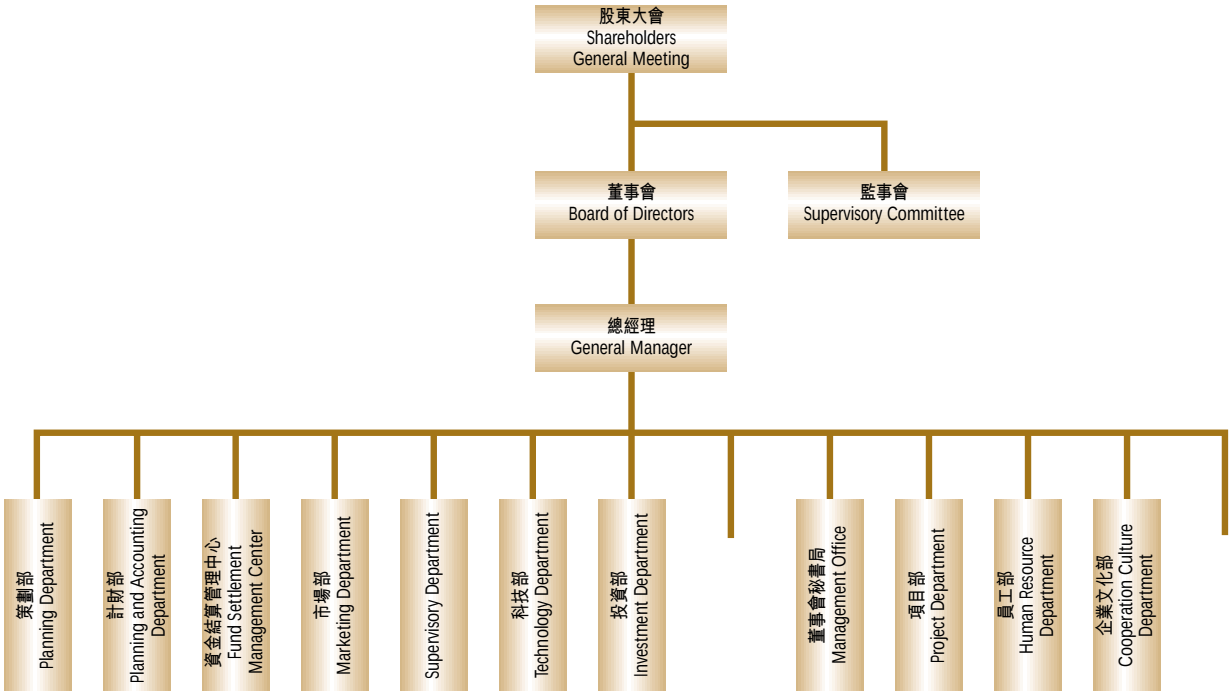
公司管治報告
Corporate Governance

公司按照《公司法》、《證券法》、《上市公司治理準則》及中國證監會和香港聯合交易所《上市規則》等有關規定，全面遵守《上市規則》附錄十四《企業管治常規守則》，積極完善公司法人治理結構、規範公司運作。

The company will conform to the related provisions in PRC Company Law, PRC Security Law, Governance Rules for Listing Companies and Listing Regulations of China Stock Supervision and Administration Commission and the Stock Exchange of Hong Kong Limited, wholly comply with the appendix 14 of Listing Regulations-Corporation Governance General Rules, actively perfect the corporation management structure and standardize the company operation.

管理架構

ORGANIZATION CHART



公司管治報告(續)
Corporate Governance – (continued)

股東和股東大會

本公司的控股股東為哈爾濱電站設備集團公司, 其為一家在中華人民共和國註冊的國有企業。

本公司保護股東的權益, 平等對待所有股東, 倡導股東積極參與公司治理。股東作為公司的所有者, 享有法律、法規所規定的權利, 並承擔相應的義務, 股東對公司重大事項享有知情權和決定權。股東大會是公司的權力機構, 依法行使職權。在批准關聯交易時, 有利害關係的股東放棄在股東大會的投票權。

本公司在二零零五年召開一次股東周年大會, 會議審議通過了載於本公司二零零五年四月二十四日股東周年大會通知所列全部議案。

董事會

本公司董事會代表全體股東利益, 並領導本公司在商業經營上持續取得成功。本公司董事均遵守《上市規則》附錄十所載的《標準守則》。

本公司董事會由11名成員組成, 其中執行董事6人, 包括耿雷先生、宮晶义先生、趙克非先生、段洪義先生、商中福先生、吳偉章先生;非執行董事2人, 即梁維燕先生、李根深先生;獨立董事3人, 包括周道炯先生、都興有先生、丁雪梅女士。各董事的任期均為三年, 到二零零六年六月二十日屆滿。本公司董事會期內能夠按照有關法規規定, 嚴格執行了股東大會的各項決議, 並將繼續本著誠信和勤勉之原則, 真誠地為公司及股東的最大利益服務。

TO ALL SHAREHOLDERS AND GENERAL MEETING

The Harbin Power Plant Equipment Group Corporation-the shareholder of controlling shares, which is a stated-owned company registered in the People's Republic of China.

The Company protects shareholder's profit. Shareholders as the owner of the Company enjoy rights regulated in laws and regulations and shoulder commensurately obligations. The Company will treat every shareholder equally and initiate shareholders to join in the Company's management. The shareholders enjoy rights to information and rights to decision-making for the Company's big events. The General Meeting of Shareholders is the power organization of the Company, and it exercises its functions and power according to laws. At the approval of connected transactions, the shareholder with common interests should give up to vote at the General Meeting.

In 2005, the Company had an annual General Meeting. The General Meeting discussed and resolved all relevant items, which were listed on the Note of the Annual General Meeting of 24th April, 2005.

BOARD OF DIRECTORS

On behalf of the whole shareholders' profits, the Company's Board of Directors as the leader achieves a lot in business operation. Directors of the Company all comply with the Appendix10 in Listing Rules-Model Code.

The Company's Board of Directors is consisted of 11 members, among which six members are the executive directors including Mr. Geng Li, Mr. Gong Jing-kun, Mr. Zhao Ke-fei, Mr. Duan Hong-yi, Mr. Shang Zhong-fu and Mr. Wu Wei-zhang, two members are the non-executive directors including Mr. Liang Wei-yan and Mr. Li Gen-shen, three members are independent non-executive directors-Mr. Zhou Dao-jun, Mr. Du Xing-you and Ms. Ding Xue-mei. The term for every director is three years and will be expired in 20th June, 2006. During their term, directors of the Company could strictly carry out every resolutions of the General Meeting according with the related laws and regulations, and will continue the principia of honesty and diligence to actively serve for the greatest interests of the Company and its shareholders.

公司管治報告(續)
Corporate Governance – (continued)

董事會(續)

本公司在二零零五年共召開了6次由全體董事參加的董事會議。

BOARD OF DIRECTORS (continued)

The Company had six Board of Directors meetings all together in the year of 2005, which all directors participated.

董事履行職責情況

董事參加董事會的出席情況

Duties Fulfillment of Directors

The directors' participation minute for Board of Directors Meetings

董事姓名	Name of directors	應參加董事會次數 Times of Board of Directors meetings	親自出席(次) Times of self participation	出席率 Participant rate
耿雷先生	Mr. Geng Li	6	6	100%
宮晶义先生	Mr. Gong Jing-kun	6	6	100%
趙克非先生	Mr. Zhao Ke-fei	6	6	100%
段洪義先生	Mr. Duan Hong-yi	6	6	100%
商中福先生	Mr. Shang Zhong-fu	6	6	100%
吳偉章先生	Mr. Wu Wei-zhang	6	6	100%
梁維燕先生	Mr. Liang Wei-yan	6	6	100%
李根深先生	Mr. Li Gen-shen	6	6	100%
周道炯先生 *(獨立董事)*	Mr. Zhou Dao-jun *(independent director)*	6	6	100%
都興有先生 *(獨立董事)*	Mr. Du Xing-you *(independent director)*	6	6	100%
丁雪梅女士 *(獨立董事)*	Ms. Ding Xue-mei *(independent director)*	6	5	83%

本公司獨立董事按照國家有關法律法規和公司章程的要求, 認真履行職責, 積極瞭解熟悉公司的業務及經營情況, 親自出席了本公司董事會2005年會議(只有一位因外出缺席一次會議)。對公司生產經營中涉及關聯交易等事項, 按照有關規定, 做出了客觀公正的判斷並發表獨立意見, 充分發揮了獨立董事的作用, 維護公司及廣大中小股東的利益。

According to the relevant provisions in the national laws and regulations and the Articles of Association of the Company, the independent non-executive directors of the Company carefully carried out their duties and actively acknowledged the Company's business and operation, self participated all Board of Directors meetings in 2005. For the connected transactions involved in the Company's production and management, the independent non-executive directors made impersonal and equitable judgements and gave independent opinions according to the related regulations, sufficiently exerted the functions as independent non-executive directors and stuck up for the interests of the Company and the medium and small shareholders.

董事長及總經理

本公司自成立以來董事長與總經理一直是分別設立的, 現董事長由耿雷先生擔任, 總經理由趙克非先生擔任。董事長、總經理及其他董事之間無任何關係。

公司高級管理人員的聘免公開、透明, 符合法律、法規和公司章程的有關規定。

CHAIRMAN AND GENERAL MANATER

The Company's Chairman and General Manager are set separately. The Chairman is Mr. Geng Li and the General Manager is Mr. Zhao Ke-fei, there is on any relationship among Chairman, General Manager and other directors.

The appointment and exemption of the Company's senior managers are open and lucid, accord with the provisions of the related laws and regulations and the Articles of Association of the Company.

各專門委員會

公司於二零零四年成立了審核委員會、薪酬委員會、提名委員會、戰略發展委員會等四個專門委員會, 其成員全部由董事組成。本公司董事會設有審核委員會, 審核委員會中獨立董事佔多數並由獨立董事擔任委員會主席, 符合《香港聯合交易所證券上市規則》第3.21條之規定。本公司的二零零五年年報、中期報告都經過董事會審核委員會審閱。進一步改善了公司管治結構, 提高運作水平。

SPECIAL COMMITTEES

The Company established Board of Directors Special Committees in 2004-the supervision committee, the salary committee, the nomination committee and the strategy develop committee, their members are consist of directors, in supervision committee, the independent non-executive directors occupy majority and are appointed as the Chairman. All these committees have functions to further perfect the Company's governance structure and improve its operating capability. The Company sets the supervision committee under the Board of Directors, which accords with the provisions in clause 3.21 of the Securities Listing Rules of the Hong Kong Stock Exchange Limited, and the Company's annual report 2005 and interim report 2005 are all reviewed and approved by the supervision committee of the Board of Directors.

監事會

本公司監事會由5名監事組成, 其中股東代表監事2名, 職工代表監事2名, 獨立監事1名。

SUPERVISORY COMMITTEE

The Supervisory Committee holds responsibility to all shareholders, the Company's Supervisory Committee is consist of five supervisors, of which two supervisors are representing shareholders, two supervisors are representing staff and workers and one is independent supervisor.

(一) 期內監事會會議情況

期內監事會共召開了2次會議, 主要內容如下:

1. 二零零五年四月十六日召開第四屆監事會會議, 會議通過本公司二零零四年度監事會報告, 經審計的二零零四年度財務報告, 二零零四年度年報及年報摘要。

1. The Supervisory Committee Meeting in the year under review.

The Supervisory Committee held two meetings in the year under review, the main contents are as follows:

a. The 4th Supervisory Committee Meeting was held on 16th April, 2005, the meeting proved report of the Supervisory Committee 2004 of the Company, the audited financial reports 2004 and annual report 2004 and its summary.

監事會(續)

2. 二零零五年八月十二日召開第四屆會監事會議, 會議通過本公司二零零五年半年度未經審計的財務報告、二零零五年半年度報告等議案。

(二) 監事會對公司二零零五年度有關事項的獨立意見。

1. 公司依法運作情況

監事會依據國家有關法律、法規對二零零五年公司股東大會、董事會的召開程序、決議事項、董事會對股東大會決議的執行情況、公司管理制度的執行、經營管理的效能等進行了監督、檢查, 認為公司二零零五年度嚴格按照《公司法》、《上市規則》、本公司章程及其他有關法規制度規範運作, 經營決策科學合理, 進一步完善了內部管理, 建立了良好的內控機制。

2. 檢查公司財務情況

監事會認真審核了董事會準備提交股東大會審議的公司二零零五年度財務決算報告, 公司二零零五年度利潤分配方案, 經德勤關黃陳方會計師事務所審計並出具的二零零五年度財務審計報告等相關資料。監事會認為:公司二零零五年度財務審計報告真實可靠, 客觀地反映了公司的財務狀況和經營成果。監事會同意境內外會計師事務所出具的公司財務審計報告。

SUPERVISORY COMMITTEE (continued)

b. The 4th Supervisory Meeting was held on 12th August, 2005, the meeting proved related proposals, including the Company's interim un-audited financial reports 2005 and interim reports 2005.

2. Independent Opinions of the Supervisory Committee to the Related Matters of the Company in the Year of 2005.

a. The Company's Operating Validity

According to related laws and regulations, the Supervisory Committee has supervised and examined the convening procedures and resolution matters of the General Meeting and the Board of Directors Meeting, the Board of Directors implementation to the General Meeting resolutions, the enforcement of the Company's management rules and the efficiency of the Company's operating and managing, the Supervisory Committee deemed that in 2005 the Company has operated strictly according with the related provisions in PRC Corporation Law, the Listing Rules, the Articles of Association of the Company and other regulations, the Company's operation decisions were reasonable, the Company further perfected its internal management and built favorable inner control system.

b. Reviewing the Financial Situations of the Company

The Supervisory Committee carefully reviewed the Company's financial balancing report 2005, the Company's profit distribution scheme 2005 and the audited financial reports 2005, which were audited and submitted by Deloitte Touche Tohmatsu, etc., which the Board of Directors arranged to submit to the General Meeting. The Supervisory Committee deemed that the Company's audited financial reports 2005 was true and credible, which external presented the Company's financial situations and business results. The Supervisory committee approved the Company's financial audited reports, which were submitted by the negotiable accounting offices.

監事會(續)

3. 股東大會決議執行情況

監事會成員列席了董事會會議和股東大會會議, 監事會對股東大會決議執行情況進行了監督, 認為董事會能夠認真執行股東大會決議。

(三) 監事會履行監督職責情況

監事會依照法律和公司章程對公司董事、高管人員進行監督, 認為公司董事、高管人員依法執行職務, 未發現違反法律法規和公司章程的行為, 未發現損害公司利益的行為。

SUPERVISORY COMMITTEE (continued)

c. The Implementation of the General Meeting Resolutions

The members of the Supervisory Committee participated in the Board of Directors Meeting and the General Meeting without voting, the Supervisory Committee supervised the implementation of the General Meeting resolutions, and deemed that the Board of Directors could carefully carry out the General Meeting decisions.

3. The Supervisory Duties Implementation of the Supervisory Committee

The Supervisory Committee supervised the directors and senior managers of the Company according with the related laws and the Articles of Association of the Company, deemed that the directors and senior managers of the Company carried out their duties lawfully, did not find out any abuses to act against the related laws and regulations and the Articles of Association of the Company and the interests of the Company.

信息披露與監管

本公司不斷加強信息披露和推進投資者關係管理工作, 公司信息披露負責機構為董事會秘書局。本公司嚴格按照相關法律法規、公司章程及上市規則的信息披露規定, 做到信息披露公開、公平、真實、準確、完整、及時, 提高公司的透明度。在加強投資者關係管理工作中, 重點及時發佈中期、年度業績報告, 開展與投資者見面、參與投資者論壇、舉辦電話會議、舉行業績說明會等活動, 向投資者闡述公司的最新動向和發展前景。本公司強化關聯交易的監管, 關聯交易都必須經過獨立董事嚴格審核。

本公司將嚴格按照境內外證券監管機構的有關法律、法規的要求, 嚴格履行各項義務, 不斷完善公司治理, 提高公司管治水平。

INFORMATION PUBLICATION AND SUPERVISION

The Company continuously improves the information publication and pushed forward the investor communication management, the board secretaries department of the Company is responsible for the information publication. The Company strictly accords with the related information publication provisions in relative laws and regulations, the Article of Association of the Company and Listing Rules, makes the information publication to be open, equity, true, correct, complete and in time, improves the Company's diaphaneity. In order to improve the communicating with the investors, the Company emphasizes and is in time to issue its interim and annual business reports, develops the communicating with the investors and participates in the investor forums, holds the telephone meetings and business illuminating meetings to expound the Company's latest status and developing foreground to the investors. The Company strengthens its supervision on connected transactions, and all connected transactions must be reviewed by independent directors.

The Company will do its duties, continuously complete its management and improve its management level, strictly according to related laws and regulations of negotiable securities supervisory organizations.

核數師報告書
Auditors' Report

致哈爾濱動力設備股份有限公司股東

(於中華人民共和國註冊成立之股份有限公司)

本核數師行已完成審核哈爾濱動力設備股份有限公司(「貴公司」)及其附屬公司(「貴集團」)載於第56頁至119頁按照香港普遍採納之會計原則編製的綜合財務報表。

董事及核數師的責任

貴公司之董事須負責編製真實與公平的綜合財務報表。在編製該等綜合財務報表時,董事必須貫徹採用合適的會計政策。

本行的責任是根據本行審核工作的結果,對該等綜合財務報表表達獨立的意見,並按照雙方所協議之應聘條款,僅向全體股東報告本行之結論,而不可用作其它用途。本行並不就本報告內容對任何其它人士承擔責任。

意見的基礎

本行是按照香港會計師公會頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證,亦包括評估董事於編製該等綜合財務報表時所作的重大估計和判斷、所釐定的會計政策是否適合 貴公司及 貴集團的具體情況,及是否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時,均以取得一切本行認為必須的資料及解釋為目標,使本行能獲得充份的憑證,就該等綜合財務報表是否存有重要錯誤陳述,作出合理的確定。在表達意見時,本行亦已衡量該等財務報表所載的資料在整體上是否足夠。本行相信,本行的審核工作已為下列意見建立了合理的基礎。

意見

本行認為上述的綜合財務報表均真實與公平地反映貴集團於二零零五年十二月三十一日的財務狀況及截至該日止年度的溢利和現金流量,並已按照《公司條例》之披露要求而妥善編製。

德勤•關黃陳方會計師行
執業會計師
香港
二零零六年四月十四日

TO THE SHAREHOLDERS OF HARBIN POWER EQUIPMENT COMPANY LIMITED
哈爾濱動力設備股份有限公司
(A joint stock company established in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Harbin Power Equipment Company Limited (the Company) and its subsidiaries (the Group) on pages 56 to 119 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of consolidated financial statements which give a true and fair view. In preparing consolidated financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those consolidated financial statements and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the consolidated financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the consolidated financial statements, and of whether the accounting policies are appropriate to the circumstances of the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the consolidated financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2005 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
14th April, 2006

綜合損益表
Consolidated Income Statement

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

		附註 NOTES	**2005** 人民幣千元 **Rmb'000**	2004 人民幣千元 Rmb'000
主營業務收入	Turnover	7	**18,464,106**	10,215,670
主營業務成本	Cost of sales		**(16,601,017)**	(9,452,684)
主營業務溢利	Gross profit		**1,863,089**	762,986
其它業務收入	Other income	9	**256,969**	153,513
營業費用	Distribution costs		**(225,144)**	(117,178)
管理費用	Administrative expenses		**(1,132,538)**	(566,802)
其它業務支出	Other expenses		**(34,611)**	(19,790)
財務支出	Finance costs	10	**(33,767)**	(47,889)
於聯營公司溢利	Share of results of associates		**2,127**	4,123
除稅前溢利	Profit before taxation		**696,125**	168,963
稅項	Income tax expense	11	**(136,739)**	(27,034)
本年度溢利	Profit for the year	12	**559,386**	141,929
可分配於:	Attributable to:			
母公司股東	Equity holders of the parent		**464,990**	117,572
少數股東權益	Minority interests		**94,396**	24,357
			559,386	141,929
股息	Dividends	14	**60,647**	9,513
每股盈利－基本	Earnings per share–basic	15	**Rmb38.9 cents**	Rmb9.9 cents

綜合資產負債表
Consolidated Balance Sheet

於二零零五年十二月三十一日 At 31st December, 2005

		附註 NOTES	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000 (restated) (已重列)
非流動資產	NON-CURRENT ASSETS			
固定資產	Property, plant and equipment	16	**2,503,350**	2,485,923
投資物業	Investment properties	17	**296,801**	–
預付租賃款項	Prepaid lease payments	18	**326,835**	335,464
專利權	Patent	19	**49,300**	–
於聯營公司之權益	Interests in associates	20	**118,372**	109,440
待銷售性投資	Available-for-sale investments	21	**56,245**	–
證券性投資	Investments in securities	22	**–**	3,274,496
			3,350,903	6,205,323
流動資產	CURRENT ASSETS			
存貨	Inventories	23	**12,563,438**	8,120,600
應收賬款	Trade debtors	24	**4,200,418**	2,459,445
其它應收款、按金及預付款項	Other debtors, deposits and prepayments	24	**7,573,022**	5,906,157
預付租賃款項	Prepaid lease payments	18	**8,629**	8,629
建造合同應收款	Amounts due from customers for contract work	25	**2,078,776**	1,013,898
應收聯屬公司款項	Amounts due from fellow subsidiaries	26	**43,710**	32,520
待銷售性投資	Available-for-sale investments	21	**1,381,939**	–
證券性投資	Investments in securities	22	**–**	1,271,433
金融衍生工具	Derivative financial instruments	33	**344**	–
有限制定期存款	Restricted bank deposits	36	**12,000**	–
已抵押定期存款	Pledged bank deposits	39	**355,000**	–
定期存款	Bank deposits	27	**284,802**	774,160
銀行結存及現金	Cash and cash equivalents	27	**4,595,906**	5,223,034
			33,097,984	24,809,876
流動負債	CURRENT LIABILITIES			
建造合同預收款	Amounts due to customers for contract work	25	**350,922**	607,981
應付賬款	Trade creditors	28	**4,335,328**	2,381,212
其它應付款及應計費用	Other creditors and accrued charges	28	**334,475**	262,455
已收按金	Deposits received	29	**20,996,793**	18,621,301
欠最終控股公司款項	Amount due to ultimate holding company	26	**70,296**	36,133
最終控股公司收款	Advance from ultimate holding company	30	**286,000**	192,500
應交稅金	Tax liabilities	31	**138,271**	22,499
須於一年內償還之借款	Borrowings–due within one year	32	**452,180**	784,200
應付股息	Dividend payable		**205**	–
			26,964,470	22,908,281
流動資產淨值	NET CURRENT ASSETS		**6,133,514**	1,901,595
扣除流動負債後的總資產	TOTAL ASSETS LESS CURRENT LIABILITIES		**9,484,417**	8,106,918

綜合資產負債表(續)
Consolidated Balance Sheet – (continued)

於二零零五年十二月三十一日 At 31st December, 2005

		附註 NOTES	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000 (restated) (已重列)
股本及儲備	CAPITAL AND RESERVES			
股本	Share capital	34	**1,274,451**	1,189,151
股本溢價及儲備	Share premium and reserves		**2,610,177**	1,923,911
分配於母公司股東權益	Equity attributable to equity holders of the parent		**3,884,628**	3,113,062
少數股東權益	Minority interests		**640,052**	540,546
權益合計	TOTAL EQUITY		**4,524,680**	3,653,608
非流動負債	NON-CURRENT LIABILITIES			
已收按金	Deposits received	29	**2,220,972**	2,878,848
須於一年後償還之借款	Borrowings–due after one year	32	**2,678,765**	1,489,462
欠最終控股公司款項	Advance from ultimate holding company	30	**60,000**	85,000
			4,959,737	4,453,310
			9,484,417	8,106,918

截於第56頁至119頁之財務報表經由董事會於二零零六年四月十四日通過及批准發佈, 並由下列董事代表董事會簽署:

The financial statements on pages 56 to 119 were approved and authorised for issue by the Board of Directors on 14th April, 2006 and are signed on its behalf by:

趙克非
董事
Zhao Ke-fei
DIRECTOR

商中福
董事
Shang Zhong-fu
DIRECTOR

綜合股東權益變動表
Consolidated Statement of Changes in Equity

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

		歸屬於本公司股份持有人之權益 Attributable to equity holders of the parent									
		股本 Share capital 人民幣千元 Rmb'000	股本溢價 Share premium 人民幣千元 Rmb'000	資本公積金 Statutory capital reserve 人民幣千元 Rmb'000	法定公積金 Statutory surplus reserve 人民幣千元 Rmb'000	法定公益金 Statutory public welfare fund 人民幣千元 Rmb'000	投資產值儲備 Investment revaluation reserve 人民幣千元 Rmb'000	保留溢利 Retained profits 人民幣千元 Rmb'000	可分給於母公司股東 Total 人民幣千元 Rmb'000	少數股東權益 Minority interests 人民幣千元 Rmb'000	總計 Total 人民幣千元 Rmb'000
於二零零四年一月一日	At 1st January, 2004	1,189,151	788,155	709,850	89,124	97,741	–	131,004	3,005,025	516,189	3,521,214
本年利潤	Profit for the year	–	–	–	–	–	–	117,572	117,572	24,357	141,929
因部份出售之聯屬公司	Release on partial disposal of interests in a subsidiary	–	–	–	(36)	(7)	–	21	(22)	–	(22)
本年度認可之溢利	Total recognised income for the year	–	–	–	(36)	(7)	–	117,593	117,550	24,357	141,907
視並網窟磚墅瑾砲艇訝矯											
(附註3)	accounting policies *(see Note 3)*	–	–	–	–	–	–	(35,112)	(35,112)	–	(35,112)
於二零零五年一月一日重列	At 1st January, 2005 as restated	1,189,151	788,155	709,850	113,877	121,712	–	155,205	3,077,950	540,546	3,618,496
投資重估溢利於權益確認	Gains on fair value changes of available-for-sale investments, recognised directly in equity	–	–	–	–	–	16,101	–	16,101	5,110	21,211
本年利潤	Profit for the year	–	–	–	–	–	–	464,990	464,990	94,396	559,386
本年度認可之溢利	Total recognised income for the year	–	–	–	–	–	16,101	464,990	481,091	99,506	580,597
股本增發	Shares issued	85,300	312,310	–	–	–	–	–	397,610	–	397,610
股本增發費用	Share issue expense	–	(11,376)	–	–	–	–	–	(11,376)	–	(11,376)
轉撥	Transfers	–	–	–	79,311	76,903	–	(156,214)	–	–	–
股息	Dividends	–	–	–	–	–	–	(60,647)	(60,647)	–	(60,647)
於二零零五年十二月三十一日	At 31st December, 2005	1,274,451	1,089,089	709,850	193,188	198,615	16,101	403,334	3,884,628	640,052	4,524,680

綜合股東權益變動表(續)
Consolidated Statement of Changes in Equity – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

根據中國公司法, 除稅後溢利之分配順序如下:

(1) 彌補虧損;
(2) 提取法定盈餘公積金;
(3) 提取法定公益金;
(4) 提取任意盈餘公積金;及
(5) 派發普通股之股息。

根據中國公司法及本公司和附屬公司之公司章程, 本公司及各附屬公司均須個別按照中國會計準則編製之財務報表, 提取10%及5%至10%除稅後溢利, 撥入其個別之法定盈餘公積金及法定公益金賬內。

法定盈餘公積金為股東權益的一部份, 當其餘額達到公司註冊資本之50%時, 可不須再提取。根據中國公司法, 法定盈餘公積金可用以彌補虧損, 擴充本公司之業務或撥充資本。當本公司之法定盈餘公積金轉充為資本時, 該賬內未轉充資本之金額不得少於註冊資本25%。

法定公益金亦為股東權益的一部份, 根據中國公司法, 其僅可應用於公司職工集體福利的資本性支出, 而該等員工福利設施仍為本集團所擁有。法定公益金除非進行清算, 否則不能分配。

資本公積金為向哈爾濱電站設備集團公司(「哈電集團公司」)收購其主要經營業務, 在本公司成立時其淨資產的公平價值與發行予哈電集團公司的國有法人股股票總面值兩者之間的差額盈餘。

有關上述(4)及(5)項目在任何年度之分配比例細則將由董事會酌量本公司及其附屬公司的經營情況及發展需要釐定, 並須提請股東會批准。

In accordance with the PRC Company Law, the profit after taxation is applied in the following order:

(1) making up of losses;
(2) allocation to statutory surplus reserve;
(3) allocation to statutory public welfare fund;
(4) allocation to discretionary surplus reserve; and
(5) payment of dividends in respect of ordinary shares.

In accordance with the PRC Company Law and the relevant Articles of Association, the Company and its subsidiaries are required to appropriate amounts equal to 10% and 5% to 10% respectively of their profit after taxation as determined in accordance with the PRC accounting standards to each of the statutory surplus reserve and statutory public welfare fund respectively.

Statutory surplus reserve is part of shareholders' equity and when its balance reaches an amount equal to 50% of the Company's registered capital, further appropriation needs not be made. According to the PRC Company Law, statutory surplus reserve may be used to make up past losses, to increase production and business operations or to increase capital by means of conversion. However when funds from statutory surplus reserve are converted to capital, the funds remaining in such reserve shall amount to not less than 25% of the registered capital.

Statutory public welfare fund is also part of shareholders' equity. According to the PRC Company Law, it shall only be applied for capital expenditure related to the provision of collective welfare for staff and workers and these welfare facilities remain as property of the Group. Statutory public welfare fund is non-distributable other than upon liquidation.

The statutory capital reserve represents the surplus arising from the difference between the fair value of the net assets of the principal business undertakings transferred from Harbin Power Plant Equipment Group Corporation ("HPEGC") to the Group and the nominal value of the State shares issued to HPEGC by the Company when the Company was formed.

The amount of appropriation in respect of items (4) and (5) above for any year shall be recommended by the directors in accordance with the operational conditions and development requirements of the Company and its subsidiaries and shall be submitted to the shareholders in general meeting for approval.

綜合股東權益變動表(續)
Consolidated Statement of Changes in Equity – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

在尚未彌補虧損及提取法定盈餘公積金及法定公益金之前, 本公司及其附屬公司均不能派發股息。

No dividends shall be paid by the Company and its subsidiaries before they have made up their losses and made allocations to the statutory surplus reserve and the statutory public welfare fund.

根據財政部於一九九五年八月頒佈有關溢利分配之文件, 可分配予股東之金額為根據中國會計準則所計算之金額或根據香港普遍接受之會計準則所計算之金額, 兩者以較低者為准。於二零零五年十二月三十一日本公司之可分配儲備為根據香港普遍接受之會計準則所釐定之留存溢利為人民幣77,942,000元(二零零四年:人民幣62,436,000元)。如上文所述, 法定公積金亦可於適當時候派發予股東。

Pursuant to a document issued by the Ministry of Finance in August 1995 in respect of profit appropriations, the amount available for distribution to shareholders is the lesser of the amount determined in accordance with the PRC accounting standards and the amount determined in accordance with accounting principles generally accepted in Hong Kong. At 31st December, 2005, the amount available for distribution to shareholders was Rmb77,942,000 (2004: Rmb62,436,000) representing the retained profits of the Company prepared under accounting principles generally accepted in Hong Kong. As also mentioned above, the balance of statutory surplus reserve can also be distributed to shareholders in certain situations.

綜合現金流量表
Consolidated Cash Flow Statement

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

		2005 人民幣千元 R '000	2004 人民幣千元 Rmb'000 (restated) (已重列)
經營業務	OPERATING ACTIVITIES		
除稅前溢利	Profit before taxation	**696,125**	168,963
調整:	Adjustments for:		
呆壞賬準備	Allowance for bad and doubtful debts	**274,600**	1,360
存貨跌價準備	Allowance for inventories	**38,042**	10,822
預付土地租賃款項攤銷	Release of prepaid lease payments	**8,629**	8,629
專利權攤銷	Amortisation of patent	**5,013**	–
固定資產折舊	Depreciation of property, plant and equipment	**266,550**	232,413
投資物業折舊	Depreciation of investment properties	**14,869**	–
財務支出	Finance costs	**33,767**	47,889
待銷售性投資減值確認	Impairment loss recognised in respect of available-for-sale investments	**2,758**	–
證券性投資減值確認	Impairment loss recognised in respect of investments in securities	**–**	2,043
待銷售性投資股息收入	Dividend income from available-for-sale investments	**(4,064)**	–
非上市證券性投資股息收入	Dividend income from unlisted investment securities	**–**	(645)
處置待銷售性投資取得收益	Gain on disposal of available-for-sale investments	**(91,780)**	–
處置固定資產取得收益	Gain on disposal of property, plant and equipment	**(3,933)**	(2,533)
金融衍生工具公允值改變所取得收益	Gain on fair value changes of derivative financial instruments	**(35,456)**	–
利息收入	Interest income	**(96,523)**	(121,293)
於聯營公司溢利	Share of results of associates	**(2,127)**	(4,123)
轉回呆壞賬準備	Reversal of allowance for bad and doubtful debts	**–**	(7,414)
營運資金變動前之經營業務現金流量	Operating cash flows before movements in working capital	**1,106,470**	336,111
存貨增加	Increase in inventories	**(4,680,790)**	(3,390,410)
應收賬款增加	Increase in trade debtors	**(1,987,402)**	(373,644)
其它應收款、按金及預付款項增加	Increase in other debtors, deposits and prepayments	**(1,695,036)**	(3,701,449)
建造合同應收款(增加)減少	(Increase) decrease in amounts due from customers for contract work	**(1,064,878)**	374,206
應收聯屬公司款項(增加)減少	(Increase) decrease in amounts due from fellow subsidiaries		
	9 0 from related companies for contract work		
	其它應付款及應計費用增加(減少)	Increase (decrease) in other creditors and accrued charges	
	已收按金增加	Increase in deposits received	
	欠最終控股公司款項增加	Increase in amount due to ultimate holding company	
	應付增值稅及其它應付稅項(減少)增加	(Decrease) increase in value added tax and other taxes payable	
經營業務(所用)產生之現金淨額	Net cash (used in) generated from operations	**(4,815,373)**	7,106,761
已付股息	Dividends paid	**(60,442)**	(9,513)
已付所得稅	Income tax paid	**(17,564)**	(13,910)
經營業務(所用)產生之現金淨額	NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(4,893,379)**	7,083,338

綜合現金流量表(續)
Consolidated Cash Flow Statement – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

		附註 Note	2005 人民幣千元 R'000	2004 人民幣千元 Rmb'000 (restated) (已重列)
投資業務	INVESTING ACTIVITIES			
出售待銷售性投資所得款	Proceeds from disposal of available-for-sale investments		**3,217,978**	–
銀行定期存款減少(增加)	Decrease (increase) in bank deposits		**489,358**	(491,146)
利息收入	Interest received		**96,523**	121,293
出售固定資產所得款	Proceeds from disposal of property, plant and equipment		**25,087**	24,370
已收待銷售性投資股息	Dividend received from available-for-sale investments		**4,064**	645
已收於聯營公司股息	Dividend received from an associate		**1,305**	–
已抵押銀行存款(增加)減少	(Increase) decrease in pledged bank deposits		**(355,000)**	47,584
購置固定資產	Purchase of property, plant and equipment		**(346,926)**	(710,298)
購置專利權	Purchase of patent		**(54,313)**	–
有限制銀行存款增加	Increase in restricted bank deposits		**(12,000)**	–
聯營公司投資	Investment in an associate		**(8,110)**	(9,630)
購置證券性投資	Purchase of investments in securities		**–**	(4,479,002)
出售部份於聯屬公司權益(已扣除出售之現金及現金等額)	Net cash outflow from partial disposal of interests in a subsidiary (net of cash and cash equivalents disposed of)	*35*	**–**	(80,863)
投資業務產生(所用)之現金淨額	NET CASH FROM (USED IN) INVESTING ACTIVITIES		**3,057,966**	(5,577,047)
融資業務	FINANCING ACTIVITIES			
新增銀行貸款	New bank loans raised		**1,743,000**	115,500
發行股本所得款	Proceeds from issue of shares		**386,234**	–
新增其它貸款	Other loans raised		**3,333**	2,822
最終控股公司款項增加	Advance from ultimate holding company		**68,500**	500
償還銀行貸款	Repayment of bank loans		**(833,020)**	(468,578)
已付利息	Interest paid		**(103,732)**	(58,123)
償還其它貸款	Repayment of other loans		**(56,030)**	(818)
融資業務產生(所用)之現金淨額	NET CASH FROM (USED IN) FINANCING ACTIVITIES		**1,208,285**	(408,697)
現金及現金等價物(減少)增加	NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(627,128)**	1,097,594
年初現金及現金等價物	CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**5,223,034**	4,125,440
年末現金及現金等價物	CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**4,595,906**	5,223,034
現金及現金等價物結存之分析	ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
銀行結存及現金	Bank balances and cash		**4,327,546**	4,560,239
銀行存款	Bank deposits		**268,360**	261,288
證券性投資(於三個月內到期)	Investments in securities (matured within 3 months)		**–**	401,507
			4,595,906	5,223,034

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

1. 一般事項

本公司為一家在中華人民共和國(「中國」)註冊成立之股份有限公司, 其H股於香港聯合交易所上市。本公司之最終控股公司為哈爾濱電站設備集團公司(「哈電集團公司」), 其為一家在中國註冊成立之國有企業。本公司之註冊辦事處及主要營業地點之地址詳載於本年報之公司資料。

整份財務報告是以人民幣呈列與本公司之功能性貨幣相同。

本公司為投資控股公司, 其主要之附屬公司及聯營公司之主要業務分別載於本財務報表之附註42和附註20。

1. GE E AL

The Company is established as a joint stock limited company in the People's Republic of China (the "PRC"), and its H shares are listed on The Stock Exchange of Hong Kong Limited. Its ultimate holding company is Harbin Power Plant Equipment Group Corporation ("HPEGC"), a state-owned enterprise incorporated in the PRC. The address of the registered office and principal place of business of the Company are disclosed in the company information of the annual report.

The financial statements are presented in Renminbi, which is the same as the functional currency of the Company.

The Company acts as an investment holding company and the activities of its principal subsidiaries and associates are set out in notes 42 and 20, respectively.

2. 採用香港財務報告準則／會計政策變動

於本年度, 本集團首次採用多項由香港會計師公會新頒佈之香港財務報告準則、香港會計準則及詮釋(在下文統稱為「新香港財務報告準則」), 該等準則適用於二零零五年一月一日或以後開始之會計期間。採用新香港財務報告準則導致綜合損益表、綜合資產負債表以及綜合權益變動表之呈列方法有所改變, 尤其令有關少數股東權益及應佔聯營公司稅項之呈列方法有所改變, 該等呈列方法之改變已追溯應用。以下列示在採用新香港財務報告準則對本會計年度及以往會計年度之業績編製及呈列的影響:

2. A LICA I F H G K G FI A CIAL E I G A DA D

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests and share of tax of associates have been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 採用香港財務報告準則／會計政策變動(續)

金融工具

於本年度，本集團已應用香港會計準則第32號「金融工具：披露及呈列」及香港會計準則第39號「金融工具：確認及計量」。香港會計準則第32號規定作追溯應用。於二零零五年一月一日或以後開始之年度期間生效之香港會計準則第39號，基本上不容許對財務資產及負債進行追溯性之確認、不再確認或計量。於本會計期間及以往會計期間，香港會計準則第32號之應用並沒有對本集團之金融工具產生重大影響。因實行香港會計準則第39號而產生之主要影響摘要如下：

財務資產及財務負債之分類及計量

本集團已就香港會計準則第39號所界定之財務資產及財務負債範圍內，應用有關分類及計量之過渡條文。

債務及股本證券以往根據會計實務準則第24條之基準處理方式

截至二零零四年十二月三十一日止，本集團根據會計實務準則第24號之基準處理方法進行債務證券及股本證券之分類及計量。根據會計實務準則第24號，投資股本證券會適當地分類為「投資證券」、「其它投資」或「持有至到期日之投資」。「投資證券」乃按成本減減值損失(如有)列賬，「其它投資」乃以公平值連同損益之未變現收益及虧損計量。「持有至到期日之投資」乃按攤銷成本減值虧損(如有)列賬。自二零零五年一月一日開始，本集團根據香港會計準則第39號將股本證券分類及計量。財務資產分類為「於損益賬按公平值處理之財務資產」、「可供出售財務資產」、「貸款及應收款項」或「持有至到期日之財務資產」。「於損益賬按公平值處理之財務資產」及「可供出售財務資產」以公平值列賬，公平值之變動分別確認為損益及權益。在活躍市場上並無已報市價之可供出售股本投資，其公平值無法可靠地計算，與該等非上市股本工具有關並須以交付該等工具結算之衍生工具，則須於初步確認後按成本減減值損失計量。「貸款及應收款項」及「持有至到期日之財務資產」乃於初步確認後採用實際利息法以攤銷成本計量。

2. A LICA I F H G K G FI A CIAL E I G A DA D ( )

F I

In the current year, the Group has applied HKAS 32 Financial Instruments: Disclosure and Presentation and HKAS 39 Financial Instruments: Recognition and Measurement. HKAS 32 requires retrospective application. HKAS 39, which is effective for annual periods beginning on or after 1st January, 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The application of HKAS 32 has had no material impact on how financial instruments of the Group are presented for current and prior accounting periods. The principal effects resulting from the implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Debt and equity securities previously accounted for under the benchmark treatment of SSAP 24

By 31st December, 2004, the Group classified and measured its investments in debt and equity securities in accordance with the benchmark treatment of Statement of Standard Accounting Practice 24 ("SSAP 24"). Under SSAP 24, investments in debt or equity securities are classified as "investment securities", "other investments" or "held-to-maturity investments" as appropriate. "Investment securities" are carried at cost less impairment losses (if any) while "other investments" are measured at fair value, with unrealised gains or losses included in profit or loss. Held-to-maturity investments are carried at amortised cost less impairment losses (if any). From 1st January, 2005 onwards, the Group has classified and measured its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in profit or loss and equity respectively. Available-for-sale equity investments that do not have quoted market prices in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost less impairment after initial recognition. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method after initial recognition.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

2. 採用香港財務報告準則／會計政策變動(續)

2. A LICA I F H G K G FI A CIAL E I G A DA D ( )

金融工具(續)

F I ( )

債務及股本證券以往根據會計實務準則第24條之基準處理方式(續)

於二零零五年一月一日, 本集團根據香港會計準則第39號之過渡性條文對其債務及股本證券進行分類及計算。因此, 證券投資合共人民幣4,947,436,000元已於二零零五年一月一日獲分類為待銷售性投資。

Debt and equity securities previously accounted for under the benchmark treatment of SSAP 24 (continued)

On 1st January, 2005, the Group classified and measured its debt and equity securities in accordance with the transitional provisions of HKAS 39. Accordingly, the Group's investments in securities at 1st January, 2005 amounting to approximately Rmb4,947,436,000 has been reclassified to available-for-sale investments.

債務證券與股本證券以外之財務資產及財務負債

自二零零五年一月一日開始, 本集團就債務證券及股本證券以外之財務資產及財務負債(以往不屬於會計實務準則第24號範圍)按照香港會計準則第39號之規定進行分類及計量。香港會計準則第39號將財務資產分類為「於損益賬按公平值處理之財務資產」、「可供出售財務資產」、「貸款及應收款項」或「持有至到期日財務資產」。財務負債基本上分類為「於損益賬按公平值處理之財務負債」或「其它財務負債」。於損益賬按公平值處理之財務負債以公平值計量, 公平值之變動在損益表內直接確認。「其它財務負債」於初步確認後以實際利息法按攤銷成本列賬。

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

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2. 採用香港財務報告準則／會計政策變動(續)

2. APPLICATION OF HKFRSs AND CHANGES IN ACCOUNTING POLICIES (continued)

業主自用土地租賃權益

於過往年度，業主自用租賃土地及樓宇乃計入物業、廠房及設備，並以成本模式計量。於本年度，本集團已應用香港會計準則第17號租賃。根據香港會計準則第17號，就租賃分類而言，租賃土地及樓宇中土地及樓宇部分乃分開計算，除非租金支出無法可靠地在土地及樓宇部分之間作出分配，則在該情況下，整份租賃一般作為融資租賃處理。倘租賃款項能夠可靠地在土地及樓宇部分之間作出分配，則土地租賃權益將重新分類為經營租賃項下之預付租賃款項，該租賃款項乃按成本列賬，並於租賃期內以直線法攤銷。此項會計政策變動已被追溯應用(其對財務狀況之影響見附註3)。

[illegible]

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current year, the Group has applied HKAS 17 Leases. Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see Note 3 for the financial impact).

投資物業

[illegible]

於本年度，集團首次採用香港會計準則第40號「投資物業」。本集團選擇以成本價值模式對投資物業列賬，該模式規定投資物業是以成本減去累積折舊及任何累積的減值準備。本集團於過去年度並沒有投資物業，因此採用香港會計準則第40號對本集團年初之保留溢利沒有影響。

In the current year, the Group has, for the first time, applied HKAS 40 Investment Property. The Group has elected to use the cost model to account for its investment properties, under which investment properties are carried at cost less accumulated depreciation and accumulated impairment losses (if any). In previous periods, the Group did not have investment properties. The application of HKAS 40 does not have impact on the Group's retained earnings at 1st January, 2005.

3. 會計政策變動之影響概要

3. [illegible] SUMMARY OF THE EFFECT OF THE CHANGE IN ACCOUNTING POLICIES

上述會計政策變動對本年度業績之影響如下：

The effects of the changes in the accounting policies described above on the results for the current and prior years are as follows:

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
金融衍生工具公允值改變所取得收益 Gain on fair value changes of derivative financial instruments	35,456	–

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3. 會計政策變動之影響概要(續) 3. MMA v F HE EFFEC F HE CHA GE I ACC I G LICIE ( )

於二零零四年十二月三十一日及二零零五年一月一日應用新香港財務報告準則之累計影響概述如下:

The cumulative effects of the application of the new HKFRSs on 31st December, 2004 and 1st January, 2005 are summarised below:

		於二零零四年十二月三十一日(原先呈列) A 31 D , 2004 ( )		於二零零四年十二月三十一日(重列) A 31 D , 2004 ( )		於二零零五年一月一日(重列) A 1 J , 2005 ( )
			調整 A		調整 A	
		人民幣千元 *Rmb'000*	*人民幣千元* *Rmb'000*	*人民幣千元* *Rmb'000*	*人民幣千元* *Rmb'000*	*人民幣千元* *Rmb'000*
對資產及負債總體影響						
資產負債表項目	B					
應用香港會計準則第17號	*Impact of HKAS 17:*					
物業、廠房及設備	Property, plant and equipment	2,830,016	(344,093)	2,485,923	–	2,485,923
預付租賃款項	Prepaid lease payments	–	344,093	344,093	–	344,093
應用香港會計準則第39號	*Impact of HKAS 39:*					
金融衍生工具	Derivative financial instruments	–	–	–	(35,112)	(35,112)
證券性投資	Investment in securities	4,947,436	–	4,947,436	(4,947,436)	–
待銷售性投資	Available-for-sale investments	–	–	–	4,947,436	4,947,436
		7,777,452	–	7,777,452	(35,112)	7,742,340
對權益總體影響						
保留溢利	Retained profits	190,317	–	190,317	(35,112)	155,205

本集團已開始考慮下列已頒佈但未生效之新準則、變動或詮釋所帶來之潛在影響。管理層預期採取這些新準則、變動或詮釋並未對集團之財務報表有重大影響,除了香港財務報告準則第39號及第4號(修訂本)有關凡財務擔保合約符合香港財務報告準則第39號均需要於首次確認時用公允價值衡量。

The Group has commenced considering the potential impact of the following new standards, amendments and interpretations that have been issued but are not yet effective. The management anticipates the application of those new standards, amendments and interpretations will have no material impact on the Group's financial statements, except for HKAS 39 and HKFRS 4 (Amendments) which requires financial guarantee contracts within the scope of HKAS 39 to be measured at fair value upon initial recognition.

財務報表附註(續)
Notes to the Financial Statements – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

3. 會計政策變動之影響概要(續)

香港會計準則第1號(修訂本)	資本披露[1]
香港會計準則第19號(修訂本)	精算損益、集團計劃及披露[2]
香港會計準則第21號(修訂本)	境外業務投資淨額[2]
香港會計準則第39號(修訂本)	預測集團內部交易之現金流量對沖會計處理法[2]
香港會計準則第39號(修訂本)	期權之公平價值[2]
香港會計準則第39號及香港財務報告準則第4號(修訂本)	財務擔保合約[2]
香港財務報告準則第6號	礦物資源之勘探及評估[2]
香港財務報告準則第7號	金融工具:披露[1]
香港(IFRIC)–詮釋第4號	釐定安排是否包括租賃[2]
香港(IFRIC)–詮釋第5號	解除運作、復原及環境修復基金所產生權益之權利[2]
香港(IFRIC)–詮釋第6號	參與特定市場所產生之負債–廢料、電力及電子設備[3]
香港(IFRIC)–詮釋第7號	根據香港會計準則第29號惡性通貨膨脹經濟中之財務報告採用重述法[4]

1 於二零零七年一月一日或其後開始之年度期間生效。
2 於二零零六年一月一日或其後開始之年度期間生效。
3 於二零零五年十二月一日或其後開始之年度期間生效。
4 於二零零六年三月一日或其後開始之年度期間生效。

3. MMA v F HE EFFEC F HE CHA GE I ACC I G LICIE ( )

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC)–INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC)–INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC)–INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC)–INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]

1 Effective for annual periods beginning on or after 1st January, 2007.
2 Effective for annual periods beginning on or after 1st January, 2006.
3 Effective for annual periods beginning on or after 1st December, 2005.
4 Effective for annual periods beginning on or after 1st March, 2006.

4. 主要會計政策概要

誠如下列會計政策所述,綜合財務報表乃按歷史成本基準編製,惟若干待金融工具按公平值計算者除外。綜合財務報表乃根據香港財務報告準則編製。此外,綜合財務報表載列香港聯合交易所有限公司證券上市規則及公司條例規定之適用披露。其主要會計政策採用如下:

4. IG IFICA ACC I G LICIE

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values, and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

綜合基準 B

綜合財務報表包括本公司及其附屬公司於每年十二月三十一日之財務報表。

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

於年內所收購或出售的附屬公司, 其業績均自收購生效日期起或截至出售生效日期止(如適用)計入綜合損益表內。

The results of the subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

所有集團內交易、結餘、收入及開支均於綜合賬目時對銷。

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

綜合附屬公司淨資產內之少數股東所佔權益與本集團所佔之權益分開列賬。少數股東於淨資產之權益包括該等權益於原業務合併日期之數額及少數股東應佔該合併日期以來之股本變動。適用於少數股東的虧損超出於附屬公司股權的少數股東權益的數額將與本集團的權益作出分配, 惟少數股東具約束力責任及可以其它投資補足虧損者除外。

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

於聯營公司權益 I

聯營公司指集團對該公司有重大影響但並 [illegible] 附屬公司。

An associate is an entity over which the Group has significant [illegible] and that is not a subsidiary. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

於聯營公司權益(續) I ( )

當集團實體與本集團聯營公司進行交易時,溢利及虧損會以本集團於相關聯營公司之權益為限予以撇銷。

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

收入確認

收入是以收來或將收之貨款,扣除折扣後的公允價值衡量。

Revenue is measured at the fair value of the consideration received and receivable for goods sold, net of returns and allowances.

銷售在付貨予客戶後及所有權轉移後即予確認。

Sales of goods are recognised when goods are delivered and title has passed.

服務收入在服務提供時即予確認。

Service income is recognised when services are provided.

利息收入乃按時間基準,並參照尚未償還本金額及按所適用之實際利率孳生,而實際利率為透過財務資產之預期可用年期將估計日後現金收據實際折讓至該資產之賬面淨值之比率。

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

投資之股息收入乃於股東有權收取款項時入賬。

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

日常業務過程中銷售物業之收益於達成以下所有條件時確認入賬:

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- 物業所有權上之重要風險及報酬已轉移予買方;
- 不再對所保留之物業施加如同擁有權之管理參與程度及實際控制權;
- 有關收入可以可靠地計量;
- 與交易相關之經濟利益可能流入本集團;及
- 有關交易所產生或將予產生之成本可以可靠地計量。

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

投資物業 I

初次確認時, 投資物業按成本(包括任何直接應佔費用)計量。於初次確認後, 投資物業以成本減去其後累積折舊及任何累積的減值準備計量。折舊是根據投資物業之租約年期以直線法計算。

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over the lease terms using the straight-line method.

投資物業於出售、永遠不會使用或不能再產生任何經濟利益時取消確認。資產取消確認產生之任何收益或虧損(按該項目之出售所得款項淨額及賬面值間之差額計算)於該項目取消確認之年度計入收益表。

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

物業、機器及設備

除在建工程外, 物業、機器及設備之價值為原值減去折舊、攤銷及累計的減值損失列賬。

Property, plant and equipment other than construction-in-progress and properties under development are stated at cost less accumulated depreciation and accumulated impairment losses.

在建工程按成本值入賬, 其中包括所有發展項目支出及該等工程應佔之其他直接成本(包括利息支出)。在建工程於未完成及可以出售之前將不會提供折舊。竣工工程之成本則轉撥入其適當之固定資產類別內。

Construction-in-progress is stated at cost which includes all construction costs and other direct costs attributable to such projects including borrowing costs capitalised. Construction-in-progress is not depreciated until completion of construction and the asset is available for use. The cost of completed construction works is transferred to the appropriate category of property, plant and equipment.

除在建工程外, 物業產房及設備的折舊是於計入其估計剩餘價值後以直線法按下列年率於其估計可使用年限中撇銷成本。

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction-in-progress over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

物業、機器及設備(續) , ( )

物業、機器及設備項目於出售時或當繼續使用該資產預期不會產生任何日後經濟利益時取消確認。資產取消確認產生之任何收益或虧損(按該項目之出售所得款項淨額及賬面值間之差額計算)於該項目取消確認之年度計入收益表。

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

預付租賃款項

預付租賃款項代表在購買土地使用權時所付的預付款,該款項被分類為經營租約。預付租賃款項乃按租約之年期以直線法於收益表內確認或如果減值發生,該減值之數目會在損益表中成為支出。

The prepayment made on acquired land use rights represents prepaid lease payment and it is accounted for as an operating lease. The prepaid lease payment is released to consolidated income statement on a straight-line basis over the lease term, or when there is impairment, the impairment is expensed in the consolidated income statement.

專利權

在最初認可期間,個別購入的專利權是以成本來確認。在最初認可階段後,使用期有限的專利權的賬面值是以成本減去累積攤銷及任何累積的減值準備。使用期有限的專利權是以直線法在其預計使用期內作攤銷。

資產取消確認產生之任何收益或虧損會按該資產之出售所得款及賬面值間之差額計算及於該資產取消時計入收益表。

Patents are measured initially at cost. After initial recognition, patents are carried at less accumulated amortisation and any accumulated impairment losses. Amortisation for patents is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

減值

在每個資產負債表日, 本集團會對其資產的賬面金額進行核查, 以確定是否有跡象顯示這些資產已發生減值損失。如果一項資產的估計可收回金額低於其賬面金額, 則將該資產的賬面金額減至其可收回金額。減值損失會立即確認為費用。

如果減值損失在以後轉回, 該資產的賬面金額會增加至其可收回金額的重新估計值;但是增加後的賬面金額不能超過該資產以前年度未確認減值損失時應確定的賬面金額。減值損失的轉回立即確認為收入。

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

金融工具

財務資產及財務負債乃當某集團實體成為工具合同條文之訂約方時在資產負債表上確認。財務資產及財務負債按公平值初步確認。收購或發行財務資產及資產負債直接應佔之交易成本(透過損益以公平值列賬之財務資產及財務負債除外)乃於初步確認時加入財務資產或財務負債之公平值或自財務資產或財務負債之公平值內扣除(如合適)。收購透過損益以公平值列賬之財務資產或財務負債直接應佔之交易成本即時於損益賬內確認。

財務資產

本集團之財務資產歸入下列三個類別之其中一個, 包括貸款及應收款項、待銷售性之財務資產以及持金融衍生工具作買賣性質。所有定期購買或出售財務資產乃按交易日基準確認及取消確認。定期購買或出售乃購買或銷售財務資產, 並要求於市場上按規則或慣例設定之時間框架內付運資產。所採納之與各類財務資產有關之會計政策乃載於下文。

F

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including loans and receivables, available-for-sale financial assets and derivative instruments held for trading. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of these financial assets are set out below.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

金融工具(續) **F ( )**

財務資產(續) *Financial assets* (continued)

貸款及應收款項

貸款及應收款項乃於現行市場所報之固定或可釐定付款之非衍生金融工具。於初步確認後各結算日,貸款及應收款項(包括應收貿易賬款、其它應收款項、應收關聯公司款項及銀行存款)均按採用實際利率法計算之已攤銷成本減任何已識別減值虧損入賬。減值虧損乃當可實質證明資產減值時於損益中確認,並按該資產之賬面值與按原先實際利率折讓之估計未來現金流量之現值間的差額計量。當資產之可收回數額增加乃確實與於確認減值後所引致之事件有關時,則減值虧損會於隨後會計期間予以回撥,惟該資產於減值被回撥之日之賬面值不得超過未確認減值時之已攤銷成本。

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amounts due from fellow subsidiaries, trade and other debtors, bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

待銷售性的財務資產

已表明之待銷售性的財務資產為非投機性。於各最初確認期後的結算日,可供出售的財務資產是以公平價值計量。公平價值之變動於權益表內確認,直至該財務資產出售或確定出現減值,屆時先前在權益表內確認的累積收益或虧損計入該年的淨利潤或虧損。待銷售性權益投資之減值虧損將不會在以後的時期內得到撥回。若果在減值虧損確認後發生的一個事件能令相關的投資之公平價值有所增加,待銷售性債務投資之減值虧損則可以有可能在以後的時期內撥回。

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assts at fair value through profit or loss, loans and receivables and held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse in subsequent periods. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

金融工具(續) **F ( )**

財務資產(續) *Financial assets* (continued)

待銷售性的財務資產(續) Available-for-sale financial assets (continued)

就可供出售之股本投資而言, 倘並無活躍市場之市價報價, 而其公平價值未能可靠計算及與該等非上市股本工具有關並須以交付該等工具之方式結算之衍生工具, 則可供出售之股本投資於首次確認後之各個結算日按成本值減任何已識別減值虧損計算。倘具備客觀證明資產減值, 則減值虧損於損益表確認。減值虧損數額按資產賬面值與按類似金融資產之現行市場回報率折現估計未來現金流量之現值間之差額計算。該等減值虧損將不會於其後期間撥回。

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses at each balance sheet date subsequent to initial recognition. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired. The amount of the impairment loss is measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses will not reverse in subsequent periods.

金融衍生工具 Derivative financial instruments

本集團採用金融衍生工具(主要是外幣遠期合約)來對沖匯率變動之風險。該衍生工具無論是否認定為有效對沖工具, 於結算日也按其公平價值計算。

The Group uses derivative financial instruments (primarily foreign currency forward contracts) to hedge its exposure against changes in exchange rate. Such derivatives are measured at fair value, at each balance sheet date regardless of whether they are designated as effective hedging instruments.

未符合對沖會計準則之衍生工具會視為用作投資買賣性質的財務資產或負債, 該衍生工具之公平價值變動會直接計入損益中。

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading. Changes in fair values of such derivatives are recognised directly in profit or loss.

財務負債及股本 *Financial liabilities and equity*

集團實體發行之財務負債及股本投資工具乃根據合同安排之性質與財務負債及股本投資工具之定義分類。

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

股本投資工具乃證明集團於扣減所有負債後之資產中擁有剩餘權益之任何合同。就財務負債及股本工具所採納之會計政策乃載於下文。

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

金融工具(續) **F ( )**

財務負債及股本(續) *Financial liabilities and equity* (continued)

財務負債 Financial liabilities

財務負債(除衍生工具被視為持作買賣性質)包括銀行與其它借款、應付賬款、其它應付款及應計費用、欠最終控股公司款項及最終控股公司收款,乃隨後採用實際利率法按已攤銷成本計量。

Financial liabilities (other than derivative instruments which are deemed as held for trading) including bank and other borrowings, trade creditors, other creditors and accrued charges, amount due to ultimate holding company and advance from ultimate holding company are subsequently measured at amortised cost, using the effective interest rate method.

股本工具 Equity instruments

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

不予確認 *Derecognition*

若從資產收取現金之權利已屆滿,或金融資產已轉讓及本集團已將其於金融資產擁有權之絕大部分風險及回報轉移,則金融資產將被不予確認。於不予確認金融資產時,資產賬面值與已收或應收代價及已直接於權益確認時累計損益之總和之差額,將於損益中確認。

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

至於金融負債,則於本集團之資產負債表中剔除(即倘於有關合約訂明之特定責任獲解除、取消或屆滿)。不予確認之金融負債賬面值與已收或應收代價之差額乃於損益中確認。

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

存貨 **I**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Properties held for development for sale in the ordinary course of business are stated at cost less any identified impairment loss. Cost includes the cost of construction, financing and other direct costs attributable to the development of such properties. No depreciation is provided on properties under development.

C

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs for the contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade and other receivables.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

退休金

退休金及撥備乃根據當地政府之有關文件訂立之定額供款合約列入損益賬。

Retirement benefit costs charged to the consolidated income statement represent the amount payable under a defined contribution arrangement with the local government.

研究及開發費用

研究及開發費用於產生時列入損益賬。

Expenditure on research and development is recognised as an expense in the period in which it is incurred.

僅當研究及開發費用的發生有一明確的項目, 且通過將來的商業活動能夠收回時, 研究及開發費用才能確認為內部產生的無形資產。因此而形成的資產在其使用期內按直線法攤銷。

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life.

如果研究及開發費用未能確認為內部產生的無形資產, 則該支出在發生當期確認為費用。

Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

所得稅

所得稅支出代表當期應付所得稅及遞延所得稅的總額。

Income tax expense represents the sum of the tax currently payable and deferred tax.

當期應付所得稅乃按本年度應課稅溢利計算。應課稅溢利不包括已撥往其它年度的應課稅或應扣減之收入及開支項目, 亦不包括可作免稅或不可作稅項扣減之項目, 故與收益表所列純利不同。

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the balance sheet date.

遞延稅項是按資產負債法, 根據財務報表中資產和負債的賬面金額與其用於計算應納稅利潤的相應稅基之間的差額所產生的暫時性差異計算;所有應稅暫時性差異產生的遞延所得稅負債一般均予確認, 但可抵稅暫時性差異產生的遞延所得稅資產只能在未來可實現應納稅利潤足以用作抵銷可抵稅暫時性差異的限度內, 才能予以確認。

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

所得稅(續) **I ( )**

對附屬公司投資的權益產生的應稅暫時性差異會確認為遞延所得稅負債, 除非本集團能夠控制這些暫時性差異的轉回, 而且暫時性差異在可預見的將來很可能不會轉回。

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

遞延所得稅是以預期於相關資產實現或相關負債清償當期所使用的所得稅率計算。遞延所得稅會在損益表中扣除或記入, 除非其與直接在權益中記入或扣除的項目有關, 在這種情況下, 該遞延所得稅也會作為權益專案處理。

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the consolidated income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

在每個資產負債表日, 本集團會對遞延所得稅資產的賬面金額進行核查。當很可能不再有足夠的應納稅利潤以轉回部份或全部遞延所得稅資產時, 遞延所得稅資產會按不能轉回部份予以扣減。

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

如果遞延稅項和負債是由同一個稅務機構所徵收而公司有意把流動稅項資產和負債以淨值表示的話, 遞延稅項和負債兩者該可以對消。

Deferred tax assets and liabilities are offset which they related to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

借貸成本 **B**

為購買、建造或生產合資格的資產, 即需要一段頗長時間始能達至其擬定用途或出售之資產, 其直接應計之借貸成本均撥充資本作為此等資產成本值之一部份。當此等資產大體上已完成可作其預計用途或出售時, 即停止將該等借貸成本撥充資本。個別借貸於等待使用於有關合資格資產時用作短暫投資所賺取之投資收益於撥充資本之借貸成本內扣除。

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

其它借貸成本均計入當期損益。

All other borrowing costs are recognised as an expense in the period in which they are incurred.

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4. 主要會計政策概要(續) 4. IG IFICA ACC I G LICIE ( )

租約 **L**

當租約條款將所涉及擁有權之絕大部份風險及回報轉讓予承租人時, 租約乃分類為融資租約。所有其它租約均分類為經營租約。

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

本集團作為出租人

經營租約之租金收入乃按相關租約年期以直線法於收益表確認。於協商及安排時引致之初步直接成本乃加至租約資產之賬面值, 並按租約年期以直線法確認作一項支出。

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

外幣 **F**

於編製各個別集團實體之財務報表時, 以該實體功能貨幣以外之貨幣(外幣)進行之交易均按交易日期之適用匯率換算為功能貨幣(如該實體經營所在主要經濟地區之貨幣)記賬。於各結算日, 以外幣為定值之貨幣項目均按結算日之適用匯率重新換算。按公平值以外幣定值之非貨幣項目乃按於公平值釐定當日之適用匯率重新換算。按外幣過往成本計量之非貨幣項目毋須重新換算。

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認。

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

政府補貼 **G**

為彌補發生之成本而給予的政府補貼, 於相應成本發生時確認為收入。

Government subsidies related to costs which they are intended to compensate are recognised as income when the relevant costs are incurred.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

5. 估計不明朗因素之主要來源

於應用本集團之會計政策時, 管理層根據過往經驗, 對未來之預期及其他資料作出各種估計。可能對於財務報表中已確認之數額產生重大影響之估計不明朗因素之主要來源披露如下。

貸款及應收款項之估計減值(包括應收聯屬公司款項, 應收賬款及其他應收款)

管理層定期檢討貿易應收賬款, 應收貸款及墊付被投資公司之可回收性及/或賬齡情況。當有客觀證據顯示資產已減值, 則估計不可收回款項之適當減值, 將於損益內確認。

在釐定呆壞賬是否需要作出減值時, 本集團已考慮到賬齡情況及收回賬項之可能性。只會就不可能收回之應收賬款作出特定備抵, 並根據有效之利率對未來預期可收取現金流之折現值及現值之差額入賬。

存貨撥備

管理層審核可變現淨值及存貨賬齡分析並按現存市場環境, 過往年度銷售表現和估計市值(即是估計銷售價減去估計銷售成本)而對滯銷存貨進行撥備, 如存貨的估計市值低於其帳面值時, 將會作出針對性的撥備。

6. 財務風險管理目標及政策

本集團之主要財務工具包括待銷售性投資, 應收貿易及其它應收款, 應付貿易及其它應付款, 銀行借款, 銀行結存及現金。下文載列與該等金融工具有關之風險及如何降低該等風險之政策。管理層管理及監控該等風險, 以確保及時和有效地採取適當之措施。

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, management makes various estimates based on past experiences, expectations of the future and other information. The key source of estimation uncertainty that may significantly affect the amounts recognised in the consolidated financial statements are disclosed below:

Estimated impairment of loans and receivables (including amounts due from associates, trade and other receivables)

Management regularly reviews the recoverability and aging of loans and trade receivables. Appropriate impairment for estimated irrecoverable amounts are recognised in profit and loss when there is objective evidence that the asset is impaired.

In determining whether impairment for bad and doubtful debts is required, the Group takes into consideration the aging status and likelihood of collection. Specific allowance is only made for receivables that are unlikely to be collected and is recognised on the difference between the estimated future cash flow expected to receive discounted using the original effective interest rate and its carrying value.

Allowance for inventories

Management reviews the net realisable values and aging of inventories and makes allowance for obsolete and slow moving inventory items identified with reference to existing market environment, the sales performance in previous years and estimated market value, i.e. the estimated selling price, less estimated costs of selling. A specific allowance for inventories is made if the estimated market value of the inventories is lower than its carrying value.

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments including available-for-sale investments, trade and other debtors, trade and other creditors, bank borrowings and bank balances and deposits. The risks associate with and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure approximate measures are implemented on a timely and effective manner.

財務報表附註(續)
Notes to the Financial Statements – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

6. 財務風險管理目標及政策(續)

6. FI A CIAL I K MA AGEME BJEC I_E A D LICIE ( )

市場風險

(i) 利率風險

本集團所面對之利率變動風險主要是由其固定利率的銀行存款, 債券及貸款所致。本集團現時並無利率對沖政策。然而, 管理層對利率風險進行監控並將於有需要時考慮對沖重大外幣風險。

(ii) 其它價格風險

本集團面對股本證券價格風險。管理層透過緊密的監控該等被投資公司的表現來管理其風險。

(iii) 貨幣風險

本集團之若干貿易應收款項以外幣計值。管理層監控外幣風險並用外幣遠期合約來對嶂部份風險。外幣遠期合約並不適用於對沖會計方法。

M

(i) Interest rate risk

The Group's interest rate risk relates primarily to fixed rate bank deposits, debentures and borrowings. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

(ii) Other price risk

The Group is exposed to equity security price risk. The management manages this exposure by closely monitoring the performance of the respective investee companies.

(iii) Currency risk

Certain trade receivables of the Group are denominated in foreign currencies. The management monitors foreign exchange exposure and hedges certain exposure using foreign currency forward contracts. The foreign currency forward contracts do not qualify for hedging accounting.

信貸風險

倘對方於二零零五年十二月三十一日未能履行彼等之承擔, 則本集團就每類已確認財務資產而須承受之最大信貸風險為已於綜合資產負債表列值之資產之賬面金額反映。為最大限度地降低信貸風險, 本集團管理層已委派一組人員負責制訂信貸限額, 信貸審批及其它監控措施, 以確保採取跟進措施收回逾期未付之債項。此外, 於各結算日, 本集團定期評估每項個別貿易應收款之可收回金額, 以確保就不可收回金額所作出之減值虧損已足夠。就此而言, 本公司董事認為本集團之信貸風險已大幅降低。

C

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 31st December, 2005 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

8. 業務和地區分部

業務分部

本集團分為以下五個主要分部－火電主機設備、水電主機設備、電站工程服務、電站輔機和配套設備、交直流電機及其它：

The Group operates in five major segments as follows–main thermal power equipment, main hydro power equipment, engineering services for power stations, ancillary equipment for power stations and AC/DC motors and others.

主要經營活動如下：

Principal activities are as follows:

火電主機設備	– 製造火電主機設備	Main thermal power equipment – manufacture of main thermal power equipment.
水電主機設備	– 製造水電主機設備	Main hydro power equipment – manufacture of main hydro power equipment.
電站工程服務	– 提供電站工程建設服務	Engineering services – providing engineering services for power stations.
電站輔機和配套設備	– 製造電站輔機和配套設備	Ancillary equipment – manufacture of ancillary equipment for power stations.
交直流電機及其它	– 製造交直流電機及其它	AC/DC motors and others – manufacture of AC/DC motor and others.

關於這些業務的分部信息列示如下：

Segment information about these businesses is presented below.

00

		火電主機設備	水電主機設備	電站工程服務	電站輔機及配套設備	交直流電機及其它	內部抵銷	合併
		人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
主營業務收入								
外部收入	External sales	1, ,/1	1, 14,0	, 4 , 0	1,	1,4 0,		1 ,4 4,10
分部間收入	Inter-segment sales	4 ,1	,		0,004	/, 1	(4,0)	
總收入	Total revenue	1 , 01, /	1, 4 ,4 4	, 4 , 0	/ , /	1, 1 , 1	(4,0)	1 ,4 4,10

分部間的銷售是以現行市場價格計算的。

Inter-segment sales are charged at prevailing market rates.

財務報表附註(續)
Notes to the Financial Statements – (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

00

		火電主機設備	水電主機設備	電站工程服務	電站輔機及配套設備	交直流電機及其它	內部抵銷	合併
		人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
分部經營成果		1, , /4	/, 1	,0 1	/ ,/	1 ,1		1, ,0
未能分攤總部費用	Unallocated corporate expenses							(1,1 , 4)
財務支出	Finance costs							(,/ /)
於聯營公司溢利	Share of results of associates					,1 /		,1 /
除稅前溢利	Profit before taxation							,1
稅項	Income tax expense							(1 ,/)
本年度溢利	Profit for the year							,
資產								
分部資產	Segment assets	0,// , 1	1, 41,/	, ,		, 01,	1, 00,	, , 10
於聯營公司之權益	Interests in associates						11 , /	11 , /
未能分攤總部資產	Unallocated corporate assets							/,4//, 0
合併總資產	Consolidated total assets							,44 , /
負債								
分部負債	Segment liabilities	, ,	1,/ 0, 1	,4	1, ,///	1, , 0		/, 41,
未能分攤總部負債	Unallocated corporate liabilities							4, , 14
合併總負債	Consolidated total liabilities							1, 4, 0/
其它資料								
資本性支出	Capital additions	4,0	,	,/4	1 , 40	0, .	1 40	1 , 40

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

8. 業務和地區分部(續)

業務分部(續)

2004

		火電主機設備 Main thermal power equipment 人民幣千元 Rmb'000	水電主機設備 Main hydro power equipment 人民幣千元 Rmb'000	電站工程服務 Engineering services for power stations 人民幣千元 Rmb'000	電站輔機及配套設備 Ancillary equipment for power stations 人民幣千元 Rmb'000	交直流電機及其它 AC/DC motors and others 人民幣千元 Rmb'000	內部抵銷 Eliminations 人民幣千元 Rmb'000	合併 Consolidated 人民幣千元 Rmb'000
主營業務收入								
外部收入	External sales	7,208,106	728,162	1,180,669	224,614	874,119	–	10,215,670
分部間收入	Inter-segment sales	37,009	–	–	155,345	156,928	(349,282)	–
總收入	Total revenue	7,245,115	728,162	1,180,669	379,959	1,031,047	(349,282)	10,215,670

分部間的銷售是以現行市場價格計算的。 Inter-segment sales are charged at prevailing market rates.

分部經營成果		559,194	35,723	59,675	26,062	82,332	–	762,986
未能分攤總部費用	Unallocated corporate expenses							(550,257)
財務支出	Finance costs							(47,889)
於聯營公司溢利	Share of results of associates	–	–	–	–	4,123	–	4,123
除稅前溢利	Profit before taxation							168,963
稅項	Income tax expense							(27,034)
本年度溢利	Profit for the year							141,929

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

8. 業務和地區分部(續)

業務分部(續)

資產負債表 BALANCE SHEET
2004

		火電主機設備 Main thermal power equipment 人民幣千元 Rmb'000	水電主機設備 Main hydro power equipment 人民幣千元 Rmb'000	電站工程服務 Engineering services for power stations 人民幣千元 Rmb'000	電站輔機及配套設備 Ancillary equipment for power stations 人民幣千元 Rmb'000	交直流電機及其它 AC/DC motors and others 人民幣千元 Rmb'000	合併 Consolidated 人民幣千元 Rmb'000
資產							
分部資產	Segment assets	12,695,467	1,439,534	1,793,799	1,047,837	2,361,086	19,337,723
於聯營公司之權益	Interests in associates	–	–	–	–	109,440	109,440
未能分攤總部資產	Unallocated corporate assets						11,568,036
合併總資產	Consolidated total assets						31,015,199
負債							
分部負債	Segment liabilities	18,510,608	1,612,094	811,774	1,420,226	2,032,631	24,387,333
未能分攤總部負債	Unallocated corporate liabilities						2,974,258
合併總負債	Consolidated total liabilities						27,361,591
其它資料							
資本性支出	Capital additions	633,025	28,433	2,721	32,244	24,109	720,532
固定資產折舊	Depreciation of property, plant and equipment	160,779	30,205	4,306	9,209	27,914	232,413
預付土地租賃費攤銷	Release of prepaid lease payments	6,679	1,154	–	365	431	8,629

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

The Group's operations are located mainly in the PRC. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services:

銷售收入按地區分類

截至 1.1 . 00 止年度	截至31.12.2004 止年度

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

9. 其它業務收入

其它業務收入包括如下: Included in other income are the following:

		00 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
待銷售性投資之股息	Dividend income from available-for-sale investments	4,0 4	–
非上市證券性投資之股息	Dividend income from unlisted investment securities		645
處置待銷售性投資收益	Gain on disposal of available-for-sale investments	1,/ 0	–
處置固定資產收益	Gain on disposal of property, plant and equipment	,	2,533
政府補貼	Government subsidy	1	399
金融衍生工具公允價值變化收益	Gain on fair value changes of derivative financial instruments	,4	–
存放於金融機構之存款利息收入	Interest income from financial institutions	,	121,293
廢料銷售利潤	Profit from sales of scrap materials	, 1	8,491
轉回呆壞賬準備	Reversal of allowance for bad and doubtful debts		7,414
其他	Other income	1 , 1	12,738
		,	153,513

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

10. 財務支出 10. ,

		00 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
借款利息支出 須於五年內全部償還借款	Interest on borrowings: wholly repayable within five years	/1,0	49,197
毋須於五年內全部償還借款	not wholly repayable within five years	, 4	8,926
		10 ,/	58,123
減:已撥充資本之有關存貨利息支出	*Less*: Interest capitalised in inventories	(,)	–
已撥充資本之有關在建工程利息支出	Interest capitalised in construction in progress	(1,0)	(10,234)
		,/ /	47,889

本年已撥充資本之借貸成本是指用於資產的一般性貸款按6%(二零零四年:6%)的利率予以資本化的金額。

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6% (2004: 6%) to expenditure on qualifying assets.

11. 稅項 11. ,

稅項支出包括:

The charge comprises:

		00 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
中國所得稅 －本年度	PRC enterprise income tax – current year	1 , 1	26,898
－過往年度撥備(過剩)不足	– (over)underprovision in prior years	( )	136
		1 ,/	27,034

該支出乃指按本年度估計之應課稅收入以稅率15%計算之中國所得稅。

The charge mainly represents PRC enterprise income tax calculated at 15% of the estimated taxable income for the year.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

11. 稅項(續) 11. (Continued)

根據中國財政部及國家稅務局於一九九四年三月二十九日所發出之文件, 本集團除某些附屬公司以外應課稅收入須按15%之稅率繳付所得稅。

Pursuant to a document issued by the PRC Ministry of Finance and the State Tax Bureau on 29th March, 1994, taxable income earned by the Group, except for certain subsidiaries, is subject to an enterprise income tax rate of 15%.

本年度稅務支出與綜合收益表內溢利之對照如下:

The tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

		00 **人民幣千元** ***Rmb'000***	2004 *人民幣千元* *Rmb'000*
除稅前溢利	Profit before taxation	**,1**	168,963
本集團按15%的稅率計算	Tax charge at the enterprise income tax rate of 15%	**104,41**	25,344
共享聯營公司經營成果對稅務的影響	Tax effect of share of results of associates	**(1)**	(618)
因集團附屬公司按所得稅33%所增加之企業所得稅	Additional enterprise income tax in respect of the income tax rate of 33% for certain subsidiaries	**,/01**	811
在計算本年應課稅金額時不須課稅收入對稅務的影響	Tax effect of income not taxable for tax purpose	**(10,/)**	(1,502)
在計算本年應課稅金額時不可扣除支出對稅務的影響	Tax effect of expenses not deductible for tax purpose	**0, 1**	5,462
因一家中國附屬公司獲稅務豁免影響	Effect of tax exemptions granted to a PRC subsidiary	**(,/1)**	(2,599)
過往年度之撥備(過剩)不足	(Over)underprovision in respect of prior years	**( )**	136
本年度稅務支出	Tax charge for the year	**1 ,/**	27,034

於資產負債表結算日及本年度內並無重大未撥備之遞延稅項。

There was no significant unprovided deferred taxation for the year or at the balance sheet date.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

12. 本年利潤 1 .

扣除費用後的利潤: Profit for the year has been arrived at after charging:

		00 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
人工成本(包括董事和監事的薪酬)	Staff costs including directors' and supervisors' emoluments	/1 ,	526,754
退休福利計劃	Retirement benefit scheme contributions	10 ,/0	80,101
人工總成本	Total staff costs	,/04	606,855
壞賬準備	Allowance for bad and doubtful debts	/4, 00	1,360
存貨跌價準備	Allowance for inventories	,04	10,822
專利權攤銷	Amortisation of patent	,01	–
預付土地使用權租賃費攤銷	Release of prepaid lease payments	,	8,629
審計費	Auditors' remuneration	, 0	2,780
投資物業折舊	Depreciation for investment properties	14,	–
固定資產折舊	Depreciation for property, plant and equipment	, 0	232,413
待銷售性投資減值損失(包含於其它業務費用)	Impairment loss recognised in respect of available-for-sale investments (included in other expenses)	,/	–
證券性投資減值損失(包含於其它業務費用)	Impairment loss recognised in respect of investments in securities (included in other expenses)		2,043
匯兌淨損失	Net foreign exchange loss	,1 1	2,494
研究開發費用	Research and development expenses	0 ,/ 1	204,203
應付聯營公司稅項(包含於聯營公司溢利)	Share of tax of associates (included in share of results of associates)		–

財務報表附註(續)
Notes to Financial Statements (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

13. 董事及監事酬金 13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

下表分別列示了16(2004:16)位董事和監事個人的薪酬情況:

The following table discloses the remuneration of each of the 16 (2004: 16) directors and supervisors:

		* 耿雷 Mr. Geng Lei 人民幣千元 Rmb'000	* 宮晶坤 Mr. Gong Jing-kun 人民幣千元 Rmb'000	* 趙克非 Mr. Zhao Ke-fei 人民幣千元 Rmb'000	* 段洪義 Mr. Duan Hong-Yi 人民幣千元 Rmb'000	* 商中福 Mr. Shang Zhong-fu 人民幣千元 Rmb'000	* 吳偉章 Mr. Wu Wei-zhang 人民幣千元 Rmb'000	** 李根深 Dr. Li Gen-shen 人民幣千元 Rmb'000	** 梁維燕 Mr. Liang Wei-yan 人民幣千元 Rmb'000	*** 周道炯 Mr. Zhou Dao-jiong 人民幣千元 Rmb'000	*** 都興有 Mr.Du Xing-you 人民幣千元 Rmb'000	*** 丁雪梅 Ms. Ding Xue-mei 人民幣千元 Rmb'000	**** 郎恩齊 Mr. Lang En-qi 人民幣千元 Rmb'000	**** 楊旭 Mr. Yang Xu 人民幣千元 Rmb'000	**** 胡長付 Mr. Hu Chang-fu 人民幣千元 Rmb'000	**** 盧春蓮 Mrs. Lu Chun-lian 人民幣千元 Rmb'000	**** 李振華 Mr. Li Zhen-hua 人民幣千元 Rmb'000	2005合計 Total 2005 人民幣千元 Rmb'000
酬金	Fee			329		283	240		70									922
其他薪資	Other emoluments																	
工資與其他福利費	Salaries and other benefits												280	49	31	91		451
退休福利計劃	Contributions to retirement benefits scheme			9		9	9		9				9	8	9	9		71
薪酬總額	Total emoluments			338		292	249		79				289	57	40	100		1,444

		* 耿雷 M. Geng Lei 人民幣千元 Rmb'000	* 宮晶坤 M. Gong Jing-kun 人民幣千元 Rmb'000	* 趙克非 M. Zhao Ke-fei 人民幣千元 Rmb'000	* 段洪義 M. Duan Hong-Yi 人民幣千元 Rmb'000	* 商中福 M. Shang Zhong-fu 人民幣千元 Rmb'000	* 吳偉章 M. Wu Wei-zhang 人民幣千元 Rmb'000	** 李根深 Dr. Li Gen-shen 人民幣千元 Rmb'000	** 梁維燕 M. Liang Wei-yan 人民幣千元 Rmb'000	*** 周道炯 M. Zhou Dao-jiong 人民幣千元 Rmb'000	*** 都興有 M.Du Xing-you 人民幣千元 Rmb'000	*** 丁雪梅 M. Ding Xue-mei 人民幣千元 Rmb'000	**** 郎恩齊 M. Lang En-qi 人民幣千元 Rmb'000	**** 楊旭 M. Yang Xu 人民幣千元 Rmb'000	**** 胡長付 M. Hu Chang-fu 人民幣千元 Rmb'000	**** 盧春蓮 M. Lu Chun-lian 人民幣千元 Rmb'000	**** 李振華 M. Li Zhen-hua 人民幣千元 Rmb'000	2004合計 Total 2004 人民幣千元 Rmb'000
酬金	Fee			303		240	232		180									955
其他薪資	Other emoluments																	
工資與其他福利費	Salaries and other benefits												240	37	31	54		362
退休福利計劃	Contributions to retirement benefits scheme			9		9	9		9				9	8	9	9		71
薪酬總額	Total emoluments			312		249	241		189				249	45	40	63		1,388

* *集團執行董事*
** *集團非執行董事*
*** *集團的獨立非執行董事*
**** *集團的監事*

* *Being executive directors of the Group*
** *Being non-executive directors of the Group*
*** *Bein independent non-executive directors of the Group*
**** *Being supervisors of the Group*

這兩年無個別董事薪酬超過港幣100萬元。

None of the directors received emoluments in excess of HK$1,000,000 for the year.

於二零零四年及二零零五年, 本集團五位最高薪金之個別人士均為本公司之董事或監事, 其酬金列示如上。

The five highest paid individuals in the Group for 2004 and 2005 are directors of the Company and their emoluments are disclosed above.

截至二零零五年十二月三十一日止年度 F ne ea e ded 31 Dece be , 2005

14. DIVIDENDS

2005	2004
人民幣千元	*人民幣千元*
Rmb'000	*Rmb'000*
末期已付2004年股息每股人民幣0.051元 (2003：人民幣0.008	F a d de d a d f 2004 f

財務報表附註(續)
Notes to the Financial Statements (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

16. 固定資產(續) 16. PROPERTY, PLANT AND EQUIPMENT (continued)

折舊	DEPRECIATION						
於二零零四年一月一日	At 1st January, 2004	404,512	1,218,849	99,563	60,617		1,783,541
處置附屬公司	Disposal of subsidiaries		(3,850)	(308)	(182)		(4,340)
本年度撥備	Provided for the year	41,185	164,399	16,581	10,248		232,413
處置時轉銷	Eliminated on disposals	(22,929)	(41,577)	(8,175)	(15,969)		(88,650)
於二零零五年一月一日	At 1st January, 2005	422,768	1,337,821	107,661	54,714		1,922,964
本年度撥備	Provided for the year	42,789	187,303	26,615	9,843		266,550
投資物業轉入	Transferred to investment properties	(7,606)					(7,606)
處置時轉銷	Eliminated on disposals	(14,443)	(33,633)	(7,894)	(27,032)		(83,002)
於二零零五年十二月三十一日	**At 31st December, 2005**	**443,508**	**1,491,491**	**126,382**	**37,525**	**-**	**2,098,906**
賬面淨值	CARRYING AMOUNT						
於二零零五年十二月三十一日	**At 31st December, 2005**	**775,620**	**1,063,776**	**140,465**	**30,665**	**492,824**	**2,503,350**
於二零零四年十二月三十一日	At 31st December, 2004	794,166	904,383	106,155	30,984	650,235	2,485,923

上述各類固定資產每年按照以下比率採用直線法提取折舊:

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

房屋建築	Buildings	3.23%-6.47%
廠房設備及機器	Plant and machinery	6.47%-13.86%
傢俬、裝置及設備	Furniture, fixtures and equipment	10.78%-19.40%
汽車	Motor vehicles	16.17%-19.40%

財務報表附註(續)
Notes to the Financial Statements (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

20. 於聯營公司權益(續) 20. INTERESTS IN ASSOCIATES (continued)

於二零零五年十二月三十一日,本集團於以下聯營公司有權益:

At 31 December, 2005, the Group had interests in the following associates:

公司名稱 Name of entity	公司類型 Form of business structure	公司註冊國家/註冊地 Place/Country of incorporation/registration	主要經營地 Principal place of operation	本公司持有已發行股本股票類型 Class of share held	面值之比率 Proportion of nominal value of issued capital/registered capital held by the Group	持有表決權 Proportion of voting power held	主要經營活動 Principal activity
哈爾濱三利亞股份有限公司	設立 Established	中華人民共和國 PRC	中華人民共和國 PRC	普通股 Ordinary	44.25%	44.25%	從事非金屬合金表面處理功能性膜層的開發和應用、電液漆、電解液及相關化工產品生產與銷售。 Development, application and production of functional coating on surface of non-metallic alloy, electrolytic paint, electrolyte and related chemical products
通用電氣-哈動能源服務(秦皇島)有限責任公司	設立 Established	中華人民共和國 PRC	中華人民共和國 PRC	普通股 Ordinary	41%	41%	為鍋爐廠、汽輪機廠及電機廠提供維修安裝及現場服務 Provision of maintenance, repair and erection services for boiler, turbine and generator
葫蘆島濱海水電大件製造有限責任公司	設立 Established	中華人民共和國 PRC	中華人民共和國 PRC	普通股 Ordinary	50%	50%	生產電站設備 Manufacture of power station equipment
哈爾濱鍋爐容器工程有限公司	設立 Established	中華人民共和國 PRC	中華人民共和國 PRC	普通股 Ordinary	27.28%	27.28%	為鍋爐生產提供質量保證服務 Provision of quality assurance services for boiler manufacturing

財務報表附註(續)
Notes to Financial Statements (continued)

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

20. 於聯營公司權益(續) 20. INTERESTS IN ASSOCIATES (continued)

The aggregate financial information of the Group's associates is as follows:

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
總資產	Total assets	**618,497**	464,520
總負債	Total liabilities	**(333,292)**	(205,856)
淨資產	Net assets	**285,205**	258,664
集團公司對其聯營公司資產所佔份額	Group's effective interest in associates	**118,372**	109,440
收入	Revenue	**311,164**	170,650
本年利潤	Profit for the year	**8,120**	9,043
本年集團公司從聯營公司獲取的收益	Group's effective interest in profit for the year	**2,127**	4,123

21. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments at 31 December, 2005 comprise:

		人民幣千元 Rmb'000
中國非上市證券投資－投資成本減去減值準備	Unlisted equity securities in PRC, at cost less impairment	56,245
按票面價值購入的固定利率為2.3%至3.8%，2006年到期的中國債券	Debt securities in PRC with fixed interest rates ranging from 2.3% to 3.8% and maturity dates in 2006, at face value	1,381,939
		1,438,184
按報告要求分析如下：	Analysed for reporting purposes as:	
非流動資產	Non-current assets	56,245
流動資產	Current assets	1,381,939
		1,438,184

截至二零零五年十二月三十一日止年度 F ne ea e ded 31 Dece be , 2005

21. AVAILABLE-FOR-SALE INVESTMENTS (continued)

A a ne ba a ce nee da e, a a ab e-f - a e e a ed a fa a e, exce f n e ed e e f n cn ne fa a e ca be ea ed e ab . Fa a e f ne G ' a a ab e-f - a e e e na e bee de e ed b efe e ce b d ce ed ac e a e .

Tne ed e e e e e e e ed e ec e ed b a e e e c a ed ne PRC. Tne a e ea ed a c e a e e a eacn ba a ce nee da e beca e ne a ge f ea ab e fa a e e a e de na ne d ec f ne C a a e f ne na ne fa a e ca be ea ed e ab .

22. INVESTMENT SECURITIES

I e e ec e a a 31 Dece be , 2004 a e be . U ne a ca f HKAS 39 1 Ja a , 2005, e e ec e e ec a f ed a a e ca eg e de HKAS 39 (ee N e 3 f de a).

2004

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

23. 存貨 / 23. INVENTORIES

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
原材料	Raw materials	**2,680,191**	2,095,643
在製品	Work in progress	**8,670,656**	4,329,610
製成品	Finished goods	**741,951**	465,228
房地產開發成本	Properties under development	**198,058**	1,118,663
用於銷售之房地產開發產品	Completed properties for sale	**272,582**	111,456
		12,563,438	8,120,600

24. 應收賬款、其他應收款、按金及預付款項 / 24. TRADE DEBTORS/OTHER DEBTORS, DEPOSITS AND PREPAYMENT

給予客戶之信貸期各不相同，一般按個別客戶之財政情況而定。為了有效管理與應收賬款相關之信貸風險，本集團定期披露客戶信用評估。

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

於資產負債表日應收賬款的賬齡分析如下：

An aged analysis of trade debtors at the balance sheet date is as follows:

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
1年內	Within 1 year	**3,751,947**	1,830,659
1年至2年	1 to 2 years	**319,447**	333,065
2年至3年	2 to 3 years	**65,552**	103,798
3年以上	Over 3 years	**63,472**	191,923
		4,200,418	2,459,445

二零零四年十二月三十一日和二零零五年十二月三十一日集團應收賬款和其他應收款的公允價值接近於相應的賬面價值。

The fair value of the Group's trade debtors and other debtors at 31st December, 2005 and 2004 approximates to the corresponding carrying amount.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

25. 建造合同應收(預收)款

25. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
於資產負債表日的建造合同:	Contracts in progress at the balance sheet date:		
迄今成本	Contract costs incurred	**8,082,388**	4,716,220
應佔溢利扣除可預見虧損	Recognised profits less recognised losses	**410,979**	277,033
		8,493,367	4,993,253
已收及應收工程進度款項	*Less:* Progress billings	**(6,765,513)**	(4,587,336)
		1,727,854	405,917
其中:	Represented by:		
建造合同應收款	Amounts due from customers included in current assets	**2,078,776**	1,013,898
建造合同預收款	Amounts due to customers included in current liabilities	**(350,922)**	(607,981)
		1,727,854	405,917

截至二零零四年十二月三十一日和二零零五年十二月三十一日止, 並無未付足的建造合同工程款。

As at 31st December, 2004 and 2005, there were no retentions held by customers for contract works.

26. 應收聯屬公司款項/欠最終控股公司款項

26. AMOUNTS DUE FROM FELLOW SUBSIDIARIES/AMOUNT DUE TO ULTIMATE HOLDING COMPANY

此款項為無抵押, 不計息, 且無固定還款期限。二零零四年十二月三十一日和二零零五年十二月三十一日的公允價值接近於相應的賬面價值。

The amounts are unsecured, non-interest bearing and are repayable on demand. The fair value of the amounts at 31st December, 2005 and 2004 approximates to the corresponding carrying amount.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

27. BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
現金	Cash at bank and in hand	**4,327,546**	4,560,239
3個月內到期的定期存款	Bank deposits, matured within 3 months	**268,360**	261,288
3個以內到期的股票投資	Investments in securities, matured within 3 months	**–**	401,507
		4,595,906	5,223,034
3個以後到期的定期存款	Bank deposits, matured over 3 months	**284,802**	774,160

As at 31st December, 2005 Rmb4,065,426,000 (2004: Rmb4,920,137,000) of the bank balances and cash were ancforeign excTfg a/G3trol promulg00aF4syStatePRCD0.1022 Tc0.1901

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

28. 應付賬款／其他應付款及應計費用

應付賬款的賬齡分析如下：

28. TRADE CREDITORS/OTHER CREDITORS AND ACCRUED CHARGES

An aged analysis of trade creditors at the balance sheet date is as follows:

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
1年內	Within 1 year	**4,041,474**	2,054,229
1年至2年	1 to 2 years	**190,193**	211,862
2年至3年	2 to 3 years	**28,048**	45,868
3年以上	Over 3 years	**75,613**	69,253
		4,335,328	2,381,212

二零零四年十二月三十一日和二零零五年十二月三十一日集團應付賬款和其他應付款接近於相應的賬面價值。

The fair value of the Group's trade creditors, other creditors and accrued charges at 31st December, 2005 and 2004 approximates to the corresponding carrying amount.

29. 已收按金

已收按金為在建中合約工程及預售發展物業中向顧客已收取之進度款項。已收按金中，約有人民幣2,220,972,000元（2004：2,878,848,000）為於結算日後十二個月才開始動工之合約按金，故歸入非流動負債。而其餘部份則為於結算日後十二個月內開始動工的在建工程按金，故歸入流動負債。已收按金將會用作抵銷基於完工的合同價款。

29. DEPOSITS RECEIVED

The amount represents the progress payments received from customers in respect of work in progress and properties sold in advance. Included in deposits received of approximately Rmb2,220,972,000 (2004: Rmb2,878,848,000) were the progress payments received in respect of contract works to be commenced twelve months from the balance sheet date and were classified in the balance sheet as non-current. The remaining balance represents deposit received for contract works to be commenced within one year and were classified as current liabilities. The deposits received will be used to set-off the contract price upon the completion of contract works.

二零零四年十二月三十一日和二零零五年十二月三十一日的公允價值接近於相應的賬面價值。

The fair value of the amount at 31st December, 2005 and 2004 approximates to the corresponding carrying amount.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

30. 欠最終控股公司款項

短期

此款項為無抵押, 不計息且無固定還款期限. 二零零四年十二月三十一日和二零零五年十二月三十一日的公允價值接近於相應的賬面價值.

長期

此款項包括2001年發生的人民幣30,000,000元和1999年發生的人民幣30,000,000元. 以上欠款將會按照年固定利率5.76%計息, 且無固定還款條件. 在資產負債表日後的12個月內, 不被要求歸還此款項, 因此被歸為長期負債. 二零零四年十二月三十一日和二零零五年十二月三十一的公允價值接近於賬面價值.

30. ADVANCE FROM ULTIMATE HOLDING COMPANY

Current

The amount is unsecured, non-interest bearing and repayable on demand. The fair value of the amount at 31st December, 2005 and 2004 is approximate to the corresponding carrying amount.

Non-current

Included in the amount are Rmb30,000,000 raised in 2001 and Rmb30,000,000 raised in 1999. The above advances will be subject to an annual fixed interest rate of 5.76% and have no fixed repayment term. The amount will not be demanded for repayment in the next twelve months of the balance sheet date and, accordingly, the amounts have been classified as non-current liabilities. Their fair value at 31st December, 2005 and 2004 approximates to their carrying value.

31. 應交稅金 / 31. TAX LIABILITIES

		2005 *人民幣千元* ***Rmb'000***	2004 *人民幣千元* *Rmb'000*
增值稅	Value added tax	**16,224**	2,976
所得稅	Enterprise income tax	**102,392**	11,480
營業稅	Business tax	**11,644**	4,650
其它	Others	**8,011**	3,393
		138,271	22,499

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

32. 借款 32. BORROWINGS

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
銀行借款	Bank loans	**3,057,574**	2,147,595
其他借款	Other loans	**73,371**	126,067
		3,130,945	2,273,662
擔保	Secured	**93,800**	48,178
非擔保	Unsecured	**3,037,145**	2,225,484
		3,130,945	2,273,662
借款還款情況如下:	The borrowings are repayable as follows:		
一年內	Within one year	**407,180**	784,200
一至兩年	More than one year but not more than two years	**220,000**	393,000
兩至三年	More than two years but not more than three years	**505,000**	230,000
三至四年	More than three years but not more than four years	**490,000**	260,000
四至五年	More than four years but not more than five years	**500,000**	215,000
五年以上	Over five years	**1,008,765**	391,462
		3,130,945	2,273,662
一年內到期的短期負債	*Less:* Amounts due within one year classified as current liabilities	**(452,180)**	(784,200)
		2,678,765	1,489,462

兩年內所有的集團借款固定利率在3.2%至7.7%中浮動。合同利率與實際利率相同。

All of the Group's borrowings carrying at fixed rate ranging from 3.2% to 7.7% at both years. The contracted interest rates are equal to the effective interest rates.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

32. 借款(續)

截止於2005年12月31日集團銀行借款人民幣425,000,000元(二零零四年:人民幣450,000,000元)均由哈電集團批准。

於二零零五年十二月三十一日和二零零四年十二月三十一日集團的借款是以人民幣為本位幣, 是集團的功能性貨幣。

年內集團新增借款人民幣1,746,333,000元。借款有固定利息, 借款期限為2006至2015年, 此借款用於運營資金。

董事會認為賬面價值接近於它們的公允價值。

32. BORROWINGS (continued)

At 31st December 2005, Rmb425,000,000 (2004: Rmb450,000,000) of the Group's bank borrowings are guaranteed by HPEGC.

The Group's borrowings at 31st December, 2005 and 2004 are denominated in Renminbi, which is the functional currency of the Group.

During the year, the Group obtained new loans in the amount of Rmb1,746,333,000 The loans bear interest at fixed rate and will be repayable starting from 2006 to 2015. The loans were used for working capital of operation.

The directors consider that the carrying amounts of the borrowings approximate their fair value.

33. 金融衍生工具

集團的金融衍生工具, 不能按對嵲會計來計算的:

33. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's derivative financial instruments, which are not accounted for under hedge accounting, are as follows:

	2005 *人民幣千元* ***Rmb'000***	2004 *人民幣千元* *Rmb'000*
外幣遠期合約 Foreign currency forward contracts	**344**	–

外幣遠期合約條件如下:

The terms of the foreign currency forward contracts are as follows:

合同價 **Notional amount**	**到期** **Maturity**	**匯率** **Exchange rates**
買出日元20,000,000 Sell Yen 20,000,000	17/01/2006	103.21日元／1美元 Yen 103.21/USD
買出日元20,000,000 Sell Yen 20,000,000	31/03/2006	110.32日元／1美元 Yen 110.32/USD
買出日元20,000,000 Sell Yen 20,000,000	31/03/2006	108.76日元／1美元 Yen 108.76/USD

以上金融衍生工具公允價值是在2005年12月31日的公允價值。其公允價值是基於等同工具於資產負債日的遠期滭率計算的。

The above derivative financial instruments are measured at fair value at 31st December, 2005. The respective fair value is determined by applying the notional amount of the contract to the difference between the contracted forward rate and the forward rate of equivalent instrument as at balcance sheet date.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

34. 股本

2005年12月14日, 公司以每股港幣4.45元(相當於約人民幣4.63元)發行了93,830,000 H股每股面值人民幣1元。在所有新發行的H股中, 8,530,000股由國有法人股轉換而來。集資淨額港幣371,022,000元(相當於人民幣約386,234,000元), 已扣除相關費用約港幣9,419,000元(相當於人民幣約9,805,000元)。

依照2005年6月13日股東周年大會的決議和相關政府權威的批准, 在公司H股上市期間, 部分公司國有法人股持有者轉換了8,530,000國有法人股至H股, 並定義為公司H股。新發行的公司H股中大約有集資淨額人民幣38,624,000元與此轉換有關。這次集資根據相關中國政府的要求會被移交給國家社會保障基金。

除股利支付的幣種不同以及對中國境內和境外資者的限制不同外, 國有法人股和H股在其他方面均相同。

34. SHARE CAPITAL (continued)

On 14th December 2005, 93,830,000 of the Company's H shares of Rmb1 each were issued at a price of HK$4.45 (equivalent to approximately Rmb4.63) per share. Of all the newly issued H shares, 8,530,000 H shares were converted from the stated owned equity interest shares. The aggregate net proceeds were approximately HK$371,022,000 (equivalent to approximately Rmb386,234,000) after deducting related expenses for the placing of approximately HK$9,419,000 (equivalent to approximately Rmb9,805,000).

Pursuant to a resolution at the annual general meeting on 13 June 2005 and approvals from relevant government authorities, during the listing of the Company's H shares, certain of the Company's stated owned equity interest shareholders converted an aggregate of 8,530,000 state owned equity interest shares into H shares and offered them in the placement of the Company's H shares. Net proceeds of approximately Rmb38,624,000 obtained from the newly issued H shares were related to such conversion and such proceeds would be remitted to the National Council for the Social Security Fund in accordance with the relevant PRC government requirement.

Except for the currency in which dividends are paid and restrictions as to whether the shareholders can be PRC investors or foreign investors, state owned equity interest shares and H shares rank pari passu in all respects with each other.

截至二零零五年十二月三十一日止年度 For the year ended 31st December, 2005

35. 處置附屬公司 / 35. PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY

於2004年期間, 集團處置了70%「哈爾濱鍋爐容器工程有限公司」的股東權益對價現金人民幣6,100,000元. 該日淨資產處置如下:

During the year ended 31st December, 2004, the Group disposed 70% equity interest in "哈爾濱鍋爐容器工程有限公司" for a cash consideration of Rmb6,100,000. The net assets at the date of disposal were as follows:

		人民幣千元 Rmb'000
淨資產處置:	NET ASSETS DISPOSED OF	
固定資產	Property, plant and equipment	1,393
存貨	Inventories	25,109
應收賬款	Trade debtors	24,368
其它應收款, 按金及預付款項	Other debtors, deposits and prepayments	24,804
銀行結存及現金	Bank balances and cash	86,966
應付賬款	Trade creditors	(5,378)
其它應付款及應計費用	Other creditors and accrued expenses	(15,706)
已收按金	Deposits received	(130,132)
應交稅金	Tax liabilities	(35)
		11,389
於聯營公司權益	Interest in an associate	(5,264)
由出售部份於聯屬公司權益所產生之儲備	Reserve realised on partial disposal of interest in a subsidiary	(22)
		6,103
處置附屬公司現金流出淨額:	Net cash outflow arising on partial disposal of interest in a subsidiary:	
現金	Cash consideration	6,103
處置銀行的存款及現金	Bank balances and cash disposal of	(86,966)
		(80,863)

財務報表附註(續)
Notes to the Financial Statements (Continued)

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

36. 或有負債 36. CONTINGENT LIABILITIES

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
子公司為外部第三方貸款提供擔保	Guarantees given to banks in relation to loans borrowed by third parties	216,490	232,690

本年集團的一個聯屬公司被客戶(原告)起訴違約。原告要求人民幣12,000,000元賠償款,並向法院申請凍結其 貴公司之一間附屬公司之銀行存款人民幣12,000,000元。公司董事認為以上行為是不合理的,因為集團之附屬公司和原告之間沒有合同關係。此外該附屬公司與其聯屬公司是獨立的法律主體,因此該附屬公司不應承擔法律責任。集團已經聘請了法律顧問,在訴訟過程中進行咨詢。2005年12月5日一份請願書被承遞至法院要求解除銀行存款受限。截止至此份報告書日期,法院還未作出任何判決。

During the year, a wholly-owned subsidiary of the Group (the latter) received a writ issued by a customer (the plaintiff) claiming for compensation of RMB12,000,000 and requesting the Changsha Intermediate People's Court to freeze the deposits of RMB12,000,000 maintained by the Company's subsidiary with banks. The directors of the Company consider that the above claim is unreasonable as there is no contractual relationship between the subsidiary of the Group and the plaintiff. In addition, the subsidiary and its fellow subsidiaries are separate legal entities and therefore the subsidiary should not be liable for the claim. The Group has engaged legal advisers to handle the lawsuit. As at the date of this report, there is no judgement from the court.

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

37. OPERATING LEASES

T G . a

r er r e al m e ear e r the ear a ar ma el m 35,021,000 (2004: Nil). he Gr ' r er e hel r e al r e are e e t e era e e al el 10.97% a a . All he r er e hel hav e mm tt e a ra r m 1 t 20 ear .

A t he ala e hee a e, he Gr ha ra e h e a t r he ll m m Lea a me t :

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
一年內	hi e ear	30,587	
一至五年	he e h ear l e	120,668	
五年後	er e ear	331,814	
		483,069	

A 31 De em er, 2004, he Gr ha mm me
er era Lea e .

38. CAPITAL COMMITMENTS

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
股權投資的資本支出		

財務報表附註(續)
Notes to the Financial Statements (Continued)

39. PLEDGE OF ASSETS

At 31 December, 2005, the Group had leasehold properties with a carrying amount of approximately HK$233,197,000 (2004: leasehold properties with a carrying amount of approximately HK$48,179,000) and a property with a carrying amount of approximately HK$355,000,000 (2004: Nil) were pledged to secure general banking facilities granted to the Group.

40. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong. With effect from 1 December 1996, the Group has established a mandatory provision retirement benefit scheme which complies with the Mandatory Provident Fund Schemes Ordinance for all employees in Hong Kong. The Group contributes 22% of the salary of each employee, while employees are required to contribute 8% of their salary. An employee's retirement benefit

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

41. 關聯人士交易

41. RELATED PARTY TRANSACTIONS

(i) 與最終控股公司和附屬公司的交易／結存

本公司於2004年10月10日和哈電集團公司及其附屬公司簽署有關提供福利及後勤服務的新協議。此協議為原本於2004年10月7日和哈電集團公司及其附屬公司簽署之協議的更新本。根據新協議，本集團付予哈電集團公司及其附屬公司及向其收取之服務費用總額分別為人民幣47,347,000元(二零零四年：人民幣53,455,000元)及人民幣8,801,000元(二零零四年：人民幣11,874,000元)。

截至二零零五年十二月三十一日，本集團付予哈電集團公司之附屬公司原材料採購費為人民幣49,046,000元(二零零四年：人民幣44,296,000元)。

截至二零零五年十二月三十一日，哈電集團公司向銀行提供擔保，為本公司取得一般信貸融資。

有關欠最終控股公司款項之條款，請參看附註26及30。

(i) Transactions/balances with ultimate and subsidiary companies

On 10th December, 2004, the Company entered into a new agreement in relation to the provision of welfare and logistics services with HEGC and its subsidiaries (the "HEGC Group"), which the agreement will expire on the three financial years ended 31 December, 2007. This agreement is an update of the original agreement entered into with HEGC on 7th November, 1994. Pursuant to the agreement, the aggregate amounts charged by the HEGC Group and the annual caps amounted to RMB47,347,000 (2004: RMB53,455,000) and RMB8,801,000 (2004: RMB11,874,000) respectively.

For the year ended 31 December, 2005, the Group purchased raw materials from HEGC amounted to RMB49,046,000 (2004: RMB44,296,000).

As at the balance sheet date, the Company received a guarantee from the Group for general banking facilities granted by banks.

For details of the amounts due to ultimate holding company, please refer to notes 26 and 30.

財務報表附註(續)
N e t h e Fi a ial s a em e t (e)

截至二零零五年十二月三十一日止年度 F r th e ar e 31 t D em er, 2005

41. RELATED PARTY TRANSACTIONS (c d)

( ) Ta ac /ba a c a -c d PRC

h e Gr era e i a e m i e r m e t rr e l r e m i a e e t i r e t l r i ir e t l e r t r ll e h e C r m e t (a e- r ll e e t t e). I a t i , t h e Gr t e l i ar a lar er r m a l e er H EGC, hi h i r ll e h e C r m e t. A ar r m h e ra a t i h H EGC a ll i iarl e i l e i e t (i) a r e, t h e Gr al i e t h h er a e- r ll e e t t e . h e ir r i er h e a e- r ll e e t t e ar e i e e t hir ar t le ar a h e Gr, i e ra a t t h t h e m ar e er e .

I e a li hi i r i ra e a a r ral r e t r ra a t t h t h er a e- r ll e e t t e, h e Gr e t i er e t t ra e h e r t h e t er- ar t i a a e- t r ll e e t t r t.

Ma erial ra a i / ala e t h t h er a e- t r ll e e t t e ar e a ll :

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
銷售	ra e al e	**14,809,989**	7,763,085
採購	ra e r ha e	**7,513,540**	4,511,540
其他國有企業應欠款	Am t e t h e r a e- t r ll e e t t e	**21,151,119**	9,098,035
其他國有企業應收款	Am e r m t h e r a e- t r ll e e t t e	**7,810,538**	5,209,166

I a t i , t h e Gr ha e t e r e i t rari t ra a t i ,

截至二零零五年十二月三十一日止年度 For the year ended 31 December, 2005

42. 主要附屬公司詳述 42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

截至於2005年12月31日, 公司在中國建立並運營的主要附屬公司詳細如下:

Details of the Company's principal subsidiaries as at 31 December, 2005, all of which are registered and operate in the PRC, are:

附屬公司名稱 Name	註冊資本 Registered capital 人民幣萬元 RMB'000	公司持有註冊資本名義價值比例 Proportion of nominal value of registered capital held by the Company 直接 Direct %	間接 Indirect %	主要活動 Principal activities
哈爾濱鍋爐廠有限責任公司*	746,853	90.94	–	生產鍋爐 Manufacture of boilers
哈爾濱電機廠有限責任公司*	709,237	87.37	–	生產蒸汽渦輪發動裝置和水渦輪發動裝置 Manufacture of steam turbine generator sets and hydro turbine generator sets
哈爾濱電站工程有限責任公司*	136,000	100	–	為電站提供工程服務 Provision of engineering services for power stations
哈爾濱汽輪機廠有限責任公司*	859,723	62.54	–	生產電站汽輪機 Manufacture of steam turbines
哈爾濱動力科技貿易股份有限公司**	27,000	55.55	44.45	貿易 Trading
哈爾濱東力房地產開發有限責任公司*	10,000	–	51.25	房地產開發 Property development
哈爾濱哈鍋閥門股份有限公司**	80,000	34	63.85	生產閥門 Manufacture of valves
哈電發電設備國家工程研究中心有限公司*	50,000	60	–	發電設備研發工程化技術 Research and development of engineering technology for power generation equipment

截至二零零五年十二月三十一日止年度 F r t h e ear e e 31 t D e em er, 2005

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (c d)

附屬公司名稱 Na b d a	註冊資本 R d a ca a 人民幣萬元 R b'000	公司持有註冊資本名義價值比例 P a /a d ca a d b C a 直接 D c 間接 I d c % %	主要活動 P c a ac /
哈爾濱汽輪機廠高科技有限責任公司*	10,010	_ 100	為蒸汽渦輪提供修理保養服務

重要事項揭示
Disclosure of Significant Events

一、 二零零五年六月十三日(星期五)上午9時, 本公司在哈爾濱市動力區三大動力路39號B座17樓會議大廳, 召開了二零零四年度股東周年大會, 會議審議通過了載於二零零五年四月十六日股東周年大會通知所列之全部議案。

1. The 2004 Annual General Meeting of the Company was held in the meeting-room on the 17th Floor, at Block B, No. 39 Sandadongli Road, Dongli District, Harbin, Heilongjiang Province, PRC, on 13th June 2005 (Friday). All of the proposed resolutions stated in the Notice of Annual General Meeting on 16th April 2005 were passed at the meeting.

二、 重要新接定單情況:

2. Material New Contracts:

二零零五年一月, 本公司所屬哈爾濱電機廠有限責任公司與中國華能集團公司簽訂了小灣6 x 700MW空冷水輪發電機、景洪5 x 350MW水輪機的設計製造合同;

In January 2005, the Electrical Machinery Company under the Company signed the design and manufacture contract with China Huaneng Group for Xiaowan 6X700MW air-cooling hydraulic turbine generators and Jinghong 5X350MW hydraulic turbines;

二零零五年四月, 本公司與中國國電集團公司簽訂了江蘇泰州2 x 1000MW超超臨界鍋爐、汽輪機、發電機主機設備供貨合同;

In April 2005, the Company signed the supply contract with China State Power Corporation (Guodian) for Jiangsu Taizhou 2X1000MW ultra super critical boilers, steam turbines and main generator equipments;

二零零六年一月, 本公司與北京太陽宮燃氣熱電公司簽訂了為北京奧運工程供電、供熱、供冷的太陽宮燃氣輪機供貨合同;

In January 2006, the Company signed the supply contract with Beijing Taiyanggong Gas Heat and Power Company providing the Taiyanggong gas turbines of power supply, heat supply and coolness supply for Beijing Olympic projects;

二零零六年三月, 本公司與國家開發投資公司宣城發電公司簽訂了宣城600MW超超臨界機組脫硫島供貨合同;

In March 2006, the Company signed the supply contract for the 600MW ultra super critical power unit Desulphurization Island with Xuancheng Power Generation Plant under the State Development and Investment Corporation;

二零零六年三月, 本公司哈爾濱電站工程公司與越南錦普火電廠簽訂了錦普一期300MW火電廠總承包合同;

In March 2006, the Harbin Power Engineering Company Limited under the Company signed the general contract with the Vietnam Cam Pha Thermal Power Plant for stage one project of Cam Pha 300MW Thermal Power Plant;

二零零六年三月, 本公司哈爾濱電站工程公司與廣州三新控股集團公司簽訂了廣東順德德勝300MW火電廠總承包合同。

In March 2006, the Harbin Power Engineering Company Limited under the Company signed the general contract with the Guangzhou Sanxin Holding Group Company for Desheng 300MW Thermal Power Plant in Shunde, Guangdong.

三、 二零零五年十月, 本公司與日本東芝公司簽訂了百萬千瓦級超超臨界汽輪發電機技術轉讓協議, 二零零六年二月, 簽訂了百萬千瓦級超超臨界汽輪機技術轉讓協議。

3. In October 2005, the Company signed with Japan Toshiba Corporation the Technology Transfer Agreement on the 1,000MW class ultra super critical steam turbine generators; and in February 2006, signed the Technology Transfer Agreement on the 1,000MW class ultra super critical steam turbines.

重要事項揭示(續)
Disclosure of Significant Events – (continued)

4. In June 2005, the Company board of directors decided to set up the Nuclear Power Business Division, fully developing the Company's nuclear power business. On 18th October, the Company got approval from the National Development and Reform Commission for the Feasibility Study Report on Manufacture and Construction of 1,000MW class Nuclear Island Main Equipment, with a total investment of Rmb451.7 million and a manufacturing capability of one set of 1,000MW class nuclear island main equipment per annum. On 10th April 2006, the 1,000MW class nuclear island main equipment project of the Second stage of Qinghuangdao Seaside Heavy Duty Workshop Construction officially started.

5. In August 2005, the Company board of directors decided to set up the Fund Settlement Management Center to further optimized capital allocation, enabling us to enhance our profitability and competitiveness.

6. In August 2005, the Company got approval from the National Development and Reform Commission for the Feasibility Study Report on Localization of Introduced Large Scale Pump Storage Units Technology which, with an investment of Rmb182.14 million, would introduce all the core technology of large scale p82 T7anagemeT gl59.97 783.95 T

公司資料
Information on the Company

公司法定名稱
哈爾濱動力設備股份有限公司

公司英文名稱
Harbin Power Equipment Company Limited

公司註冊地址
中華人民共和國
黑龍江省
哈爾濱市
南崗高科技生產基地3號樓
註冊號：2301001003796

公司辦公地址
中華人民共和國
黑龍江省
哈爾濱市
動力區三大動力路39號B座
郵政編號：150040
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傳真：86-451-82135700

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香港
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遮打道16－20號
歷山大廈二十樓

法定代表人
耿雷

授權代表
趙克非
鄧先元

公司秘書
鄧先元

REGISTERED NAME OF THE COMPANY
哈爾濱動力設備股份有限公司

ENGLISH NAME OF THE COMPANY
Harbin Power Equipment Company Limited

REGISTERED ADDRESS OF THE COMPANY
Block 3
Nangang District High Technology Production Base
Harbin
Heilongjiang
PRC
Registration No. 2301001003796

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16-20 Chater Road
Central
Hong Kong

LEGAL REPRESENTATIVE
Geng Lei

AUTHORISED REPRESENTATIVES
Zhao Ke-fei
Deng Xian-yuan

COMPANY SECRETARY
Deng Xian-yuan

公司資料(續)
Information on the Company – (continued)

核數師

德勤·關黃陳方會計師行
執業會計師
香港
中環
干諾道中111號
永安中心
二十六樓

德勤華永會計師事務所有限公司
中華人民共和國
上海市
延安東路222號
外灘中心30樓

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants
26th Floor
Wing On Centre
111 Connaught Road Central
Hong Kong

Deloitte Touche Tohmatsu Certified Public Accountants Limited
30th Floor
Bund Center
222 Yan An Road East
Shanghai
PRC

法律顧問

中國法律
海問律師事務所
中華人民共和國
北京
朝陽區東三環北路2號
南銀大廈
1016室

香港法律
齊伯禮律師行
香港
中環
遮打道16－20號
歷山大廈二十樓

LEGAL ADVISORS

as to PRC Law
Haiwen & Partners
Room 1016, Beijing Silver Tower
No.2, Dongsanhuan North Road
Chaoyang District
Beijing
PRC

as to Hong Kong Law
Richards Butler
20th Floor
Alexandra House
16-20 Chater Road
Central
Hong Kong

上市資料

H股
香港聯合交易所
編號：1133

LISTING INFORMATION

H Shares
The Stock Exchange of Hong Kong Limited
Code:1133

公司資料(續)
Information on the Company – (continued)

預托股份機構
紐約銀行
美國托存證券
22nd Floor West
110 Barclay Street
New York, NY 10286 USA

投資者關係
P. O. Box 11258
Church Street Station
New York, NY10286-1258

DEPOSITARY
The Bank of New York
American Depositary Receipts
22nd Floor West
110 Barclay Street
New York, NY 10286 USA

Investor Relations
P. O. Box 11258
Church Street Station
New York, NY10286-1258

股份過戶登記處
香港證券登記有限公司
香港
中環
德輔道中199號
維德廣場七樓

SHARE REGISTER AND TRANSFER OFFICE
HKSCC Nominees Limited
7th Floor
Vicwood Plaza
199 Des Voeux Road Central
Central
Hong Kong

公司資料索閱地點
哈爾濱動力設備股份有限公司董事會秘書局
中國哈爾濱市動力區三大動力路39號B座

INFORMATION ON THE COMPANY
Available at Secretary Office of the Board of Directors
Block B, No. 39 Sanda Dongli Road, Dongli District, Harbin, PRC.

股東接待日
每月8日、18日、28日(節假日順延)
上午:9:00 - 11:00
下午:2:00 - 4:00
電話:86-451-82135717或82135727
傳真:86-451-82135700

SHAREHOLDERS RECEPTION TIME
On 8th, 18th, and 28th (the following day in case holiday)
From: 9:00 a.m. to 11:00 a.m. and
from: 2:00 p.m. to 4:00 p.m.
Tel: 86-451-82135717 or 82135727
Fax: 86-451-82135700

備查文件
Documents Available for Inspection

1. 本公司二零零五年度報告正本。

2. 本公司經審核之財務報表正本。

1. The original copy of the 2005 Annual Report of the Company.

2. The original copy of the Company's audited financial statements.

股東週年大會通知
Notice of Annual General Meeting

茲通告哈爾濱動力設備股份有限公司(本公司)謹定於二零零六年六月十六日(星期五)上午九時在中華人民共和國黑龍江省哈爾濱市動力區三大動力路39號B座17樓會議大廳, 舉行二零零五年度股東周年大會, 以便處理下列事項:

普通事項:

1. 審議並批准本公司二零零五年度董事會報告書;

2. 審議並批准本公司二零零五年度監事會報告書;

3. 審議並批准本公司二零零五年一月一日至二零零五年十二月三十一日期間經審核帳目和核數師報告;

4. 授權公司董事會決定公司聘任核數師事項及授權本公司董事會釐定其酬金;

5. 宣佈派發本公司二零零五年度股息每股人民幣0.0610元。

特別事項:

6. 授權本公司董事會有權委任任何人填補董事會臨時空缺或增任為董事, 其任期至本公司下一次股東大會完結時為止。

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Harbin Power Equipment Company Limited (the "Company") for the year of 2005 will be held at Block B, 39 Sandadongli Road, Dongli District, Harbin, Heilongjiang Province, the People's Republic of China on Friday, 16th June, 2006 at 9:00 a.m. for the following purposes:

As Ordinary Business

1. To receive and consider the report of directors for the year ended 31st December, 2005;

2. To receive and consider the report of the supervisory committee for the year ended 31st December, 2005;

3. To receive and consider the audited accounts of the Company and the auditors' report for the year ended 31st December, 2005;

4. To authorize the Board of Directors of the Company to determine the appointment of the Company's auditors and authorize the Board of Directors of the Company to fix their remuneration;

5. To declare the 2005 final dividend of Rmb0.0610 per share.

As Special Business

6. To authorize the Board of Directors of the Company to appoint any person to fill in a casual vacancy in the Board of Directors or as an additional director, his term of office shall expire at the conclusion of the next following annual meeting of the Company;

股東週年大會通知(續)
Notice of Annual General Meeting – (continued)

7. 授權本公司董事會在遵守有關法律、法規的前提下, 在董事會認為適當時機, 一次或分多次配發面值總額不超過等於本決議案通過日本公司已發行H股面值總額的20%的新股, 並決定有關發行的所有事項. 授權有效期為本決議案通過日起12個月或至股東大會通過特別決議撤消或更改本決議案時為止. 如果上述配發新股決議案被通過並得以實施, 授權董事會對本公司的《公司章程》第十五條、第十六條有關內容進行必要的修改, 以反映公司股本結構和註冊資本由於配發新股所發生的變動.

7. To authorize the Board of Directors of the Company, with complying the related regulations of the laws and rules and in their considered proper opportunity, to place the new shares at once or many times, which per value total amount will be no more than twenty percent (20%) of the Company's listed H shares' per value total amount on this resolution approval day. The authorization will be valid form the resolution approval day, its duration will be 12 months or expire until the Annual General Meeting of the Company approves the special decision to withdraw or modify this resolution. If the above resolution of placing the new shares is approved and carried out, to authorize the Board of Directors of the Company to make necessary revision on the clause 15 and clause 16 in the Articles of Association of the Company, in order to reflect the alterations of the Company's capital stock structure and registered capital, which results from the new shares placing.

8. 董事會、監事會換屆事項(有關詳情將另行公告)。

8. To conduct the re-election of the Supervisory Committee of board of directors (A further announcement will be made on related details).

9. 根據香港《上市規則》、中國《公司法》有關修訂對公司章程進行修改事項(有關修改的詳細內容本公司將另行發布公告)。

9. To make revision on Articles of Association of the Company pursuant to the related revision of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (Exchange Listing Rules) and the Company Law of the People's Republic of China (A further announcement will be made by the Company in relation to any detailed amendments).

承董事會命
公司秘書
鄧先元

By order of the Board
Deng Xian-yuan
Compan Secre ar

中國哈爾濱, 二零零六年四月十八日

Harbin, the People's Republic of China, 18th April 2006

股東週年大會通知(續)
Notice of Annual General Meeting – (continued)

公司註冊地址:
中華人民共和國
黑龍江省, 哈爾濱市
南崗區高科技生產基地三號樓

Regis ered office of he Compan :
Block 3, Nangang High Technology
Production Base
Harbin, Heilongjiang Province
People's Republic of China

公司辦公通訊地址:
中華人民共和國
黑龍江省, 哈爾濱市
動力區三大動力路39號B座

Office Address of he Compan :
Block B, No 39 Sandadongli Road, Dongli District
Harbin, Heilongjiang Province
People's Republic of China

附註:

1. 為確定有權出席股東周年大會並表決和獲派予股東會擬派的二零零五年度股息的股東名單, 本公司將於二零零六年五月十六日至二零零六年六月十五日期間(包括首尾兩天), 暫停辦理股東名冊變更登記, 暫停登記前已經在冊的股東均有權出席股東周年大會並進行表決及有權獲派二零零五年度股息(如經該股東會宣派的話), 暫停登記期間買入本公司股份的人士無權出席股東周年大會, 亦無權獲派二零零五年度股息;

2. 擬出席股東周年大會的股東應在二零零六年五月二十七日下午四時前, 將擬出席會議的書面回覆送達公司的註冊地址或辦公通訊地址。

3. 任何有權出席股東周年大會並有權表決的股東, 均有權委派一個或多個人(不論該人是否股東)作為其股東代理人, 代為出席及表決。

4. 股東代理人委任表格連同簽署人的經公證的授權書或其他授權文件(如有的話)必須於股東周年大會指定舉行時間二十四小時前送交本公司的註冊地址或辦公通訊地址方為有效。

Notes:

1. For the purpose of determining the list of shareholders entitled to attend and vote at the Annual General Meeting and the receive of the final dividend of the year of 2005 to be declared at that meeting, the Company shall temporarily suspend changes to the register of shareholders from 16th May, 2006 to 15th June, 2006 (both day inclusive). Shareholders whose names appear on the register at the time of the suspension of registration shall be entitled to attend and vote at the Annual General Meeting and shall be entitled to receive of the final dividend of the year of 2005 (if declared at that General Meeting). Persons who purchased shares of the Company during the period of suspension of registration shall not be entitled to attend the Annual General Meeting nor to the final dividend of the year of 2005.

2. Shareholders intending to attend the Annual General Meeting shall give written notice of the same to the Company, which shall be lodged at the registered office or office address of the Company on or before 4:00 p.m. on 27th May, 2006.

3. A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more persons (whether or not a shareholder of the Company) as his proxy to attend and vote instead of him.

4. To be valid, the form of proxy, together with a duly notarized power of attorney or other document of authority, of any, under which the form is signed must be deposited at the registered office or office address of the Company not less than 24 hours before the time for holding the Annual General Meeting.