



HAECO

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CORPORATE FINANCE

Our Ref.: CSA/CPA12/24

11th August 2004

BY REGISTERED MAIL

Securities and Exchange Commission
Office of International Corporate Finance
Division of Corporation Finance
450 Fifth Street, N.W.
Washington, DC 20549
USA



04036372

SUPPL

Dear Sirs,

Hong Kong Aircraft Engineering Company Limited
Exemption No. 82-3846

Pursuant to our obligation under Rule 12g3-2(b) of the Securities and Exchanges Act of 1934, we enclose the following documents for your attention:

- (a) Results Announcement Form;
- (b) Interim Results Announcement together with Notice of Closure of Register of Members which were published today in The Standard and Hong Kong Economic Journal;
- (c) The highlights announcement which was advertised in the Asian Wall Street Journal today.

Yours faithfully,

For HONG KONG AIRCRAFT ENGINEERING COMPANY LIMITED

PROCESSED

AUG 20 2004

THOMSON
FINANCIAL

Margaret Yu
Secretary

Encls.

- c.c. Eugenia Lee, BONY-HK (w/o encls.) – Fax No. 2877 0863
- Bryan Ho, BONY-NY (w/o encls.) – Fax No. 002-1-212-571-3050

MY/LW/sn
P:\sn\haeco\20\2004 Interim\ltr_SEC US_interim results

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To: Listing Division of The Stock Exchange of Hong Kong Limited
Information Services Department of The Stock Exchange of Hong Kong Limited

From: Hong Kong Aircraft Engineering Company Limited
(Name of Company/ ~~Representative Company~~)

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No. of pages: 2
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3:41
10 August 2004

Margaret YU
(Responsible Official)

2840 8868
(Contact Telephone Number)

10 August 2004
Date

Name of listed company: Hong Kong Aircraft Engineering Company Limited Stock code: 44

Year end date: 31/12/2004

Currency: HKD

Change of any figures reported in the Results Announcement Form submitted previously for the Last Corresponding Period?

Yes No

To be published in the newspapers

Summarised results announcement Full results announcement Early adoption of new disclosure requirements (Note IV)

Auditors' Report (Note V)

Qualified Modified Unqualified N/A

(FOR INTERIM RESULTS ONLY)

Interim report reviewed by

Audit Committee Auditors Neither of the above

	(Audited/ Unaudited*) Current Period	(Audited/ Unaudited*) Last Corresponding Period
	from <u>01/01/2004</u>	from <u>01/01/2003</u>
	to <u>30/06/2004</u>	to <u>30/06/2003</u>
	('Million)	('Million)
Turnover (Note I)	: <u>1,003</u>	<u>986</u>
Profit/(Loss) from Operations (Note II)	: <u>119</u>	<u>70</u>
Finance Charges	: <u>(1)</u>	<u>-</u>
Share of Profit / (Loss) of Associates	: <u>Nil</u>	<u>Nil</u>
Share of Profit / (Loss) of Jointly Controlled Entities	: <u>153</u>	<u>165</u>
Profit / (Loss) after Taxation & MI	: <u>232</u>	<u>190</u>
% Change over Last Period	: <u>22</u> %	

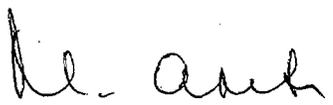
* Please delete as appropriate.

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EPS / (LPS) - Basic (in Dollars)	:	<u>\$1.39</u>		<u>\$1.14</u>
- Diluted (in Dollars)	:	<u>N/A</u>		<u>N/A</u>
Extraordinary ("ETD") Gain / (Loss)	:	<u>N/A</u>		<u>N/A</u>
Profit / (Loss) after ETD Items	:	<u>232</u>		<u>190</u>
1st Quarter / Interim / 3rd Quarter / Final * Dividend per Share	:	<u>\$0.32</u>		<u>\$0.28</u>
(specify if with other options)	:	<u>Nil</u>		<u>Nil</u>
B / C Dates for 1st Quarter / Interim / 3rd Quarter / Final * Dividend	:	<u>13/09/2004</u>	to	<u>17/09/2004 bdi.</u>
Payable Date	:	<u>27/09/2004</u>		
B / C Dates for (_____) General Meeting	:	<u>N/A</u>	to	<u>bdi.</u>
Other Distribution for Current Period (Note III)	:	<u>N/A</u>		
B / C Dates for Other Distribution	:	<u>N/A</u>	to	<u>bdi.</u>

* Please delete as appropriate.

For and on behalf of
Hong Kong Aircraft Engineering
Company Limited

Signature : 
Printed Name : Margaret YU
Title : Company Secretary

Any description or an explanatory note (Notes V & VI) attached?

- Yes (Number of pages attached: _____)
 No

HAECO



2004 Interim Results

Chairman's Statement

Results

The Group's profit attributable to shareholders for the first half of 2004 was HK\$232 million, a 22% increase compared with the profit of HK\$190 million earned during the same period in 2003. This result reflects a return to normality after the downturn in the second quarter last year following the SARS outbreak in the region.

The contribution after tax from Taikeo (Xiamen) Aircraft Engineering Company Limited ("TAECO") during the period was HK\$47 million (2003: HK\$46 million) and from Hong Kong Aero Engine Services Limited ("HAESL") was HK\$72 million (2003: HK\$80 million).

Your directors have today declared an interim dividend of HK\$32 per share (2003: HK\$28) payable on 27th September 2004 to shareholders registered at the close of business on 17th September 2004. This represents an increase of 14% in dividend per share compared with last year, and will cost HK\$53 million. The share register will be closed from 13th September 2004 to 17th September 2004, both dates inclusive.

Review of operations

The Company, either directly or through its jointly-controlled company in Xiamen, TAECO, has comprehensive maintenance contracts covering the fleets of Boeing and Airbus aircraft operated by the Hong Kong based airlines, Cathay Pacific Airways, Dragonair and Air Hong Kong. These contracts cover the provision of line maintenance and hangar-based maintenance as well as the overhaul of certain components. In addition, through its Hong Kong based joint venture with Rolls-Royce plc, HAESL, it provides aero engine maintenance.

Line maintenance activity was in line with expectations in the period, although any comparison with the SARS-affected first half of last year is meaningless. However, compared with 2002, the average number of aircraft handled daily between January and June has risen 12% from 191 to 214. This growth has come largely from an increase in cargo flights through Hong Kong's International Airport, and to handle this growth, the Company's facilities have been expanded. The provision of technical and non-technical line maintenance services at Hong Kong International Airport continues to be extremely price sensitive.

The airframe maintenance and modification facilities operated by the Company in Hong Kong were heavily utilised during the period with a good mix of work from both Hong Kong based carriers and third party customers. Man-hours sold in the period were 0.74 million, which represents 95% of the maximum man-hours available. This is a 1% increase compared with the corresponding period in 2003.

TAECO's usage of its three hangars this year has been good. To provide the capacity needed to handle the announced programme of Boeing 747-400 passenger aircraft to freighter conversions, and expected growth in the fleets of its major customers, TAECO has started work on building its fourth hangar, which is scheduled to open in the first quarter of 2006. Line maintenance operations in Xiamen, Shanghai and Beijing continue to run smoothly, and growth is in line with the increase in the number of flights operated by non-domestic carriers.

HAESL reported lower profits in the first half of 2004 compared to 2003, a reflection of a change in the mix of engines and the related workscopes put through its facilities, although 90 engines were completed in this period compared to 90 last year. The projected workload continues to be healthy. While Cathay Pacific is still the principal customer, about 64% of the business is derived from other regional carriers and Rolls-Royce.

Financial review

Turnover

	Six months ended 30th June			
	Note	2004 HK\$M	2003 HK\$M	Change
The Company and its subsidiary company	1	1,003	995	2%
HAESL		1,906	2,008	-5%
TAECO		383	348	10%
Other jointly controlled companies		191	147	30%
Total		3,483	3,489	0%

Notes: (1) As disclosed on the face of the profit and loss account in accordance with reporting requirements in Hong Kong.
(2) The whole of the turnover for the jointly controlled companies is included in this table.

Turnover increased 2% during the period, primarily reflecting the increased number of aircraft movements through Hong Kong International Airport.

Operating profit increased from HK\$70 million to HK\$119 million, reflecting the increased revenue, a decrease in insurance premiums and a decrease in contributions to the retirement benefit schemes.

The contribution before tax from jointly controlled companies, mainly TAECO and HAESL, decreased 7% from HK\$165 million to HK\$153 million.

Cash, cash equivalents and short term deposits, net of borrowings at 30th June 2004 were HK\$199 million, compared to HK\$420 million at 31st December 2003. The decrease in the period primarily reflects the payment of a special dividend that amounted to HK\$166 million.

Outlook

Although various events in recent years have distorted the picture, traditionally the first half of the year has been stronger for the aircraft heavy maintenance industry in Hong Kong than the second half of the year. This is because our customers need to maximise the use of their aircraft during the summer holiday period and for shipping freight for the Christmas season. This is the case now and, consequently, utilisation of the Company's hangar facilities in the second half of the year is unlikely to be able to match that of the first half.

On the other hand, higher aircraft usage should lead to more transit checks and higher line maintenance revenue, which will at least partially offset the weakness in the heavy maintenance market.

Whilst, therefore, there is likely to be some weaknesses in certain areas during the second half of 2004, the outlook for the Company for the year as a whole is good.

David Turnbull
Chairman
Hong Kong, 10th August 2004

Hong Kong Aircraft Engineering Company Limited

Consolidated profit and loss account

	Six months ended 30th June		Year ended 31st December	
	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M
Turnover	1,003	995	1,907	1,991
Operating expenses:				
Staff remuneration	(616)	(518)	(1,045)	(1,045)
Cost of direct material/lab expenses	(187)	(270)	(448)	(489)
Depreciation	(64)	(64)	(129)	(129)
Operating lease rentals - land & buildings	(22)	(23)	(50)	(50)
Auditors' remuneration	(6)	(4)	(11)	(11)
Changes in work in progress	(1)	(1)	(1)	(1)
Other operating expenses	(109)	(78)	(175)	(175)
Operating profit	119	70	108	108
Net finance charges	(11)	(1)	(24)	(24)
Net operating profit	118	69	114	114
Share of results of jointly controlled companies	153	155	150	150
Profit before taxation	271	225	264	264
Taxation	(39)	(45)	(66)	(66)
Profit attributable to shareholders	232	180	198	198
Dividends - paid/proposed:				
Interim	53	47	47	47
Final	-	-	93	93
Special	-	-	158	158
	53	47	208	208
Earnings per share:	1.39	1.14	2.07	2.07
	2004	2003	2004	2003
Interim	0.28	0.24	0.24	0.24
Final	-	-	0.52	0.52
Special	-	-	0.32	0.32
Dividends per share	0.28	0.24	0.88	0.88

Consolidated balance sheet

	30th June 2004		31st December 2003	
	HK\$M	HK\$M	HK\$M	HK\$M
Fixed assets	1,465	1,465	1,465	1,465
Investment in jointly controlled companies	1,182	1,182	1,182	1,182
Deferred tax assets	5	5	5	5
Staff loans	240	240	240	240
Retirement benefit assets	(157)	(157)	(157)	(157)
Deferred taxation	88	88	88	88
Current assets	88	164	88	164
Stocks of aircraft parts	34	33	34	33
Work in progress	64	70	64	70
Debtors and prepayments	281	322	281	322
Amounts due from jointly controlled companies	5	15	5	15
Deposits maturing after three months	12	12	12	12
Short term deposits and bank balances	187	409	187	409
	587	740	587	740
Current liabilities	587	740	587	740
Creditors and accruals	254	328	254	328
Term loan due within one year	4	4	4	4
Amounts due to jointly controlled companies	5	15	5	15
	268	349	268	349
Net current assets	324	392	324	392
Total assets	3,054	3,086	3,054	3,086
Financed by:				
Share capital	166	166	166	166
Reserves	2,790	2,817	2,790	2,817
Shareholders' equity	2,956	2,983	2,956	2,983
Minority interests	5	5	5	5
Long term loan	98	100	98	100
	3,059	3,088	3,059	3,088



Consolidated cash flow statement

	For the six months ended 30th June 2004 (Unaudited)		For the six months ended 30th June 2003 (Unaudited)	
	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M
Operating activities				
Cash generated from operations	(14)	25	25	25
Interest paid	(5)	-	-	-
Interest received	-	-	-	-
Net cash (outflow)/inflow from operating activities	(19)	25	25	25
Investing activities				
Purchase of fixed assets	(18)	(29)	(29)	(29)
Sale of fixed assets	3	(1)	(1)	(1)
Loans advanced to jointly controlled companies	2	(1)	(1)	(1)
Loans repaid by jointly controlled companies	2	(5)	(5)	(5)
Dividends received from jointly controlled companies	9	-	-	-
Net decrease in short-term deposits maturing after three months	-	(6)	(6)	(6)
Net cash inflow from investing activities	(56)	(101)	(101)	(101)
Financing activities				
Repayment of term loan	(2)	(2)	(2)	(2)
Dividends paid to shareholders	(25)	(19)	(19)	(19)
Net cash outflow from financing activities	(27)	(21)	(21)	(21)
Decrease in cash and cash equivalents	(122)	(161)	(161)	(161)
Cash and cash equivalents at 1st January	405	475	475	475
Cash and cash equivalents at 30th June	283	314	314	314

Consolidated statement of changes in equity

	For the six months ended 30th June 2004 (Unaudited)		For the six months ended 30th June 2003 (Unaudited)	
	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M
Total equity at 1st January	165	2,795	18	2,795
Profit attributable to shareholders	193	231	97	107
2003 final dividends paid	-	(5)	1	-
2003 special dividends paid	(1)	(1)	-	-
Total equity at 30th June	356	3,010	116	3,010

Notes to the Accounts

1. Basis of preparation
The interim financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with Statements of Standard Accounting Practice ("HK SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA") and the disclosure requirements of the Listing Rules of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). There have been no change to the principal accounting policies adopted in the 2003 annual report.

2. Segmental information
The Company is engaged in the business of maintenance, modification and repair of commercial aircraft in Hong Kong. No further business segmental information has therefore been reported. The Group's jointly controlled companies, all of which are engaged in the same business as the Company, operate in Hong Kong and overseas. Financial summaries of the jointly controlled companies are provided under note 7.

3. Net finance charges

	Six months ended 30th June		Year ended 31st December	
	2004 HK\$M	2003 HK\$M	2003 HK\$M	2003 HK\$M
Finance income	3	4	5	5
Interest on long term loan not wholly repayable within five years (note 11)	(4)	(4)	(9)	(9)
	(1)	-	(4)	(4)

4. Taxation

	Six months ended 30th June		Year ended 31st December	
	2004 HK\$M	2003 HK\$M	2003 HK\$M	2003 HK\$M
The taxation charge comprises:				
The Company and its subsidiary company:				
Deferred taxation				
Origination of temporary differences	17	6	11	11
Effect of changes in tax rate	-	11	11	11
	17	17	22	22
Share of taxation attributable to jointly controlled companies:				
Hong Kong taxation	17	23	38	38
Overseas taxation	5	5	6	6
	22	28	44	44
	39	45	66	66

No provision for Hong Kong profits tax has been made for the period as the Company's assessable profit is wholly absorbed by the tax losses brought forward. Hong Kong profits tax is calculated at 17.5% (2003: 17.5%). Overseas taxation is calculated at tax rates prevailing in the respective jurisdictions.

5. Earnings per share
Earnings per share are calculated by reference to the profit attributable to shareholders for the period ended 30th June 2004 of HK\$232 million (period ended 30th June 2003: HK\$190 million) and to the weighted average 166,324,850 (period ended 30th June 2003: 166,324,850) ordinary shares in issue during the period.

6. Fixed assets

	Property, plant and equipment	
	Six months ended 30th June 2004	
	HK\$M	
Net book value:		
At 31st December 2003		1,513
Additions and transfers		18
Disposals		(2)
Depreciation		(64)
At 30th June 2004		1,465

7. Jointly controlled companies
The financial results of the jointly controlled companies for the period ended 30th June 2004 are as follows:

	HAESL (Operating in Hong Kong)		TAECO (Operating in Mainland China)		Others		Total	
	Six months ended 30th June 2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M	Six months ended 30th June 2004 HK\$M	2003 HK\$M	Six months ended 30th June 2004 HK\$M	2003 HK\$M
Turnover	1,906	2,008	383	348	191	147	2,480	2,503
Operating profit	193	231	97	107	35	33	325	371
Net finance charges/ income	-	(5)	1	-	(1)	(1)	-	(6)
Share of results of jointly controlled companies	2	(1)	8	(3)	-	-	10	(4)
Profit before taxation	195	225	106	104	34	32	335	361
Taxation	(34)	(47)	(10)	(11)	(6)	(3)	(50)	(61)
Profit attributable to shareholders	161	178	96	93	28	29	285	300
Dividends	-	-	-	-	(18)	(14)	(18)	(14)
Surplus retained for the period	161	178	96	93	10	15	267	286
Funds employed:								
Long-term assets	848	800	825	844	179	155	1,852	1,799
Current assets	1,225	1,083	329	260	184	159	1,738	1,502
	2,073	1,883	1,154	1,104	363	314	3,590	3,301
Less: current liabilities	(649)	(533)	(88)	(88)	(163)	(144)	(900)	(765)
	1,424	1,350	1,066	1,016	200	170	2,690	2,536
Financed by:								
Shareholders' equity and loans	1,344	1,284	1,052	1,002	167	155	2,563	2,441
Long-term liabilities	80	66	14	14	33	15	127	'95
	1,424	1,350	1,066	1,016	200	170	2,690	2,536
Group's % shareholding in the period	45.0%	45.0%	49.6%	49.6%				
Group's attributable pre-tax profits	87	101	52	51	14	13	153	165
Less: share of taxation thereon	(15)	(21)	(5)	(5)	(2)	(2)	(22)	(28)
Group's share of profit attributable to shareholders	72	80	47	46	12	11	131	137
Group's share of funds employed at 30th June	605	578	521	493	56	48	1,182	1,119

8. Retirement benefit asset
Movement in the asset recognised in the balance sheet:

	Six months ended 30th June 2004		
	Local scheme HK\$M	Expatriate scheme HK\$M	Total HK\$M
At 31st December 2003	158	38	196
Total expense charged	(27)	(1)	(28)
Contributions paid	70	2	72
At 30th June 2004	201	39	240

Notes to the Accounts (continued)**9. Debtors and creditors - credit risks and ageing analysis**

The credit terms given to customers vary and are generally based on their individual financial strengths. Credit evaluations of debtors are performed periodically to minimise any credit risk associated with receivables.

As at 30th June 2004, 99% of debtors (98% as at 31st December 2003) and 92% of creditors (98% as at 31st December 2003) were aged under six months.

10. Share capital

During the period under review, no purchase, sale or redemption of the shares of the Company has been effected by the Company or any of its subsidiary company on the Stock Exchange. As at 30th June 2004, 186,324,850 shares were in issue (31st December 2003: 166,324,850 shares).

11. Long-term loan

	30th June 2004 HK\$M	31st December 2003 HK\$M
Maturity profile:		
Repayable within one year	4	4
Repayable between one and two years	4	4
Repayable between two and five years	15	15
Repayable after five years	79	81
	102	104
Amount due within one year included under current liabilities	(4)	(4)
	98	100
		HK\$M
At 31st December 2003		104
Repayment during the period		(2)
At 30th June 2004		102

The loan is provided by a subsidiary of Cathay Pacific Airways Limited, is unsecured, interest bearing at 8.35% per annum and is repayable by equal semi-annual instalments to June 2018.

12. Related party transactions

In addition to those disclosed elsewhere in the interim report, material transactions between the Group and related parties which were conducted on normal commercial terms in the ordinary and usual course of business are listed below:

	Jointly controlled companies		Other related parties		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M	2004 HK\$M	2003 HK\$M
Revenue from the provision of services	(a) 92	127	567	495	659	622
Purchase of services	(b) 2	-	20	31	22	31

Note:

(a) Revenue from the provision of services to jointly controlled companies comprised mainly services to HAESL and TAECO. Services provided to HAESL included engine component repairs charged at normal commercial rates and the provision of certain administrative services charged at cost based on the agreement with Rolls-Royce plc concerning the formation of HAESL. Services provided to TAECO related principally to charges at commercial rates covering the stationing of a working team of 145 people on average in TAECO and management services. Services provided to other jointly controlled companies included component and other operational support charged at normal commercial rates.

Revenue from the provision of services to other related parties comprised maintenance charges for the Cathay Pacific Airways, Dragonair and Air Hong Kong fleets as well as logistic support and storage charges for Cathay Pacific Airways Limited.

(b) Purchases of services from jointly controlled companies comprised mainly overhaul charges for work carried out on aircraft components by HAESL.

	Six months ended 30th June	
	2004 HK\$M	2003 HK\$M
Purchases of services from other related parties comprised:		
Spares purchased from Cathay Pacific Airways Limited	9	20
Property insurance placed through SPACIOM, a captive insurance company wholly owned by Swire Pacific Limited	2	1
Services fee payable to John Swire & Sons (H.K.) Limited	3	2
Reimbursement, at cost, of expenses incurred, payable to John Swire & Sons (H.K.) Limited	6	8
	20	31

With the exception of the insurance premium payable to SPACIOM as described in note (b), none of the above related party transactions constitute a discloseable connected transaction as defined in the Listing Rules.

13. Subsequent event

SIA Engineering Company Pte Limited has agreed to sell back to the Company its remaining 5% shareholding in TAECO. The transaction is expected to be completed by the end of September 2004.

INFORMATION PROVIDED IN ACCORDANCE WITH THE LISTING RULES**Results for the six months ended 30th June 2004 - unaudited**

The results have been reviewed by the Audit Committee of the Company.

Interim dividend

An interim dividend of HK\$32 (2003: HK\$28) per share has today been declared and it is expected that this will be paid on 27th September 2004 to shareholders registered at the close of business on 17th September 2004. The share register will be closed from 13th September 2004 to 17th September 2004, both dates inclusive.

Share capital

During the period under review, no purchase, sale or redemption of the shares of the Company has been effected by the Company or its subsidiary company.

Corporate governance

None of the Directors of the Company is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Company has adopted a code of conduct regarding Directors' securities transactions (the "Securities Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in the Listing Rules.

All Directors have complied with the required standard set out in the Model Code and its Securities Code.

Disclosure of interests**Directors' interests**

At 30th June 2004, the register maintained under Section 352 of the Securities and Futures Ordinance ("SFO") showed that the following Directors held beneficial interests in the shares of Hong Kong Aircraft Engineering Company Limited:

	Personal	Other	Total	Percentage of Issued Capital (%)
Dr The Hon Michael Kadoorie (alternate Director)	-	3,782,886*	3,782,886	2.27
Dinty Dickson Leach	112,000	-	112,000	0.07

* Dr The Hon Michael Kadoorie is a beneficiary of discretionary trusts which hold these shares.

Other than as stated above, no Directors or Chief Executive of the Company had any interest or short position, whether beneficial or non-beneficial, in the shares or underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Substantial shareholders' interests

The register of interests in shares and short positions maintained under Section 336 of the SFO shows that at 30th June 2004 the Company had been notified of the following interests in the shares of the Company held by substantial shareholders (as defined in the Listing Rules), all being beneficial interests:

	Number of shares	Percentage of issued capital (%)	Remarks
John Swire & Sons Limited	99,649,103	59.91	
Swire Pacific Limited	99,649,103	59.91	Duplication of John Swire & Sons
Cathay Pacific Airways Limited	45,649,686	27.45	Limited's holding (See Note)

Note: At 30th June 2004, the John Swire & Sons Limited group owned directly or indirectly interests in shares of Swire Pacific Limited, representing 29.47% of the issued share capital and 52.87% of the voting rights. Swire Pacific Limited in turn controlled 66.5% of Cathay Pacific Airways Limited.

Other interests

In addition, at 30th June 2004 the register of interests in shares and short positions maintained under Section 336 of the SFO showed the following interest in the shares of the Company held in the capacity of investment manager:

	Number of shares	Percentage of issued capital (%)
Marathon Asset Management Limited	14,985,730	9.01

Webwrite: <http://www.haeco.com>



港機工程

二零零四年中期業績

按上市規則所需提供資料

截至二零零四年六月三十日止六個月未經審核業績
本公司之審核委員會已審閱本賬目。

中期股息

董事局業於本日宣佈派發中期股息每股港幣三十二仙(二零零三年為港幣二十八仙)，並預期股息將於二零零四年九月二十七號派發予於二零零四年九月十七日辦公時間結束時已名列股東名冊內之股東。股票過戶手續將於二零零四年九月十三日至二零零四年九月十七日(包括首尾兩次)暫停辦理。

股本

在本期間內，本公司或其任何附屬公司並無贖回、出售或贖回本公司之股份。

公司管治

本公司並無任何董事知悉任何資料足以合理地指出本公司在中期報告所包括之會計期間之任何時間內，概無或曾無遵守香港聯合交易所有限公司證券上市規則(「上市規則」)內之最佳應用守則。

網址：<http://www.haseco.com>

公司管治(續)

本公司已採納一套比上市規則所開列之上市發行人董事進行證券交易的標準守則(「所訂標準守則」)更嚴之董事證券交易守則(「證券守則」)。
所有董事均已遵守標準守則及其證券守則所訂之標準。

披露權益

董事局業於二零零四年六月三十日，根據證券及期貨條例第三百五十二條須設立之名冊內所登記，以下董事在香港飛機工程有限公司之股份中持有實益：

個人	其他	總計	已發行股本 百分比(%)
米高嘉道理博士(代董事)	3,782,886*	3,782,886	2.27
李德信	112,000	112,000	0.07

*米高嘉道理博士是持有此等股份之全權附託之受益人。

除上述外，本公司之董事或最高行政人員並無於本公司或其任何相聯法團之股份或相關股份及債券，實益或非實益擁有任何權益或淡倉(定義見於證券及期貨條例第XV條)。

主要股東權益

根據證券及期貨條例第三百三十六條設立之股份及淡倉權益名冊顯示，於二零零四年六月三十日，本公司已獲通知主要股東(按上市規則定義)持有本公司股份以下權益，全部均為實益：

股東姓名	已發行股本 股份數目	已發行股本 百分比(%)	備註
英國太古集團有限公司	99,649,103	59.91	
太古股份有限公司	99,649,103	59.91	與英國太古集團有限公司
國泰航空有限公司	45,649,686	27.45	之持股比例重複(見附註)

附註：於二零零四年六月三十日，英國太古集團直接或間接持有之太古股份有限公司股份權益，為百分之二十九點四七(已發行股本及百分之五十二點八七投票權)；太古股份有限公司則持有國泰航空有限公司百分之四十六點五五投票權。

其他權益

此外，於二零零四年六月三十日，根據證券及期貨條例第三百二十六條設立之股份及淡倉權益名冊顯示，以投資經理人身份持有之本公司股份權益如下：

已發行股本 股份數目	已發行股本 百分比(%)
Marathon Asset Management Limited	14,985,730
	9.01



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11. 應付稅款

應付稅款	二零零四年六月三十日	二零零三年十二月三十一日
於一年內償還	4	4
於一至五年內償還	4	4
於五年至十年內償還	15	15
於十年後償還	79	81
列人流動負債項下須於一年內償還款項	102	104
	(4)	(4)
	98	100

12. 有關關人士交易

於本年中期間內其他關人士交易外，本集團與關人士按照一般商業條件以及正常業務程序下進行之重大交易列載如下：

附註	二零零四年六月三十日	二零零三年十二月三十一日
提供服務	92	127
利息收入	(6)	(20)
利息支出	(2)	(31)
其他關人士	567	495
總計	622	672

向其他關人士購買之服務包括：
 向香港航空有限公司購買其條件
 向一家由太古股份有限公司全資擁有之專業保險
 保險公司SPACOMM保險之財產保險
 向香港太古保險有限公司支付之服務費
 向香港太古保險有限公司支付之按成本式費用

13. 附註詳情

附註	二零零四年六月三十日	二零零三年十二月三十一日
向其他關人士購買之服務包括：	9	20
向香港航空有限公司購買其條件	2	1
向一家由太古股份有限公司全資擁有之專業保險	3	2
保險公司SPACOMM保險之財產保險	6	8
向香港太古保險有限公司支付之服務費	20	31

除附註(10)所披露外，上述有關關人士及各項不構成上市規則所規定之須予披露關連交易。

香港工程有限公司已回購其林下持有之香港太古飛機工程公司百分之五股份回本公司。此項交易預期於二零零四年九月內完成。

5. 每股盈利

每股盈利乃指截至二零零四年六月三十日止期間之股東應佔溢利按每股二億三千二百萬元(二零零三年六月三十日止期間為港幣一億九千萬)及於該期間內已發行之加權平均股份166,324,950股(二零零三年六月三十日止期間為166,324,950股)算出。

每股盈利	二零零四年六月三十日	二零零三年六月三十日
每股盈利	1.513	1.18
二零零三年十二月三十一日	18	(2)
增置及轉讓	(2)	(64)
出售	(64)	
二零零四年六月三十日	1,465	

6. 固定資產

項目	於六月三十日	於六月三十日
原值	1,513	1,513
減：累計折舊	(18)	(2)
出售	(64)	
二零零四年六月三十日	1,465	

7. 其他公司

截至二零零四年六月三十日止期間，其他公司之詳情列載如下：

項目	二零零四年六月三十日	二零零三年六月三十日
其他公司	1,465	

8. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

9. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

10. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

11. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

12. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

13. 應付稅項

項目	二零零四年六月三十日	二零零三年六月三十日
應付稅項	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	

綜合現金流量表

項目	二零零四年六月三十日	二零零三年六月三十日
現金及現金等價物	1,465	1,465
應付稅項	1,465	
出售	(64)	
二零零四年六月三十日	1,465	



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HAECO

NOTICE
Closure of Register of Members

Notice is hereby given that the Register of Members of Hong Kong Aircraft Engineering Company Limited will be closed from 13th September 2004 to 17th September 2004, both dates inclusive.

By Order of the Board
Margaret Yu (Mrs)
Company Secretary
Hong Kong, 10th August 2004

**Hong Kong Aircraft Engineering
Company Limited**



SWIRE



港機工程

通告

暫停辦理股票過戶

香港飛機工程有限公司將於二零零四年九月十三日至二零零四年九月十七日(包括首尾兩天)暫停辦理股票過戶手續。

承董事局命

公司秘書

余陳秀梅

香港, 二零零四年八月十日

香港飛機工程有限公司





HAECO

2004 Interim Results – Highlights

Results – unaudited					
	Six months ended 30th June		Year ended 31st December		
	2004 HK\$M	2003 HK\$M	2003 HK\$M		
Turnover	1,003	986	1,987		
Operating expenses					
Staff remuneration	(516)	(518)	(1,045)		
Cost of direct material/job expenses	(167)	(270)	(460)		
Depreciation	(64)	(64)	(129)		
Operating lease rentals – land & buildings	(22)	(26)	(60)		
Auditors' remuneration	–	–	(1)		
Changes in work-in-progress	(6)	(40)	(1)		
Other operating expenses	(109)	(78)	(175)		
Operating profit	119	70	108		
Net finance charges	(1)	–	(4)		
Net operating profit	118	70	104		
Share of results of jointly controlled companies	153	165	307		
Profit before taxation	271	235	411		
Taxation	(39)	(45)	(60)		
Profit attributable to shareholders	232	190	345		
Dividends – paid/proposed					
Interim	53	47	47		
Final	–	–	93		
Special	–	–	166		
	53	47	306		
Earnings per share	HK\$1.39	HK\$1.14	HK\$2.07		
	2004	2003			
Dividends per share	Interim HK\$0.32	Interim HK\$0.28	Final HK\$0.56	Special HK\$1.00	Total HK\$1.84

Outlook

Although various events in recent years have distorted the picture, traditionally the first half of the year has been stronger for the aircraft heavy maintenance industry in Hong Kong than the second half of the year. This is because our customers need to maximise the use of their aircraft during the summer holiday period and for shipping freight for the Christmas season. This is the case now and, consequently, utilisation of the Company's hangar facilities in the second half of the year is unlikely to be able to match that of the first half.

On the other hand, higher aircraft usage should lead to more transit checks and higher line maintenance revenue, which will at least partially offset the weakness in the heavy maintenance market.

Whilst, therefore, there is likely to be some weaknesses in certain areas during the second half of 2004, the outlook for the Company for the year as a whole is good.

The interim dividend will be paid on 27th September 2004 to shareholders registered at the close of business on 17th September 2004. The share register will be closed from 13th September 2004 to 17th September 2004, both dates inclusive.

David Turnbull

Chairman

Hong Kong, 10th August 2004

Hong Kong Aircraft Engineering Company Limited

Website: <http://www.haeco.com>