

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

1. CORPORATE INFORMATION

The registered office of CATIC International Holdings Limited is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

During the year, the Group was involved in the following activities:

- (i) the design, manufacture and installation of fabricated aluminium and stainless steel products for buildings, such as curtain wall and cladding systems, windows, doors, skylights and other related products;
- (ii) the generation and sale of electric and steam power; and
- (iii) the share of profit from the development, manufacture and distribution of EC120 helicopters.

In the opinion of the directors, China National Aero-Technology Import & Export Corporation ("CATIC"), a state-owned enterprise in the People's Republic of China ("the PRC"), is the Company's ultimate holding company, which is owned as to 50% by China Aviation Industries Corporation I and 50% by China Aviation Industries Corporation II, both of which are directly under the regulation of the State Council of the PRC.

1. 公司資料

中國航空技術國際控股有限公司之註冊辦事處為Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda。

年內，本集團之主要業務包括：

- (i) 設計、製造及安裝用於大廈之鋁製及不銹鋼產品，如玻璃幕牆及鋁牆面板系統、窗、門、採光棚及其他有關產品；
- (ii) 生產及銷售電力及蒸汽；及
- (iii) 分享開發、製造及分銷EC120直升機之溢利。

董事會認為中華人民共和國（「中國」）國有企業中國航空技術進出口總公司（「中航技總公司」）為本公司之最終控股公司。該公司由中國國務院直轄之中國航空工業第一集團公司及中國航空工業第二集團公司分別擁有50%。

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2. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND THE EARLY ADOPTION OF A NEW HONG KONG ACCOUNTING STANDARD

The Hong Kong Institute of Certified Public Accountants (“HKICPA”) has issued a number of new and revised HKFRSs and Hong Kong Accounting Standards (“HKAS”), herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 December 2004 except for HKAS 40 “Investment Property”. The Group has already commenced an assessment of the impact of the other new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

HKAS 40 has been early adopted as permitted by HKICPA. HKAS 40 prescribes the accounting and disclosure requirements for investment properties. Details of the effect of early adoption and its impact on disclosures are set out in notes 3 and 13 to the financial statements.

The adoption of the new accounting policy has no effect on the opening balance of 1 January 2004. As a result, the comparative information has not been restated.

2. 近期頒佈之香港財務報告準則（「香港財務報告準則」）之影響及提早採納新香港財務報告準則

香港會計師公會已頒佈多項全新及經修訂的香港財務報告準則以及香港會計準則，統稱新香港財務報告準則，於二零零五年一月一日或其後開始之會計年度生效。除下述香港會計準則第40號「投資物業」外，本集團並無於截至二零零四年十二月三十一日止年度之財務報告內提早採納新香港財務報告準則。本集團已開始評估其他新香港財務報告準則造成的影響，惟尚未能斷定該等新香港財務報告準則對其經營業績及財務狀況會否造成重大影響。

由於得到香港會計師公會許可，因此提早採納會計準則第40號。會計準則第40號規定投資物業之會計及披露要求。提早採納之效果及其對披露之影響之詳情載於財務報告附註3及13。

新會計政策之採納對二零零四年一月一日的期初結存並無影響。因此並未重列比較資料。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment properties and certain fixed assets, as further explained below.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in subsidiaries are stated at cost less any impairment losses.

3. 主要會計政策概要

編製基準

此等財務報告乃根據香港會計師公會頒佈之香港財務報告準則（其中包括會計實務準則及詮釋）、香港普遍採用之會計原則及香港公司條例之披露要求，並按過往成本法編製，惟定期重估投資物業及若干固定資產除外（下文另有闡釋）。

綜合基準

綜合財務報告包括本公司及其附屬公司截至二零零四年十二月三十一日止年度之財務報告。年內收購或出售之附屬公司業績自其實際收購日期起或截至實際出售日期止計入綜合財務報告。所有集團內公司間之重大交易及結存已於綜合賬目時抵銷。

少數股東權益指外界股東於本公司附屬公司之業績及資產淨值中之權益。

附屬公司

附屬公司乃本公司直接或間接控制其財務及營運政策以自其活動獲利之公司。

附屬公司之業績按已收及應收股息的金額計入本公司之損益賬內。本公司於附屬公司之權益乃以成本值減除任何減值虧損列賬。

Notes to Financial Statements 31 December 2004**財務報告附註** 二零零四年十二月三十一日**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Associates**

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as long term assets and are stated at cost less any impairment losses. Goodwill arising from acquisition of associates is included as part of the Group's interests in associates.

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

3. 主要會計政策概要 (續)**聯營公司**

聯營公司指附屬公司或共同控制企業以外，由本集團持有通常不少於20%投票權作長線投資，並可對其發揮重大影響之公司。

本集團分佔聯營公司收購後之業績及儲備分別載於綜合損益賬及綜合儲備。本集團之聯營公司權益乃根據權益會計法按本集團分佔之資產淨值減任何減值虧損後計入綜合資產負債表。

聯營公司之業績按已收及應收股息計入本公司損益賬。本公司於聯營公司之權益視為長期資產，以成本減任何減值虧損入賬。收購聯營公司產生之商譽計入本集團於聯營公司之權益。

商譽

收購附屬公司及聯營公司所產生之商譽乃指收購成本超逾本集團應佔收購當日所收購之可識別資產及負債之公平值之差額。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of 20 years. In the case of associates, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

Prior to the adoption of Hong Kong Statement of Standard Accounting Practice 30 (the "SSAP 30") "Business combinations" in 2001, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. On the adoption of SSAP 30, the Group applied the transitional provision of the SSAP that permitted such goodwill to remain eliminated against consolidated reserves. Goodwill on acquisitions subsequent to the adoption of the SSAP is treated according to the SSAP 30 goodwill accounting policy above.

On disposal of subsidiaries and associates, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

The carrying amount of goodwill is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

3. 主要會計政策概要 (續)

商譽 (續)

收購所產生之商譽於綜合資產負債表內確認為資產，並按直線法以20年估計使用年期攤銷。如屬聯營公司，則任何未攤銷商譽以賬面值入賬，而不在綜合資產負債表內單獨列為可識別資產。

於二零零一年採納之香港會計實務準則第30號（「會計實務準則第30號」）「業務合併」前，收購產生之商譽乃於收購年度內在綜合儲備中扣除。採納會計實務準則第30號後，本集團根據會計實務準則之過渡規定，繼續將收購所產生之商譽在綜合儲備中扣除。在採納會計實務準則後所進行收購產生之商譽則按上述會計實務準則第30號之商譽會計政策處理。

出售附屬公司及聯營公司時，有關出售損益乃參照出售當日之資產淨值計算，包括尚未攤銷之有關商譽及任何相關儲備（如適用）。

商譽之賬面值每年均作檢討並撇減視為必要之減值。已經確認之商譽減值虧損，除非該減值虧損乃因預期不再發生之特殊個別外部事件而引起，且其後發生抵銷該事件影響之外部事件，否則概不撥回。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial asset under Project EC120

The investment under Project EC120 represents a contractual right to receive cash in the future from another enterprise and has been treated as a financial asset, which was initially recorded at fair value of the consideration given, including cost of acquisition associated therewith, to acquire 80% interest in the net income in relation to Project EC120 accrued to CATIC. Interest in Project EC120 is stated at cost less any impairment losses, if any. Further details of the Group's interest in Project EC120 are set out in note 15 to the financial statements.

The carrying amount of the asset is reviewed annually and written down for impairment when it is considered necessary.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the rendering of contracting works services, based on the stage of completion of the construction contracts, as further explained in the accounting policy for "Recognition of income from construction contracts";
- (b) from the sale of electric and steam power, based on actual consumption derived from the reading of meters during the year;
- (c) from the development, manufacture and distribution of helicopters, when the Group's right to receive its share of profit from Project EC120 has been established (note 15);

3. 主要會計政策概要 (續)

項目EC120之財務資產

項目EC120下之投資指於日後自另一企業收取現金之合約權利，並視為一項財務資產。該項資產初步按收購中航技總公司於項目EC120應計之淨收入之80%權益所付代價之公平值（包括與其相關之收購成本）入賬。項目EC120之權益乃按成本扣除減值虧損（如有）列賬。本集團於項目EC120之權益之其他詳情載於本財務報告附註15。

該資產之賬面值每年均作檢討並撇減當被視為必要之減值。

收入之確認

當本集團可能獲得經濟利益並且能可靠衡量其數額時，會以下列準則確認收入：

- (a) 建築工程服務收入根據建築合約之完成進度計算入賬，詳見會計政策「建築合約收入之確認」；
- (b) 出售電力及蒸汽之收入根據年內由計量表讀數而得出之實際消耗量計算；
- (c) 開發、製造及分銷直升機之收入乃於本集團收取其分佔項目EC120溢利之權益獲確立時確認（附註15）；

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- (d) from the rendering of services, when the services are rendered;
- (e) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable;
- (f) rental income, on a time proportion basis over the lease terms;
- (g) government grants, on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate;
- (h) income from long term investment, on an accrual basis; and
- (i) income relating to the exclusive distributorship of certain helicopter engines, on an accrual basis pursuant to the agreement.

Recognition of income from construction contracts

Profit on long term construction contracts is recognised in the profit and loss account on the percentage of completion basis when the outcome of each contract can be ascertained with reasonable certainty and when a contract is at least 20% complete, by reference to the total estimated cost of such contract, after making due allowance for contingencies. When the outcome of a construction contract cannot be estimated reliably and when a contract is less than 20% complete, revenue is recognised only to the extent that contract costs incurred are recoverable. Provision is made for any foreseeable losses as soon as such losses are anticipated by management.

3. 主要會計政策概要 (續)

收入之確認 (續)

- (d) 服務收入於提供服務時確認；
- (e) 利息收入根據未償還本金及適用實際利率按時間比例計算入賬；
- (f) 租金收入根據有關租期按時間比例確認；
- (g) 政府補助按所收補助金與有關獲補助成本之期間相應確認；
- (h) 長期投資之收入按應計基準確認；及
- (i) 有關若干直升機引擎獨家分銷權之收入根據協議按應計基準確認。

建築合約收入之確認

長期建築合約之溢利在各合約之結果可合理確定而合約經已完成最少20%時(根據有關合約之估計總工程成本釐定),並就或然事項作出應有撥備後,按完成工程之百分比於損益賬中確認。倘建築合約之結果無法可靠估計而合約完成進展低於20%,則僅按可收回之已產生合約成本確認收入。倘管理層預期出現任何虧損,即會就可預見之虧損作出撥備。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Recognition of income from construction contracts (continued)**

The Group makes claims for additional work done, which may arise either under specific circumstances provided for under the contracts, or due to variations made to the contract specifications by its customers. Where the amounts of such claims have not been formally agreed at the balance sheet date, the likely amount receivable as estimated by management, based on all of the information available at the time, is included in the contract value in determining the estimated profit or foreseeable loss on the contract.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use and its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. 主要會計政策概要 (續)**建築合約收入之確認 (續)**

倘因出現合約規定之特定情況或因客戶對合約規格作出變動而須進行額外工程，則本集團將就此索取補償。倘於結算日尚未就該項索償額正式達成協議，則管理層按當時所得之全部資料估計可能收取之款額並計入合約價值內，以釐定合約之預測溢利或可預見之虧損。

資產虧損

每逢結算日均須作出評估，以考慮任何資產是否出現虧損跡象，或是否有跡象顯示資產於過往年度之已確認減值虧損可能不再存在或有所減少。如有任何該等跡象，則須估計該資產之可收回數額。資產之可收回數額以使用價值及售價淨額兩者之較高者為準。

減值虧損僅於資產賬面值超逾其可收回數額時確認。減值虧損於產生期間計入損益賬，惟倘有關資產以重估價值列賬，則根據經重估資產之有關會計政策計算確認。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of assets (continued)

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Fixed assets and depreciation

Fixed assets, other than investment properties and construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

3. 主要會計政策概要 (續)

資產虧損 (續)

先前確認之減值虧損僅於釐定資產可收回數額之估計出現變動時撥回，惟撥回後之賬面值不得超越假設過往年度並無就該資產確認減值虧損之賬面值之數額（扣除任何折舊／攤銷）。減值虧損之撥回於產生期間計入損益賬，惟倘該資產以重估數額列賬，則任何減值虧損之撥回根據經重估資產之有關會計政策計算確認。

固定資產及折舊

固定資產（投資物業及在建工程除外）乃按原值或估值減累積折舊及任何減值虧損入賬。資產之成本包括其購買價及任何使資產達致運作狀況及地點以供擬定用途之直接相關成本。固定資產投入運作後所涉及之費用（如維修保養費用）一般會在支出期間在損益賬中扣除。倘有關費用顯然可提高使用固定資產之預期日後經濟利益，則該費用會撥充資本，作為該固定資產之額外成本。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation (continued)

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is provided using the straight-line method to write off the cost or valuation of each asset over the following estimated useful lives:

Leasehold land/land use rights	Over the remaining lease terms
Leasehold buildings	Over the lease terms
Leasehold improvements	4 years
Plant and machinery	5 years
Generation plant and related structure	15 years
Furniture, fixtures and equipment	5 years
Motor vehicles	4 years
Tools and moulds	4 years

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. 主要會計政策概要 (續)

固定資產及折舊 (續)

固定資產(投資物業除外)之價值變動按重估儲備之變動處理。倘儲備總額不足以彌補個別資產之虧絀,則超逾之虧絀將自損益賬內扣除,其後任何有關重估盈餘以經扣除之虧絀為限計入損益賬。出售經重估資產時,先前估值之有關重估儲備部份將轉撥至保留溢利,按儲備變動處理。

固定資產按各項資產之下列估計可使用年期以直線法計算折舊,以撇銷其成本或估值:

租約土地/土地 使用權	剩餘租期
租約樓宇	租期
租約物業裝修	4年
廠房及機器	5年
發電廠房及 有關設施	15年
傢俬、裝置及 設備	5年
汽車	4年
工具及模具	4年

在損益賬中確認之出售或棄用固定資產之盈虧,指有關資產之出售所得款項淨額與賬面值之差額。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction in progress

Construction in progress represents fixed assets which are in their acquisition phase and is stated at cost less any impairment losses, and is not depreciated. The acquisition phase of an asset includes the period when the asset is under construction, installation and testing. Cost comprises the direct costs of construction together with borrowing costs incurred during the asset acquisition period that theoretically could have been avoided if expenditure for the asset had not been made. The capitalisation of borrowing costs ceases when substantially all of the activities necessary to prepare the asset for its intended use are completed. Construction in progress is transferred to the appropriate category of fixed assets when it is completed and ready for its intended use, notwithstanding any delays in the issue of the relevant commissioning certificates by the appropriate authorities.

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year.

3. 主要會計政策概要 (續)

在建工程

在建工程指處於收購階段之固定資產，以成本減任何減值虧損入賬，並不予折舊。資產之收購階段包括資產處於興建、安裝及測試階段之時期。成本包括直接建造成本，以及於資產收購期之借貸成本，而該等借貸成本如無就該項資產作出開支則理論上應可避免。當籌備該資產以作既定用途所需之所有活動大致完成時，則借貸成本不再撥充資本。在建工程完成並可作既定用途時，即會轉撥為適當類別之固定資產，而不論有關當局是否延遲簽發有關啟用證書。

投資物業

投資物業乃具有投資潛力並計劃長期持有之已完成興建及發展之土地及樓宇權益。所有有關租金收入乃經公平磋商釐定。該等物業不予折舊，而根據各財政年度結算日之專業估值以公開市值入賬。

Notes to Financial Statements 31 December 2004**財務報告附註** 二零零四年十二月三十一日**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**Investment properties** (continued)

During the year, the Group adopted the new HKAS 40 whereby the gains or losses arising from changes in the fair values of investment properties are recognised in the profit and loss for the period in which they arise. The gain or loss on retirement or disposal of an investment property recognised in the profit and loss account represents the difference between the net sales proceeds and the carrying amount of the relevant property.

In the prior years, investment properties were not depreciated and were stated at their open market values on the basis of annual professional valuation at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

The change in accounting policy for investment properties has resulted in an increase in the Group's profit for the year by HK\$2,340,157. This change has not resulted in any prior year adjustment as there was no investment property revaluation reserve brought forward from the prior year.

3. 主要會計政策概要 (續)**投資物業 (續)**

年內，本集團採納新香港會計準則第40號，據此，因投資物業公平值變動而產生之損益確認為其產生期間之損益。於損益賬中確認之投資物業報廢或出售之損益指有關物業銷售淨額與賬面值之差額。

於以往年度，投資物業不予折舊，而根據各財政年度結算日之專業估值以公開市值入賬。投資物業價值之變動按投資物業重估儲備變動處理。如儲備總額不足以按組合基準彌補減值，則不足之數額會自損益賬扣除，其後任何有關重估盈餘則以已扣除的減值為限計入損益賬。出售投資物業時，過去估值之投資物業重估儲備之有關部份會計入損益賬。

投資物業會計政策之變動使本集團年內溢利增長2,340,157港元。由於上年度並未有投資物業重估儲備承前，故該變動未造成任何上年度調整。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing.

Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

Club debentures

Club debentures are held for long term purposes and are stated at cost less any impairment losses.

3. 主要會計政策概要 (續)

租賃資產

資產業權除法定業權本身以外大部份回報及風險由本集團承擔之租約列為融資租賃。融資租賃訂立時，有關成本按最低租金現值撥充資本，就有關購買及融資而連同有關承擔（不包括利息部份）一併入賬。

根據撥充資本之融資租賃而持有的資產列為固定資產，按資產租期及估計可使用年期兩者之較短者計算折舊。有關租賃之財政開支計入損益賬，以於租期內呈列固定開支。

資產業權之大部份回報及風險由租賃公司承擔之租約列為經營租約。如本集團為出租人，則本集團根據經營租約所出租之資產列為非流動資產，而根據經營租約之應收租金按直線法於租期內計入損益賬。如本集團為承租人，根據經營租約之應付租金按直線法於租期內計入損益賬。

會所債券

會所債券乃作長期持有，以成本減任何減值虧損入賬。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long term investments

Long term investments are non-trading investments in unlisted equity securities intended to be held on a long term basis. The investments are stated at cost less any impairment losses, on an individual investment basis.

Construction contracts

Construction contracts of a long term nature are stated at cost, plus any attributable profits, less any foreseeable losses, and progress payments received and receivable. Contract cost incurred comprises direct material and labour costs, including subcontracted costs, and overheads, including depreciation on plant and machinery used in construction projects, and capitalised interest on loans to finance specific projects.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

3. 主要會計政策概要 (續)

長期投資

長期投資乃擬長期持有而不作經常買賣之非上市股本證券投資。該等投資按個別投資基準以成本減任何減值虧損入賬。

建築合約

長期建築合約按成本入賬，加上任何應佔溢利減可預見之虧損，並計入已收及應收之進度付款。成本包括所有直接物料及勞工費用（包括分包費用）及間接費用（包括建築工程所用設備及機器之折舊及為個別工程所作貸款之已撥充資本利息）。

管理層預期出現之可見虧損均作撥備。

倘累計已支出合約成本與已確認溢利及已確認虧損合計後超逾進度賬單數額，則超出之數額列為合約客戶欠款。

倘進度賬單數額超過累計已支出合約成本與已確認溢利及已確認虧損之合計數額，則超出之數額列為欠合約客戶款項。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories for construction contracts, comprising raw materials and sub-materials, are stated at the lower of cost and net realisable value, after making due allowance for any obsolete or slow-moving items. Cost is determined on the first-in, first-out basis. Net realisable value is determined by reference to the underlying specific contracts in progress in which the inventories will ultimately be used.

Inventories for the generation of electric and steam power, comprising mainly coal and spare parts and consumables for repairs and maintenance of machinery and equipment, are stated at the lower of cost and net realisable value, after making due allowance for any obsolete or slow-moving items. Cost is determined on the first-in, first-out basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs is based on actual interest incurred for the borrowings and ceases when the assets are substantially ready for their intended use or sale.

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

3. 主要會計政策概要 (續)

存貨

建築合約存貨(即施工中工程所購入之原料及副原料)在就任何過時或陳舊項目作適當減值後,按成本或可變現淨值兩者之較低者入賬。成本按先入先出法釐定。可變現淨值則參考最終將使用該存貨之相關施工中合約而釐定。

生產電力及蒸汽之存貨主要為煤炭、零件及維修保養機器及設備所需之消耗品,就任何過時或陳舊項目作適當減值後,按成本及可變現淨值兩者之較低者入賬。成本按先入先出法釐定。可變現淨值則根據估計售價減任何完成及出售所需成本計算。

借貸成本

收購、建造或生產未完成資產(即需頗長時間才可作擬定用途或銷售之資產)之直接應佔借貸成本撥充資本作為該等資產之部份成本。有關借貸成本在資產大致可作擬定用途或銷售時不再撥充資本。

所有借貸成本於產生期間確認為開支。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the balance sheet date of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit and loss account.

Provisions for warranties granted by the Group are recognised based on past experience of the level of repairs.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the capital and reserves section in the balance sheet, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3. 主要會計政策概要 (續)

撥備

當因過往事件而產生即期承擔 (法定或推定) 並可能須於日後撥出資源應付時, 倘能可靠估計有關承擔之數額, 則須就此確認撥備。

倘折現影響重大, 則按預期須於日後就該承擔所作之開支於結算日之現值而確認撥備。折現現值隨時間經過而增加之有關增幅於損益賬內列為財政開支。

本集團所提供保養之撥備乃根據過往所錄得之維修程度進行確認。

股息

董事會建議宣派之末期股息於資產負債表之股本及儲備部份按保留溢利獨立列賬, 直至該等股息獲股東於股東大會批准為止。該等股息獲股東批准及宣派後, 則確認為負債。

由於本公司組織章程大綱及細則授予董事會宣派中期股息之權力, 故中期股息乃同時建議及宣派。因此, 中期股息於擬派及宣派時即確認為負債。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Income tax

Income tax comprises current and deferred tax. Income tax is recognised in the profit and loss account or in equity if it relates to items that are recognised in the same or a different period directly in equity.

Deferred tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences:

- except where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

3. 主要會計政策概要 (續)

關連人士

倘一方擁有直接或間接控制另一方之能力，或可對另一方之財政及經營決策發揮重大影響，則雙方視為關連人士。倘雙方受到共同控制或共同重大影響，則亦視為關連人士。關連人士可能為個人或公司實體。

收益稅

收益稅包括當期及遞延稅項。當期稅項於損益賬確認，惟與當期或其他期間直接計入權益之項目相關之稅項則計入權益。

遞延稅項採用負債法，就資產與負債之稅基與財務報告之有關賬面值於結算日之所有臨時差額作出撥備。

所有應課稅臨時差額均確認為遞延稅項負債：

- 惟對於企業合併以外之交易，倘有關交易於當時對會計溢利或稅務盈虧並無影響，則有關商譽或首度確認之資產或負債所產生之遞延稅項負債不在此列；及

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax assets and unused tax losses can be utilised:

- except where the deferred tax asset relating to the deductible temporary differences arises from negative goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. 主要會計政策概要 (續)

收益稅 (續)

- 對於投資附屬公司及聯營公司之有關應課稅臨時差額，倘能控制有關臨時差額之回撥時間而於可見將來應不會回撥，則亦不在此列。

所有可抵扣臨時差額、承前未動用稅項資產及未動用稅務虧損均確認為遞延稅項資產，惟前提是可能取得應課稅溢利，以供動用可抵扣臨時差額、承前未動用稅項資產及未動用稅務虧損予以抵銷：

- 惟對於企業合併以外之交易，倘有關交易於當時對會計溢利或稅務盈虧並無影響，則有關負商譽或首度確認之資產或負債所產生之遞延稅項資產則不在此列；及
- 對於投資附屬公司及聯營公司之有關可抵扣差額，則僅在有關臨時差額可能於可見將來回撥，並有應課稅溢利以供動用臨時差額予以抵銷之情況下，方會確認遞延稅項資產。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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 deferred tax asset to be utilised. Conversely, previously unrecognised deferred tax assets are recognised to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3. 主要會計政策概要 (續)

收益稅 (續)

遞延稅項資產之賬面值每逢結算日檢討，倘不再可能有足夠應課稅溢利以供動用所有或部份遞延稅項資產予以抵銷，則遞延稅項資產將相應減少。相反，倘可能有足夠應課稅溢利以供動用所有或部份遞延稅項資產予以抵銷，則會確認過去並未確認之遞延稅項資產。

遞延稅項資產及負債乃根據於結算日或其後生效之稅率（及稅務法例），按預期實現有關資產或清償有關負債期間之適用稅率釐定。

政府補助金

政府補助金若能合理肯定可以收取及可達至所有附帶條件，則按公平值確認入賬。倘屬與支出項目相關之補助金，則按有關獲補助費用之期間相應確認為收入。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Foreign currency transactions are recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries and associates are translated to Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated to Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated to Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated to Hong Kong dollars at the weighted average exchange rates for the year.

3. 主要會計政策概要 (續)

外幣

外幣交易乃按交易日之適用匯率入賬。於結算日以外幣為單位之貨幣資產及負債乃按當日之適用匯率換算。匯兌差額則計入損益賬。

綜合賬目時，海外附屬公司及聯營公司之財務報告以淨投資法折算為港元。海外附屬公司及聯營公司之損益賬按該年度之加權平均匯率折算為港元，而其資產負債表則按結算日之匯率折算為港元。有關匯兌差額則計入匯兌波動儲備。

就綜合現金流轉表而言，海外附屬公司之現金流量按有關產生日期之匯率折算為港元。海外附屬公司於年內經常出現之現金流量則按該年度之加權平均匯率折算為港元。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the balance sheet date is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the balance sheet date for the expected future cost of such paid leave earned during the year by the employees and carried forward.

Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. A contingent liability is disclosed in respect of possible future long service payments to employees, as a number of current employees have achieved the required number of years of service to the Group, at the balance sheet date, in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated in the circumstances specified. A provision has not been recognised in respect of possible future long service payments to employees, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

3. 主要會計政策概要 (續)

僱員福利

有薪假期結轉

本集團根據僱員合約按曆年基準給予僱員有薪年假。在若干情況下，於結算日未支取之年假容許結轉，留待有關僱員於來年動用。於結算日，將就年內僱員所獲之有關有薪假期之預期未來成本作出累算並予結轉。

僱傭條例長期服務金

本集團若干僱員在本集團已工作滿所需服務年期，根據香港僱傭條例合資格於終止受聘時獲取長期服務金。倘若終止聘用符合僱傭條例所規定之情況，則本集團有責任支付有關服務金。由於若干僱員在結算日已在本集團工作滿所需服務年期，符合資格於規定情況下終止受聘時根據僱傭條例獲取長期服務金，因此已披露可能於未來支付予該等僱員之長期服務金之或然負債。由於估計該情況不大可能導致本集團須於未來作出重大支付，因此並無就有關可能於未來支付予僱員之長期服務金確認撥備。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Employee benefits (continued)***Pension schemes and other retirement benefits*

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance (the "Ordinance") for those employees who are eligible to participate in the Scheme. The Group's employer contributions are made based on a percentage of the employees' relevant income as defined under the Ordinance and are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

Prior to the Scheme being effective, the Group operated a defined contribution provident fund for those employees who were eligible and had elected to participate in the fund. This fund operated in a similar way to the Scheme, except that when an employee left the fund prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group were reduced by the relevant amount of forfeited contributions. Upon the implementation of the Scheme with effect from 1 December 2000, the provident fund was frozen and no further contributions by the Group or the eligible employees were made after that date. When eligible employees leave the Group, they receive their entitlements pursuant to the existing rules of this fund.

3. 主要會計政策概要 (續)**僱員福利 (續)***退休計劃及其他退休福利*

本集團根據強制性公積金計劃條例(「該條例」)，為所有合資格參與該計劃之僱員提供定額供款強制性公積金退休福利計劃(「該計劃」)。本集團作出之僱主供款乃根據該條例界定之僱員有關收入之百分比計算，並於有關款項根據該計劃之規則須予支付時計入損益賬。該計劃之資產乃獨立於本集團之資產，並由獨立管理之基金持有。本集團之僱主供款於向該計劃作出供款時全數歸於僱員。

於該計劃生效前，本集團為符合資格並選擇參加之僱員設有定額供款公積金。該公積金以類似該計劃之方式管理，惟倘僱員在可全數獲取本集團僱主供款之權益前退出此公積金，則本集團可以沒收之有關供款額扣減其後所作之持續供款。於二零零零年十二月一日實施該計劃後，該公積金已被凍結，而本集團及合資格僱員其後再無作出供款。當合資格僱員離開本集團時，將根據此公積金之現行規則收取應得權益。

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes and other retirement benefits (continued)

The employees of the Group's subsidiary which operates in the PRC are required to participate in a defined contribution retirement scheme. All employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount within the geographical area of their last employment at their retirement date. This PRC subsidiary is required to make contributions to a local social security bureau at a rate of 21% of the previous year's average basic salaries within the geographical area where the employees are under employment with this PRC subsidiary. This PRC subsidiary has no obligation for the payment of pension benefits beyond the annual contributions to the local social security bureau as set out above. The contributions are charged to the profit and loss account as they become payable in accordance with the rules of the defined contribution retirement scheme.

3. 主要會計政策概要 (續)

僱員福利 (續)

退休計劃及其他退休福利 (續)

本集團於中國經營之附屬公司之僱員須參加定額供款退休計劃。所有僱員均按年享有相等於退休當日其最後受僱所在地區之平均基本薪金固定百分比之退休金。此中國附屬公司須向當地社會保障局作出供款，供款比例為該僱員受僱於該中國附屬公司之所在地區之上一年度平均基本薪金之21%。除上述向當地社會保障局所作每年供款以外，此中國附屬公司並無任何其他退休金福利責任。有關供款於根據此定額供款退休計劃之規則須支付時計入損益賬。

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財務報告附註 二零零四年十二月三十一日

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Employee benefits (continued)***Share option scheme*

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

3. 主要會計政策概要 (續)**僱員福利 (續)***購股權計劃*

本公司設有購股權計劃，旨在鼓勵及嘉獎為本集團業務之成功作出貢獻之合資格參與者。根據購股權計劃授出之購股權所產生之財務影響並不計入本公司或本集團之資產負債表，直至有關購股權獲行使為止，而損益賬及資產負債表均不會計入有關之成本。購股權行使後，本公司會將就此發行之股份按面值列為額外股本，而每股行使價超逾股份面值之部份則計入股份溢價賬。在行使日期前註銷或失效之購股權則於未行使購股權登記冊中刪除。

現金及現金等值

就綜合現金流轉表而言，現金及現金等值指手頭現金及活期存款，以及可隨時轉換為已知現金額而價值變動風險不大且期限較短（一般自收購起計三個月內到期）之短期高流通性投資，但不包括須按要求隨時還款並屬於本集團整體現金管理一部分之銀行透支。

就資產負債表而言，現金及現金等值指手頭及銀行現金，包括使用時不受限制而性質近似現金之定期存款及資產。

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4. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the facade contracting works segment engages in the design, manufacture and installation of fabricated aluminium and stainless steel products for buildings, such as curtain wall and cladding systems, windows, doors, skylights and other related products;
- (b) the electric and steam power supply segment engages in the generation and sale of electric and steam power in the Linping industrial region of Hangzhou in the PRC; and
- (c) the aero-technology related business segment engages in the share of profit from the development, manufacture and distribution of EC120 helicopters.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

4. 分類資料

分類資料以下列兩種分類形式呈報：(i)按業務分類為主要呈報方式；及(ii)按地區分部為次要呈報方式。

本集團經營之業務乃根據各項業務之性質及所提供之產品及服務而獨立組成架構及管理。本集團各項業務各自代表提供不同產品及服務之策略性經營單位，以承受各自不同之風險及回報。業務分類詳情之概要如下：

- (a) 外牆裝飾工程項目，包括設計、製造及安裝用於大廈之鋁製及不銹鋼產品，包括玻璃幕牆及鋁牆面板系統、窗、門、採光棚及其他有關產品；
- (b) 電力及蒸汽供應項目，在中國杭州臨平工業區生產及銷售電力及蒸汽；及
- (c) 航空技術相關業務項目，從事開發、製造及經銷 EC120型號直升機。

在釐定本集團之地區分類時，收益按有關客戶之所在地劃分，而資產則按資產之所在地劃分。

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4. SEGMENT INFORMATION
(continued)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

4. 分類資料 (續)

(a) 業務分類

下表呈列本集團分類業務之收益、溢利及若干資產、負債及開支資料。

		Facade contracting works 大廈外牆裝飾工程		Electric and steam power supply 電力及蒸汽供應		Aero-technology related business 航空技術相關業務		Consolidated 綜合	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Segment revenue:	分類收益:								
Turnover	營業額	523,464	636,571	121,062	77,955	498	6,132	645,024	720,658
Other revenue	其他收益	32	13	8,256	4,464	3,120	-	11,408	4,477
Total	收益總額	523,496	636,584	129,318	82,419	3,618	6,132	656,432	725,135
Segment results	分類業績	15,383	15,076	15,604	11,511	(775)	3,965	30,212	30,552
Interest income, rental income and unallocated gains	利息收入、租金收入 及未分攤利潤							11,386	3,103
Unallocated expenses	未分攤費用							(14,062)	(10,048)
Profit from operating activities	經營溢利							27,536	23,607
Finance costs	財政開支							(3,380)	(2,025)
Share of profits and losses of associates	分佔聯營公司損益	-	-	-	-	(2,478)	(851)	(2,478)	(851)
Amortisation of goodwill on acquisition of an associate	攤銷收購聯營公司 之商譽	-	-	-	-	(226)	(226)	(226)	(226)
Profit before tax	除稅前溢利							21,452	20,505
Tax	稅項							(3,548)	(4,800)
Profit before minority interests	未計少數股東權益之溢利							17,904	15,705
Minority interests	少數股東權益							(4,340)	(2,827)
Net profit from ordinary activities attributable to shareholders	股東應佔日常業務溢利 淨額							13,564	12,878

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4. SEGMENT INFORMATION
(continued)

4. 分類資料 (續)

(a) Business segments (continued)

(a) 業務分類 (續)

		Facade contracting works 大廈外牆裝飾工程		Electric and steam power supply 電力及蒸汽供應		Aero-technology related business 航空技術相關業務		Consolidated 綜合	
		2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Segment assets	分類資產	365,551	457,087	274,045	200,134	56,066	59,886	695,662	717,107
Interests in associates	聯營公司權益	-	-	-	-	35,500	38,087	35,500	38,087
Unallocated assets	未分配資產							100,296	78,599
Total assets	資產總值							831,458	833,793
Segment liabilities	分類負債	229,273	313,293	127,650	66,454	-	-	356,923	379,747
Unallocated liabilities	未分配負債							1,735	1,877
Total liabilities	負債總額							358,658	381,624
Other segment information:	其他分類資料:								
Depreciation	折舊	4,779	4,393	9,646	9,034	-	-	14,425	13,427
Unallocated amounts	未分配款項							355	1,042
								14,780	14,469
Capital expenditure	資本開支	2,213	4,781	27,183	17,339	4	-	29,400	22,120
Unallocated amounts	未分配款項							56	1,260
								29,456	23,380
Surplus on revaluation of an investment property	投資物業重估增值							(5,700)	-
Surplus on revaluation of fixed assets	固定資產重估盈餘	-	-	(88)	(180)	-	-	(88)	(180)
Impairment of financial asset under Project EC120	項目EC120財務資產減值	-	-	-	-	4,000	2,000	4,000	2,000
Impairment/(write-back of impairment) of a long term investment	長期投資減值/(減值回撥)							(102)	200
Amortisation of goodwill on acquisition of an associate and a subsidiary	收購聯營公司及附屬公司商譽攤銷	-	-	2,382	2,382	226	226	2,608	2,608
Provision for/(write-back of) doubtful receivables	應收呆賬撥備/(回撥)	2,000	2,000	(8,563)	(3,009)	-	-	(6,563)	(1,009)
Provision for warranty	保證撥備	3,906	2,037	-	-	-	-	3,906	2,037

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments.

4. 分類資料 (續)

(b) 地區分類

下表呈列本集團不同地區之收益及若干資產及開支資料。

	Hong Kong 香港		Mainland China 中國內地		Consolidated 綜合	
	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元
Segment revenue: 分類收益:						
Turnover 營業額	369,497	519,215	275,527	201,443	645,024	720,658
Other revenue 其他收益	-	13	8,288	4,464	8,288	4,477
Other segment information: 其他分類資料:						
Segment assets 分類資產	371,662	439,270	459,796	394,523	831,458	833,793
Capital expenditure 資本開支	2,273	6,041	27,183	17,339	29,456	23,380

5. TURNOVER, REVENUE AND GAINS

Turnover represents an appropriate proportion of contract revenue of the construction contracts; the net invoiced value of electric and steam power sold; and income from Project EC120 for the development, manufacture and distribution of helicopters.

5. 營業額、收益及利潤

營業額乃指所執行合約工程之價值、源自銷售電力及蒸汽之發票淨值，以及來自開發、製造及經銷直升機之項目EC120之收入。

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財務報告附註 二零零四年十二月三十一日

5. TURNOVER, REVENUE AND GAINS
(continued)

An analysis of the Group's turnover, other revenue and gains is as follows:

5. 營業額、收益及利潤 (續)

本集團營業額、其他收益及利潤分析如下：

			2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
		Notes 附註		
Turnover	營業額			
Value of contracting works performed	已執行合約工程之價值		523,463,760	636,571,168
Generation and sale of electric and steam power	生產及銷售電力及蒸汽		121,062,578	77,954,742
Share of profit from Project EC120 for the development, manufacture and distribution of helicopters	分佔來自開發、製造及經銷直升機之項目EC120之溢利	15	497,909	6,132,076
			645,024,247	720,657,986
Other revenue	其他收益			
Recovery of a receivable*	收回應收款項*	38	8,563,370	-
Income accrued in respect of an exclusive distributorship of certain helicopter engines	若干直升機引擎獨家分銷權之計提收入	21	3,120,000	-
Interest income	利息收入		1,312,249	1,893,148
Income from installation of infrastructure for steam supply	安裝供汽結構之收入		2,992,570	3,466,355
Government grants**	政府補助金**		3,605,934	616,792
Income from sale of coal residues	出售煤渣之收入		1,242,709	361,410
Rental income	租金收入		1,036,022	1,204,422
Others	其他		720,980	37,716
			22,593,834	7,579,843
Gains	利潤			
Gain on deemed disposal of an associate	被視為出售聯營公司之利潤		115,816	-
Gain on disposal of long term investments	出售長期投資之利潤		84,842	-
			200,658	-
			22,794,492	7,579,843

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5. TURNOVER, REVENUE AND GAINS
(continued)

- * During the year, an amount of RMB9,077,171 (equivalent to HK\$8,563,370) was received from CATIC as settlement for the receivable from 香港合聯發展有限公司 ("香港合聯"), an ex-shareholder of Hangzhou Sealand Electric Power Company Limited ("Hangzhou Sealand"), a 70%-owned subsidiary of the Company, due to Hangzhou Sealand prior to acquisition of interest in Hangzhou Sealand by the Group in 2000 pursuant to a previous commitment made by CATIC to Speed Profit Enterprises Limited, a shareholder of the Company and the ex-shareholder of Hangzhou Sealand which sold such 70% equity interest in Hangzhou Sealand to the Group.

The full amount of the receivable was provided for at the time when equity interest in Hangzhou Sealand was acquired by the Group. The amount recovered in the current year has been reflected in the consolidated profit and loss account for the year.

- ** Various government grants have been received from Hangzhou government authorities relating to the coal price subsidy and anti-pollution research activities in Hangzhou, the PRC. There are no unfulfilled conditions or contingencies relating to these grants.

5. 營業額、收益及利潤 (續)

- * 年內，從中航技總公司收到人民幣9,077,171元（相當於8,563,370港元），作為按早年前中航技總公司向凱得利國際有限公司作出之承諾償還本集團二零零零年收購杭州海聯熱電有限公司（「杭州海聯」，本公司佔70%股權之附屬公司）之前杭州海聯前股東香港合聯發展有限公司（「香港合聯」）欠負杭州海聯之應收款項。凱得利國際有限公司為本公司股東及杭州海聯之前股東，其將杭州海聯之70%股權售予本集團。

該筆應收款項已於本集團收購杭州海聯之股權時全數撥備。於本年度收回之該筆款項已於本年度綜合損益表中列賬。

- ** 杭州市政府部門已就煤炭價格補貼及在中國杭州進行之環保研究活動提供多項政府補助金，有關此等補助金均未出現任何無法履行之情況或或然事項。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

6. PROFIT FROM OPERATING ACTIVITIES

The Group's profit from operating activities is arrived after charging/(crediting):

6. 經營溢利

本集團之經營溢利已扣除／(計入)以下項目：

			2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
		Notes 附註		
Cost of contracting works:	合約工程成本：			
Cost of contracting works performed	已執行合約工程之成本		465,418,332	578,798,575
Provision for warranty	保證撥備	28	3,906,000	2,037,000
			469,324,332	580,835,575
Cost of electric and steam power supply	供應電力及蒸汽之成本		113,494,417	65,245,802
			582,818,749	646,081,377
Depreciation	折舊	14	14,780,477	14,469,327
Less: Amounts capitalised to long term construction contracts	減：撥作長期建築合約資本之款額	34(a)	(3,284,766)	(3,145,462)
			11,495,711	11,323,865
Minimum lease payments under operating leases on land and buildings	土地及樓宇經營租約之最低租金		3,694,110	4,449,141
Less: Amounts capitalised to long term construction contracts	減：撥作長期建築合約資本之款額		(2,724,077)	(3,040,863)
			970,033	1,408,278
Staff costs (excluding directors' remuneration (note 8)):	員工成本(不包括董事酬金(附註8))：			
Wages and salaries	工資及薪金		18,385,424	16,447,769
Pension scheme contributions	退休金計劃供款		3,072,568	2,618,650
Less: Forfeited contributions	減：已沒收供款		(168,027)	(130,639)
Net pension scheme contributions*	退休金計劃供款淨額*		2,904,541	2,488,011

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

6. PROFIT FROM OPERATING ACTIVITIES (continued)

The Group's profit from operating activities is arrived after charging/(crediting):

6. 經營溢利 (續)

本集團之經營溢利已扣除/(計入)以下項目:

	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Other operating (income)/expenses: 其他經營(收入)/開支:		
Severance payments 遣散費	766,851	167,706
Provision for doubtful debts 呆賬撥備	2,000,000	2,000,000
Write-back of provision for a doubtful debts** 應收呆賬撥備回撥**	-	(3,009,173)
Loss on disposal of properties held for sale 出售待售物業虧損	-	179,449
Impairment/(write-back of impairment) of a long term investment (note 19) 長期投資減值/(減值回撥)(附註19)	(102,000)	200,000
Loss/(gain) on disposal of fixed assets 出售固定資產虧損/(利潤)	(7,000)	151,113
	2,657,851	(310,905)
Auditors' remuneration 核數師酬金	900,000	900,000
Overprovision in the prior year 上年度超額撥備	-	(96,902)
	900,000	803,098
Exchange losses/(gains), net 匯兌虧損/(利潤)淨額	(156,172)	170,953
Net rental income 租金收入淨額	1,036,022	1,203,157

* At 31 December 2004, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2003: Nil).

* 於二零零四年十二月三十一日，本集團並無任何已沒收供款可用作減少未來年度之退休計劃供款(二零零三年：無)。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

6. PROFIT FROM OPERATING ACTIVITIES (continued)

** Provision for doubtful debts of RMB7,430,000 (equivalent to HK\$6,943,958) was made during the year ended 31 December 2001 against amounts due from Asia Capital Financial Group Limited ("Asia Capital"), a minority shareholder of Hangzhou Sealand and 盈華實業有限公司, a subsidiary of Asia Capital. During the year ended 31 December 2003, the Group applied dividends otherwise payable by Hangzhou Sealand to Asia Capital amounting to RMB689,724 (equivalent to HK\$650,683) as partial settlement of the balance due from Asia Capital (see note 34(a)). The Group also received RMB2,500,000 (equivalent to HK\$2,358,490) from a subsidiary of Asia Capital during the year ended 31 December 2003 to further settle its balance due to the Group. Accordingly, provision for a doubtful receivable of HK\$3,009,173 was written back during the year ended 31 December 2003.

6. 經營溢利 (續)

** 截至二零零一年十二月三十一日止年度之應收呆賬撥備人民幣7,430,000元(相等於6,943,958港元)用作抵銷杭州海聯少數股東亞洲金融財務集團有限公司(「亞洲金融」)及亞洲金融之附屬公司盈華實業有限公司之欠款。截至二零零三年十二月三十一日止年度,本集團以杭州海聯應付予亞洲金融之股息共人民幣689,724元(相等於650,683港元),用作償還亞洲金融之部份欠款(附註34(a))。本集團亦於截至二零零三年十二月三十一日止年度收到亞洲金融一家附屬公司人民幣2,500,000元(相等於2,358,490港元),以進一步償還其欠本集團之餘款。因此,應收呆賬撥備3,009,173港元已於截至二零零三年十二月三十一日止年度回撥。

7. FINANCE COSTS

7. 財政支出

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Interest on bank overdrafts and bank loans wholly repayable within five years	須於五年內全部償還之銀行透支及銀行貸款之利息	4,382,868	3,681,905
Less: Amounts capitalised to long term construction contracts (note 34(a))	減:撥作長期建築合約資本之款項(附註34(a))	(1,052,687)	(1,701,901)
		3,330,181	1,980,004
Interest on a finance lease	財務租約之利息	49,705	44,703
		3,379,886	2,024,707

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance, is as follows:

8. 董事酬金

根據上市規則及公司條例第161條披露之董事酬金如下：

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Fees:	袍金：		
Executive directors	執行董事	216,000	216,097
Non-executive directors	非執行董事	375,167	360,000
		591,167	576,097
Other emoluments (executive directors):	其他酬金 (執行董事)：		
Basic salaries, other allowances and benefits in kind	基本薪金、其他津貼及實物利益	5,984,033	7,685,461
Pension scheme contributions	退休金計劃供款	359,160	446,760
Performance related bonuses	工作表現相關花紅	820,000	1,180,000
		7,754,360	9,888,318

The number of directors whose remuneration fell within the following bands is as follows:

酬金在下列範圍之董事人數如下：

		Number of directors 董事人數	
		2004 二零零四年	2003 二零零三年
Nil – HK\$1,000,000	零至1,000,000港元	10	7
HK\$2,000,001 – HK\$2,500,000	2,000,001港元至2,500,000港元	–	1
HK\$3,000,001 – HK\$3,500,000	3,000,001港元至3,500,000港元	1	1
HK\$4,000,001 – HK\$4,500,000	4,000,001港元至4,500,000港元	1	1
		12	10

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

8. DIRECTORS' REMUNERATION (continued)

The total remuneration of the independent non-executive directors for the year amounted to HK\$255,167 (2003: HK\$240,000). The directors' remuneration has not been included in the staff costs disclosed in note 6 above.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

During the year ended 31 December 2003, options in respect of 120,000,000 shares were granted to certain directors in respect of their services to the Group under the share option schemes of the Company, further details of which are set out in note 32 to the financial statements. No value in respect of the share options granted during the year ended 31 December 2003 has been charged to the profit and loss account, or is otherwise included in the above directors' remuneration disclosures.

8. 董事酬金 (續)

本年度之獨立非執行董事酬金總額為255,167港元(二零零三年: 240,000港元)。董事酬金並無計入上文附註6所披露之員工成本。

年內並無任何安排致使董事放棄或同意放棄任何酬金。

於截至二零零三年十二月三十一日止年度內,涉及120,000,000股股份之購股權已根據本公司之購股權計劃授予若干任職本集團之董事,其他詳情載於財務報告附註32。於截至二零零三年十二月三十一日止年度內授出之購股權並無自損益賬扣除任何數值,亦無在上文董事酬金之披露內。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid individuals included two (2003: three) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2003: two) non-directors, highest paid individuals for the year are as follows:

9. 五名最高薪僱員之酬金

五名最高薪人士包括兩名(二零零三年:三名)董事,彼等酬金之詳情載於上文附註8。其餘三名(二零零三年:兩名)最高薪非董事人士之酬金之詳情如下:

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Basic salaries, other allowances and benefits in kind	基本薪金、其他津貼及實物利益	3,717,500	2,682,550
Pension scheme contributions	退休金計劃供款	235,206	138,408
Performance related bonuses	工作表現相關花紅	889,000	441,000
		4,841,706	3,261,958

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

酬金在下列範圍之最高薪非董事僱員數目:

		Number of employees 僱員人數	
		2004 二零零四年	2003 二零零三年
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	1	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	2	1
		3	2

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION (continued)

During the year ended 31 December 2003, options in respect of 3,000,000 shares were granted to the two non-directors, highest paid employees in respect of their services to the Group, further details of which are set out in note 32 to the financial statements. No value in respect of the share options granted during the year ended 31 December 2003 has been charged to the profit and loss account, or is otherwise included in the above non-director, highest paid employees' remuneration disclosures.

10. TAX

No Hong Kong profits tax has been provided as the Group had available tax losses brought forward to offset the assessable profits arising in Hong Kong for the current and the prior years. The tax charge for the current and the prior years represent income tax in Mainland China and Macau, which is calculated at the applicable tax rate based on existing PRC and Macau legislations, interpretations and practices in respect thereof.

The tax charge for the year is represented by:

9. 五名最高薪僱員之酬金 (續)

於截至二零零三年十二月三十一日止年度內，涉及3,000,000股股份之購股權已授予兩名任職本集團之最高薪非董事僱員，其他詳情載於財務報告附註32。於截至二零零三年十二月三十一日止年度內授出之購股權並無自損益賬扣除任何數值，亦無在上文非董事、最高薪僱員酬金之披露內。

10. 稅項

由於本集團承前可用之稅務虧損足以抵銷本年度及上年度在香港產生之應課稅溢利，因此並無作出香港利得稅撥備。中國內地及澳門本年度及上年度之稅項開支乃根據有關現行中國及澳門法例、詮釋及慣例訂定之適用稅率所計算之中國及澳門所得稅。

本年度之稅項開支如下：

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Group:	集團：		
Current	即期		
– Mainland China	– 國內	1,994,058	3,114,137
– Macau	– 澳門	190,000	–
Overprovision in the prior year	上年度超額撥備		
– Mainland China	– 國內	–	(933,046)
Deferred (note 20)	遞延 (附註20)	1,364,075	2,619,071
Total tax charge for the year	本年度稅項開支總額	3,548,133	4,800,162

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

10. TAX (continued)

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory rates for the countries in which the Company and the majority of its subsidiaries and associates are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

10. 稅項 (續)

本公司及其主要附屬公司與聯營公司使用當地法定稅率計算之除稅前溢利／(虧損)稅項支出與本集團使用實際稅率計算之稅項支出，以及適用稅率(即法定稅率)與實際稅率之對賬如下：

		Group - 2004 集團 - 二零零四年							
		Hong Kong		Mainland		Elsewhere		Total	
		香港		國內		其他地區		合計	
		HKS	%	HKS	%	HKS	%	HKS	%
		港元	%	港元	%	港元	%	港元	%
Profit/(loss) before tax	除稅前溢利／(虧損)	25,910,573		(5,004,782)		546,640		21,452,431	
Tax at the statutory tax rates	按法定稅率計算之稅項	4,534,350	17.5	(825,789)	16.5	34,925	6.4	3,743,486	17.4
Lower tax rates for specific provinces	特定省份之較低稅率	-	-	147,428	(2.9)	-	-	147,428	0.7
Deemed income of the PRC construction business	中國建築業之假設收入	30,112	0.1	597,705	(11.9)	-	-	627,817	2.9
Income not subject to tax	毋須繳稅收入	(3,194,385)	(12.3)	(1,082,808)	21.6	-	-	(4,277,193)	(19.9)
Expenses not deductible for tax	不得扣稅之開支	203,677	0.8	1,212,253	(24.2)	7,139	1.3	1,423,069	6.6
Increase in unutilised losses carried forward	未動用結轉稅項虧損增加	756,358	2.9	979,232	(19.6)	147,936	27.1	1,883,526	8.8
Tax charge at the Group's effective rate	本集團實際稅率之稅項開支	2,330,112	9.0	1,028,021	(20.5)	190,000	34.8	3,548,133	16.5

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

10. TAX (continued)

10. 稅項 (續)

		Group - 2003 集團 - 二零零三年							
		Hong Kong		Mainland		Elsewhere		Total	
		香港		國內		其他地區		合計	
		HK\$	%	HK\$	%	HK\$	%	HK\$	%
		港元	%	港元	%	港元	%	港元	%
Profit/(loss) before tax	除稅前溢利/(虧損)	13,523,993		7,506,062		(524,929)		20,505,126	
Tax at the statutory tax rate	按法定稅率計算之稅項	2,366,699	17.5	1,238,500	16.5	(124,233)	23.7	3,480,966	17.0
Lower tax rates for specific provinces	特定省份之較低稅率	-	-	(251,392)	(3.3)	-	-	(251,392)	(1.3)
Deemed income of the PRC construction business	中國建築業之假設收入	-	-	49,423	0.7	-	-	49,423	0.2
Effect on opening deferred tax asset of increase in rates	增加稅率對年初遞延稅項資產之影響	(1,077,849)	(8.0)	-	-	-	-	(1,077,849)	(5.3)
Adjustments in respect of current tax of previous periods	調整以往期間之即期稅項	-	-	(933,046)	(12.4)	-	-	(933,046)	(4.6)
Income not subject to tax	毋須繳稅收入	(802,027)	(5.9)	(101,771)	(1.4)	-	-	(903,798)	(4.4)
Expenses not deductible for tax	不得扣稅之開支	1,350,470	10.0	1,553,024	20.6	-	-	2,903,494	14.3
Increase in unutilised losses carried forward	未動用結轉稅項虧損增加	930,032	6.9	478,099	6.4	124,233	(23.7)	1,532,364	7.5
Tax charge at the Group's effective rate	本集團實際稅率之稅項開支	2,767,325	20.5	2,032,837	27.1	-	-	4,800,162	23.4

Certain PRC subsidiaries of the Group were eligible for exemption from corporate income tax ("CIT") for the two years starting from the first year in which assessable profits were generated, and a 50% exemption from CIT for the following three years. In addition, another PRC subsidiary was eligible for a concessionary CIT rate of 16.5%.

本集團若干中國附屬公司合資格於首個產生可課稅溢利年度起兩年內免除企業所得稅(「所得稅」)，並在以後三年內獲得50%之所得稅減免。此外，另一家中國附屬公司合資格享有16.5%之優惠所得稅稅率。

Notes to Financial Statements 31 December 2004**財務報告附註** 二零零四年十二月三十一日**11. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The net loss from ordinary activities attributable to shareholders for the year ended 31 December 2004 dealt with in the financial statements of the Company was HK\$359,486 (2003: net profit of HK\$16,094,086) (note 33).

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$13,563,689 (2003: HK\$12,878,489) and the weighted average number of 3,739,555,317 (2003: 3,679,104,562) ordinary shares in issue during the year.

The calculation of diluted earnings per share is based on the net profit attributable to shareholders for the year of HK\$13,563,689 (2003: HK\$12,878,489) and the weighted average number of 3,755,220,532 (2003: 3,695,996,309) ordinary shares, being the aggregate of the weighted average of 3,739,555,317 (2003: 3,679,104,562) ordinary shares in issue during the year, as used in the basic earnings per share calculation and the weighted average of 15,665,215 (2003: 16,891,747) ordinary shares assumed to have been issued at no consideration on the deemed exercise of outstanding share options in full during the year.

11. 股東應佔日常業務溢利淨額

於本公司財務報告中處理之截至二零零四年十二月三十一日止年度股東應佔日常業務虧損淨額為359,486港元(二零零三年:溢利淨額16,094,086港元)(附註33)。

12. 每股盈利

每股基本盈利乃根據年內股東應佔溢利淨額13,563,689港元(二零零三年:12,878,489港元)及年內已發行普通股之加權平均數3,739,555,317股(二零零三年:3,679,104,562股)計算。

每股攤薄盈利乃根據年內股東應佔溢利淨額13,563,689港元(二零零三年:12,878,489港元)及年內普通股之加權平均數3,755,220,532股(二零零三年:3,695,996,309股),該加權平均數乃用作計算每股基本盈利之年內已發行普通股之加權平均數3,739,555,317股(二零零三年:3,679,104,562股)及假設尚未行使之購股權於年度全數獲行使而無償發行之普通股加權平均數15,665,215股(二零零三年:16,891,747股)普通股兩者之總和。

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財務報告附註 二零零四年十二月三十一日

13. INVESTMENT PROPERTIES

The investment property of the Company situated in Hong Kong was revalued at HK\$25,500,000 based on the valuation performed by Grant Sherman Appraisal Limited, independent professionally qualified valuers, on the market value basis as at 31 December 2004 (2003: HK\$19,800,000). A revaluation surplus of HK\$5,700,000 was credited to the consolidated profit and loss account for the year in accordance with the HKAS 40 (note 2).

At 31 December 2004, a portion of this investment property situated in Hong Kong has been taken up by the Company as its office premises. Accordingly, the relevant portion of such property was transferred to leasehold land and buildings at its carrying value of HK\$12,750,000 (note 14).

During the year, the subsidiaries' investment properties situated in Mainland China were transferred to leasehold land and buildings upon expiry of the operating lease agreements at their aggregate carrying value of HK\$3,091,481 based on the valuations performed by Vigers Appraisal and Consulting Limited, an independent professional valuers, on the open market and existing use basis at the date of transfer. As at 31 December 2003, the investment properties of the subsidiaries were revalued by Vigers Hong Kong Ltd., a firm of independent professionally qualified valuers, at HK\$3,091,481 on the open market and existing use basis.

At 31 December 2003, the investment properties were leased to third parties under operating lease arrangements. Further details of which are included in note 35(a) to the financial statements.

13. 投資物業

獨立專業合資格估值師中證評估有限公司按市值基準對本公司位於香港之投資物業於二零零四年十二月三十一日之重新估值為25,500,000港元(二零零三年:19,800,000港元)。根據香港會計準則第40號,本年度綜合損益賬計入重估增值5,700,000港元(附註2)。

於二零零四年十二月三十一日,本公司將該處位於香港之投資物業之一部份據為辦公場所。同時,該處物業之相關部份轉作租約土地及樓宇,面值為12,750,000港元(附註14)。

年內,附屬公司位於中國國內之投資物業於經營租約到期時轉作租約土地及樓宇,獨立專業估值師威格斯資產評估顧問有限公司按轉撥之日公開市值及現有用途基準進行估值,面值總額為3,091,481港元。於二零零三年十二月三十一日,獨立專業合資格估值師威格斯資產評估顧問有限公司按公開市值及現有用途基準對附屬公司之投資物業之重新估值為3,091,481港元。

於二零零三年十二月三十一日,該等投資物業乃根據經營租約安排租予第三者。詳情載於財務報告附註35(a)。

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財務報告附註 二零零四年十二月三十一日

13. INVESTMENT PROPERTIES
(continued)

An analysis of the Group's and the Company's investment properties is as follows:

13. 投資物業 (續)

本集團及本公司之投資物業分析如下：

		Group 本集團		Company 本公司	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
At valuation:	按估值：				
At 1 January	於一月一日	22,891,481	22,891,481	19,800,000	19,800,000
Surplus on revaluation	重新估值增值	5,700,000	-	5,700,000	-
Transfer to leasehold land and buildings (note 14)	轉作租約土地及樓宇 (附註14)	(15,841,481)	-	(12,750,000)	-
		12,750,000	22,891,481	12,750,000	19,800,000
Analysed by geographical location and terms of leases:	根據所處地區及租約條款分析：				
Hong Kong, held under a long term lease	香港·按長期租約持有	-	19,800,000	-	19,800,000
Hong Kong, held under a medium term lease	香港·按中期租約持有	12,750,000	-	12,750,000	-
Mainland China, held under medium term leases	中國國內·按中期租約持有	-	3,091,481	-	-
		12,750,000	22,891,481	12,750,000	19,800,000

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財務報告附註 二零零四年十二月三十一日

14. FIXED ASSETS

14. 固定資產

		Construction in progress	Leasehold land and buildings	Leasehold improvements	Plant and machinery	Group 本集團 Generation		Motor vehicles	Tools and moulds	Total
						plant and related structure	Furniture, fixtures and equipment			
		在建工程	租約土地 及樓宇	租約 物業裝修	廠房及機器	發電廠房及 有關設備	傢俬、裝置 及設備	汽車	工具及模具	合計
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元	港元	港元	港元
Cost or valuation:	原值或估值:									
At beginning of year	年初	10,689,414	74,462,215	13,725,379	10,890,955	67,577,442	15,456,754	11,742,878	1,662,575	206,207,612
Additions	添置	24,281,917	147,037	438,437	531,700	2,638,279	773,303	504,426	140,505	29,455,604
Disposals	出售	-	-	-	(1,030,085)	(2,885,942)	(91,640)	(329,713)	-	(4,337,380)
Transfer	轉撥	(18,004,578)	3,481,003	-	-	14,452,820	-	70,755	-	-
Transfer from investment properties (note 13)	轉自投資物業 (附註13)	-	15,841,481	-	-	-	-	-	-	15,841,481
Surplus on revaluation (note 33)	重估盈餘 (附註33)	-	-	-	-	(5,398,848)	-	-	-	(5,398,848)
At 31 December 2004	於二零零四年 十二月三十一日	16,966,753	93,931,736	14,163,816	10,392,570	76,383,751	16,138,417	11,988,346	1,803,080	241,768,469
Analysis of cost or valuation:	原值或估值分析:									
At cost	按原值	16,966,753	93,931,736	14,163,816	10,392,570	-	16,138,417	11,988,346	1,803,080	165,384,718
At 31 December 2004 valuation	按二零零四年十二月 三十一日之估值:	-	-	-	-	76,383,751	-	-	-	76,383,751
		16,966,753	93,931,736	14,163,816	10,392,570	76,383,751	16,138,417	11,988,346	1,803,080	241,768,469
Accumulated depreciation:	累積折舊:									
At beginning of year	年初	-	21,716,253	11,133,242	7,712,059	-	13,040,311	7,817,935	1,446,100	62,865,900
Provided during the year	年內撥備	-	2,638,301	1,004,416	1,288,962	7,307,999	994,795	1,432,228	113,776	14,780,477
Disposals	出售	-	-	-	(1,030,085)	(1,799,815)	(91,640)	(329,713)	-	(3,251,253)
Surplus on revaluation (note 33)	重估盈餘 (附註33)	-	-	-	-	(5,508,184)	-	-	-	(5,508,184)
At 31 December 2004	於二零零四年 十二月三十一日	-	24,354,554	12,137,658	7,970,936	-	13,943,466	8,920,450	1,559,876	68,886,940
Net book value:	賬面淨值:									
At 31 December 2004	於二零零四年 十二月三十一日	16,966,753	69,577,182	2,026,158	2,421,634	76,383,751	2,194,951	3,067,896	243,204	172,881,529
At 31 December 2003	於二零零三年 十二月三十一日	10,689,414	52,745,962	2,592,137	3,178,896	67,577,442	2,416,443	3,924,943	216,475	143,341,712

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財務報告附註 二零零四年十二月三十一日

14. FIXED ASSETS (continued)

14. 固定資產 (續)

		Company 本公司			
		Leasehold land and building	Furniture, fixtures and equipment	Motor vehicles	Total
		租約土地 及樓宇 HK\$ 港元	傢俬、裝置 及設備 HK\$ 港元	汽車 HK\$ 港元	合計 HK\$ 港元
Cost:	原值:				
At beginning of year	年初	–	495,783	780,000	1,275,783
Additions	添置	–	56,165	–	56,165
Transfer from investment Properties (note 13)	轉自投資物業 (附註13)	12,750,000	–	–	12,750,000
At 31 December 2004	於二零零四年 十二月三十一日	12,750,000	551,948	780,000	14,081,948
Accumulated depreciation:	累積折舊:				
At beginning of year	年初	–	291,395	780,000	1,071,395
Provided during the year	年內撥備	–	84,103	–	84,103
At 31 December 2004	於二零零四年 十二月三十一日	–	375,498	780,000	1,155,498
Net book value:	賬面淨值:				
At 31 December 2004	於二零零四年 十二月三十一日	12,750,000	176,450	–	12,926,450
At 31 December 2003	於二零零三年 十二月三十一日	–	204,388	–	204,388

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財務報告附註 二零零四年十二月三十一日

14. FIXED ASSETS (continued)

An analysis of the Group's and the Company's leasehold land and buildings is as follows:

14. 固定資產 (續)

本集團及本公司之租約土地及樓宇分析如下：

		Group 本集團		Company 本公司	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
At cost, located in:	原值·位於：				
Hong Kong, held under a long term lease	香港·按長期租約持有	6,000,000	6,000,000	-	-
Hong Kong, held under a medium term lease	香港·按中期租約持有	12,750,000	-	12,750,000	-
Mainland China, held under a medium term lease	中國國內·按中期租約持有	75,181,736	68,462,215	-	-
		93,931,736	74,462,215	12,750,000	-

The net book value of the Group's fixed assets held under a hire purchase contract included in the total amount of motor vehicles at 31 December 2004 amounted to HK\$586,777 (2003: HK\$857,597).

計入二零零四年十二月三十一日汽車總額之本集團按租購合約持有之固定資產賬面淨值為586,777港元(二零零三年:857,597港元)。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

14. FIXED ASSETS (continued)

At 31 December 2004, the Group's generation plant and related structure was revalued at HK\$76,383,751 (2003: HK\$67,577,442) by Grant Sherman Appraisal Limited on the open market value and existing use basis, resulting in a revaluation surplus of HK\$109,336 (2003: revaluation surplus of HK\$115,947). Out of the revaluation surplus of HK\$109,336, a surplus of HK\$87,538 (2003: HK\$179,758) was credited to the consolidated profit and loss account to offset the revaluation deficit arising from the valuation of similar assets previously charged to the profit and loss account whereas the surplus of HK\$21,798 (2003: deficit of HK\$63,811) was credited to fixed asset revaluation reserve (note 33). Had these generation plant and related structure been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK\$79,255,622 (2003: HK\$67,693,389).

At 31 December 2004, certain of the Group's leasehold land and buildings and generation plant and related structure with net book values of approximately HK\$20,236,045 (2003: HK\$21,399,967) and HK\$7,456,181 (2003: HK\$6,835,975), respectively, were pledged to secure general banking facilities granted to the Group (note 29(i) and (ii)).

14. 固定資產 (續)

於二零零四年十二月三十一日，本集團發電廠房及有關設施經中證評估有限公司按公開市值及現有用途基準進行重新估值為76,383,751港元（二零零三年：67,577,442港元），由此產生重估盈餘109,336港元（二零零三年：重估盈餘115,947港元）。重估盈餘109,336港元其中87,538港元（二零零三年：179,758港元）已計入綜合損益賬，以抵銷由於對已除自損益賬之類似資產進行估值，而盈餘21,798港元（二零零三年：減值63,811港元）已計入固定資產重估儲備（附註33）產生之重估減值。倘該等發電廠房及有關設施以歷史成本減除累積折舊及減值虧損後入賬，則彼等之賬面值應為79,255,622港元（二零零三年：67,693,389港元）。

於二零零四年十二月三十一日，賬面淨值分別約20,236,045港元（二零零三年：21,399,967港元）及7,456,181港元（二零零三年：6,835,975港元）之本集團若干租約土地及樓宇與發電廠房及有關設施經已抵押，作為本集團所獲一般銀行信貸之擔保（附註29(i)及(ii)）。

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財務報告附註 二零零四年十二月三十一日

15. FINANCIAL ASSET UNDER PROJECT EC120

The balance represents the carrying value of the Group's interest in 80% of CATIC's interest in the net income in relation to Project EC120 which was acquired from CATIC in 2002. Project EC120 is a jointly-controlled operation established in October 1992 by CATIC in co-operation with Eurocopter S.A. and Singapore Aerospace Ltd., both independent third parties, to develop, manufacture and globally distribute the multi-purpose EC120 helicopters.

CATIC's net income derived from Project EC120 is limited to CATIC's share of income, net of all expenses, to be derived from its interest in Project EC120 in relation to (i) the sale and production of parts and spares of helicopters and profits accrued to CATIC from the sale of helicopters globally; (ii) recovery of non-recurring costs accrued to CATIC; (iii) commission income accrued to CATIC from the sale of helicopters by CATIC in the PRC; and (iv) administrative income accrued to CATIC from the operations of Project EC120.

As the investment represents a contractual right to receive cash in the future from another enterprise, the investment has been classified as a non-current financial asset and stated at cost less any impairment losses. Pursuant to the agreement between the Group and CATIC, CATIC warranted that the share of the net income by the Group for each of the two years ended 31 December 2002 and 2003 would not be less than RMB6,500,000 (the "Guaranteed Profit"). The income of CATIC in relation to Project EC120 for the year ended 31 December 2004 shared by the Group amounted to HK\$497,909. In the prior year, as the Group's 80% share of net income amounting to RMB3,000,936 was lower than the Guaranteed Profit, CATIC settled to the Group the Guaranteed Profit of RMB6,500,000 (equivalent to HK\$6,132,076).

15. 項目EC120之財務資產

結餘指本集團於二零零二年從中航技總公司所購之項目EC120應計之淨收入之80%權益之權益賬面值。項目EC120是一項於一九九二年十月由中航技總公司與獨立第三者Eurocopter S.A.及Singapore Aerospace Ltd.成立之共同控制項目。該等公司透過此項目合作開發、製造及全球經銷EC120型號之多用途直升機。

中航技總公司來自項目EC120之淨收入限於中航技總公司就下列收入項目其在項目EC120權益中所產生收入中應佔部份(減所有開支),該等收入項目為(i)銷售及生產直升機零部件,及中航技總公司自全球銷售直升機之應計溢利;(ii)收回中航技總公司應計之非經常成本;(iii)就中航技總公司於中國國內銷售直升機之中航技總公司應計佣金收入;及(iv)中航技總公司於項目EC120營運之應計管理收入。

由於該項投資指日後從另一家企業收取現金之合約權利,故該投資已分類為非流動財務資產,並按成本扣除任何減值虧損列賬。根據本集團與中航技總公司訂立之協議,中航技總公司保證本集團於截至二零零二年及二零零三年十二月三十一日止兩個年度各年之淨收入不低於人民幣6,500,000元(「保證溢利」)。本集團佔中航技總公司就項目EC120截至二零零四年十二月三十一日止年度之淨收入為497,909港元。去年,由於本集團所佔之80%淨收入人民幣3,000,936元低於保證溢利,故此中航技總公司向本集團支付保證溢利人民幣6,500,000元(相等於6,132,076港元)。

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財務報告附註 二零零四年十二月三十一日

15. FINANCIAL ASSET UNDER PROJECT EC120 (continued)

During the year, having considered the future cash flow and profit forecasts of Project EC120, the directors made a provision for impairment of HK\$4,000,000 (2003: HK\$2,000,000) which was charged to the profit and loss account in the current year.

The cost less accumulated impairment losses of the financial asset is analysed as follows:

15. 項目 EC120 之財務資產 (續)

年內，經考慮項目 EC120 之未來現金流量及溢利預測後，董事已就於年內自損益賬扣除之減值 4,000,000 港元（二零零三年：2,000,000 港元）作出撥備。

原值減財務資產累積減值虧損之分析如下：

		Group 本集團 HK\$ 港元
Cost:	原值：	
At 1 January 2004 and 31 December 2004	於二零零四年一月一日及 二零零四年十二月三十一日	39,759,462
Accumulated impairment:	累積減值：	
At 1 January 2004	於二零零四年一月一日	2,000,000
Impairment during the year	年內減值	4,000,000
At 31 December 2004	於二零零四年十二月三十一日	6,000,000
Net carrying value:	賬面淨值：	
At 31 December 2004	於二零零四年十二月三十一日	33,759,462
At 31 December 2003	於二零零三年十二月三十一日	37,759,462

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財務報告附註 二零零四年十二月三十一日

16. GOODWILL

The amount of goodwill capitalised as an asset arising from the acquisition of Hangzhou Sealand less accumulated amortisation and impairment loss is as follows:

16. 商譽

收購杭州海聯而產生之商譽撥作資本，減除累積攤銷及減值虧損後之金額如下：

		Group 本集團 HK\$ 港元
Cost:	原值：	
At 1 January 2004 and 31 December 2004	於二零零四年一月一日及 二零零四年十二月三十一日	72,189,560
Accumulated amortisation and impairment:	累積攤銷及減值：	
At 1 January 2004	於二零零四年一月一日	31,690,777
Amortisation provided during the year	年內攤銷撥備	2,382,281
At 31 December 2004	於二零零四年十二月三十一日	34,073,058
Net book value:	賬面淨值：	
At 31 December 2004	於二零零四年十二月三十一日	38,116,502
At 31 December 2003	於二零零三年十二月三十一日	40,498,783

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財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

17. 附屬公司權益

		Company 本公司	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Unlisted shares, at cost	非上市股份·原值	43,659,910	43,652,094
Due from subsidiaries	附屬公司欠款	498,352,327	517,864,110
Due to subsidiaries	欠附屬公司款項	-	(34,506)
		542,012,237	561,481,698
Less: Provision for impairment	減: 減值撥備	(43,600,000)	(43,600,000)
Provision for amounts due from subsidiaries	附屬公司欠款 撥備	(199,776,497)	(199,776,497)
		298,635,740	318,105,201

The balances with the subsidiaries are unsecured, interest-free and are not expected to be repaid within one year.

與附屬公司有關之款項餘額為無抵押、免息及無須於一年內償還。

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財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows:

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
FEA Holdings Limited	Cayman Islands/ Hong Kong 開曼群島/香港	US\$6,000 6,000美元	100	–	Investment holding 投資控股
Far East Aluminium (Asia) Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100美元	–	100	Investment holding 投資控股
Far East Aluminium (B.V.I.) Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$6,000 6,000美元	–	100	Investment holding 投資控股
FEA Engineering Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100美元	–	100	Investment holding 投資控股
FEA Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	–	100	Investment holding 投資控股

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: *(continued)*

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下: (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Polyson Investment Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	100	–	Investment holding 投資控股
CATIC Navigation Technology Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$2 2美元	100	–	Investment holding 投資控股
Strong Power International Limited 強勢國際有限公司	Hong Kong 香港	HK\$2 2港元	–	100	Investment holding 投資控股
CATIC Helicopter (H.K.) Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$2 2美元	100	–	Investment holding 投資控股
CATIC General Aviation Holdings Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$2 2美元	100	–	Investment holding 投資控股
CATIC Helicopter Development (Shenzhen) Limited** 中航技直升機技術服務 (深圳)有限公司**	PRC/ Mainland China 中國/國內	HK\$42,000,000 42,000,000港元	–	100	Investment holding 投資控股

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: (continued)

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下: (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Billirich Investment Limited*	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1,000 1,000美元	100	–	Investment holding 投資控股
Florex Investment Limited*	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$2 2美元	100	–	Investment holding 投資控股
Sarnet Investment Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	100	–	Investment holding 投資控股
Better View Investment Limited 啟先投資有限公司	Hong Kong/ Mainland China 香港/國內	HK\$2 2港元	–	100	Property holding 持有物業
Far East Aluminium Works (Guangzhou) Company Limited 遠東鋁質工程 (廣州)有限公司	Hong Kong/ Mainland China 香港/國內	HK\$2 2港元	–	100	Property holding 持有物業

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: (continued)

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下: (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
FEA Technology Limited 遠東工業科技 有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Provision of transportation services 提供運輸服務
Far East Aluminium Works Company Limited 遠東鋁質工程 有限公司	Hong Kong 香港	HK\$90,000,000 90,000,000港元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: (continued)

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下: (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Seniford Engineering Limited 先利富工程 有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品
Far East Aluminium Works (Singapore) Pte. Ltd.	Singapore 新加坡	SGD50,000 50,000坡元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: *(continued)*

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下: (續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Netfortune Engineering (FEA) Macau Limited	Macau 澳門	MOP25,000 25,000元葡幣	–	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品
Heng Fai International Ltd.	British Virgin Islands/ Mainland China 英屬處女群島/國內	HK\$1,000 1,000港元	–	100	Manufacture of curtain walls and aluminium windows 製造玻璃幕牆及鋁窗
Netfortune Limited 力進有限公司	Hong Kong/ Mainland China 香港/國內	HK\$500,000 500,000港元	–	100	Installation of curtain walls and aluminium windows 安裝玻璃幕牆及鋁窗

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財務報告附註 二零零四年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

(continued)

Particulars of the principal subsidiaries at the balance sheet date are as follows: (continued)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股／註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Netfortune (Shanghai) Aluminium Works Company Limited** 上海力進鋁質工程 有限公司***	PRC/ Mainland China 中國／國內	RMB10,000,000 人民幣 10,000,000元	-	96.25	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品
Hangzhou Sealand Electric Power Company Limited# 杭州海聯熱電 有限公司#	PRC/ Mainland China 中國／國內	RMB59,700,000 人民幣 59,700,000元	-	70	Generation and sale of electric and steam power 生產及銷售電力及 蒸汽

* These companies were formed during the year.

** CATIC Helicopter Development (Shenzhen) Limited is registered as a wholly-foreign-owned enterprise under the PRC law.

Hangzhou Sealand Electric Power Company Limited is registered as a foreign investment enterprise under the PRC law.

Netfortune (Shanghai) Aluminium Works Company Limited is registered as a co-operative joint venture under the PRC law.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

Principal activities 主要業務	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比	
	Direct 直接	Indirect 間接
Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗及 其他相關產品	-	96.25
Generation and sale of electric and steam power 生產及銷售電力及 蒸汽	-	70

* 該等公司於年內成立。

** 中航技直升機技術服務(深圳)有限公司根據中國法例註冊為全外資企業。

杭州海聯熱電有限公司根據中國法例註冊為外資企業。

上海力進鋁質工程有限公司根據中國法例註冊為合資經營企業。

上表列出董事認為主要影響本年度業績或構成本集團資產淨值主要部份之本公司附屬公司。董事認為倘詳列其他附屬公司資料將過份冗長。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

18. INTERESTS IN ASSOCIATES

18. 聯營公司權益

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Share of net assets	分佔資產淨值	32,563,423	34,925,227
Unamortised goodwill on acquisition	未攤銷收購商譽	2,936,264	3,162,131
		35,499,687	38,087,358

Particulars of the associates are as follows:

聯營公司詳情如下:

Name 名稱	Business structure 業務架構	Place of registration and operations 註冊 及營業地點	Percentage of equity interest attributable to the Group 集團應佔股本 權益百分比		Principal activities 主要業務
			2004 二零零四年	2003 二零零三年	
China Nav-Info Company Limited 北京四維圖新導航 信息技術有限公司	Corporate 公司	PRC/ Mainland China 中國/國內	28.71	30.33	Manufacture of location-based navigation products and provision of related services 生產定位導航產品及 提供相關服務
CATIC Siwei Company Limited 四維航空遙感 有限公司	Corporate 公司	PRC/ Mainland China 中國/國內	40	40	Provision of aerophotographic services 提供航空攝影服務

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

18. INTERESTS IN ASSOCIATES
(continued)

A summary of the financial information of the associates is as follows:

18. 聯營公司權益 (續)

聯營公司之財務資料概要如下：

		China Nav-Info Company Limited 北京四維圖新導航 信息技術有限公司		CATIC Siwei Company Limited 四維航空遙感 有限公司	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Turnover	營業額	25,048,528	2,463,473	31,739,431	22,591,741
Net profit/(loss) from ordinary activities attributable to shareholders	股東應佔日常業務 溢利/(虧損) 淨額	(4,148,439)	(4,772,907)	(3,220,097)	1,452,532
Non-current assets	非流動資產	24,458,137	20,429,258	29,075,233	29,064,304
Current assets	流動資產	35,878,765	34,213,524	52,535,917	51,877,059
Current liabilities	流動負債	(6,261,114)	(2,764,221)	(17,452,763)	(13,843,604)
Minority interest	少數股東權益	(3,133,118)	-	-	-
Net assets	資產淨值	50,942,670	51,878,561	64,158,387	67,097,759

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

19. LONG TERM INVESTMENTS

19. 長期投資

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
		Notes 附註	
Unlisted, at cost:	非上市投資, 原值:		
FEA Design & Engineering N.V. ("FEA Design")	FEA Design & Engineering N.V. ("FEA Design")	(i)	100,000
Pimpernel Resources Limited ("Pimpernel")	Pimpernel Resources Limited ("Pimpernel")	(i)	36,414,905
Guaranteed funds and certificates of deposits	保本基金及 存款證	(ii)	26,187,598
Others	其他	(iii)	200,000
			53,335,383
Advance to FEA Design	墊款予FEA Design	(i)	20,000
			53,355,383
Less: Provision for impairment	減: 減值撥備		(36,734,905)
			16,820,478

Notes:

- (i) The Group holds a 20% equity interest in FEA Design and a 23.5% equity interest in Pimpernel. As the Group does not exercise any influence over the operations of FEA Design or Pimpernel and has no obligation to continue financing these entities' operations, these interests have been classified under long term investments. Full provision was made against the investment costs and the advance in the prior year.
- (ii) Certain of the Group's guaranteed funds and certificates of deposits amounting to HK\$14,818,100 (2003: HK\$24,185,220) have been pledged to banks to secure certain banking facilities granted to the Group (note 29(iii)).
- (iii) During the current year, a long term investment was liquidated and the cash received therefrom of HK\$102,000 was recognised as other operating income (note 6).

附註:

- (i) 本集團持有FEA Design 20%股權, 亦持有Pimpernel 23.5%股權。由於本集團並無對FEADesign或Pimpernel之營運行使任何影響力, 及無責任須為其營運提供融資, 因此該等權益已列入長期投資項目。往年度已就該等投資成本及向墊款作出全數撥備。
- (ii) 本集團合共價值14,818,100港元(二零零三年: 24,185,220港元)之若干保本基金及存款證已抵押予銀行, 作為本集團獲授若干銀行融資之抵押(附註29(iii))。
- (iii) 年內一項長期投資已經變現, 所產生之102,000港元現金收入已確認為其他經營收入(附註6)。

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財務報告附註 二零零四年十二月三十一日

20. DEFERRED TAX

The movements in the Group's deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

20. 遞延稅項

本集團遞延稅項資產與負債於年內之變動如下：

遞延稅項資產

Group
集團
2004
二零零四年

Losses available
for offset
against future
taxable profit

可用作抵銷未來
應課稅溢利之虧損

HK\$
港元

Others
其他

HK\$
港元

Total
合計

HK\$
港元

At 1 January 2004	於二零零四年 一月一日	8,614,500	591,889	9,206,389
Deferred tax charged to the profit and loss account during the year	年內在損益賬 扣除之遞延 稅項	(2,203,638)	(96,362)	(2,300,000)
Gross deferred tax assets at 31 December 2004	於二零零四年 十二月三十一日 之遞延稅項資產 總額	6,410,862	495,527	6,906,389

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

20. DEFERRED TAX (continued)

Deferred tax liabilities

20. 遞延稅項 (續)

遞延稅項負債

Group
集團

2004

二零零四年

		Revaluation of fixed assets 重估固定資產 HK\$ 港元	Others 其他 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2004	於二零零四年 一月一日	6,840,957	(311,322)	6,529,635
Deferred tax credited to the profit and loss account during the year	年內在損益賬 入賬之遞延 稅項	(935,925)	-	(935,925)
Gross deferred tax liabilities at 31 December 2004	於二零零四年 十二月三十一日 之遞延稅項負債 總額	5,905,032	(311,322)	5,593,710
Net deferred tax assets at 31 December 2004	於二零零四年 十二月三十一日 之遞延稅項資產 淨額			1,312,679

* Total deferred tax charged to the profit and loss account during the year ended 31 December 2004 was HK\$1,364,075 (note 10).

* 截至二零零四年十二月三十一日止年度在損益賬扣除之遞延稅項總額為1,364,075港元(附註10)。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

20. DEFERRED TAX (continued)

Deferred tax assets

20. 遞延稅項 (續)

遞延稅項資產

		Group 集團 2003 二零零三年		
		Losses available for offset against future taxable profit 可用作抵銷未來 應課稅溢利之虧損 HK\$ 港元	Others 其他 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2003	於二零零三年 一月一日	10,815,359	681,703	11,497,062
Deferred tax charged to the profit and loss account during the year, including a credit of HK\$1,077,849 due to the effect of a change in tax rates	年內在損益賬扣除 之遞延稅項， 包括因稅率變動 而產生之抵免 1,077,849港元	(2,200,859)	(89,814)	(2,290,673)
Gross deferred tax assets at 31 December 2003	於二零零三年 十二月三十一日 之遞延稅項資產 總額	8,614,500	591,889	9,206,389

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

20. DEFERRED TAX (continued)

Deferred tax liabilities

20. 遞延稅項 (續)

遞延稅項負債

		Group 集團 2003 二零零三年		
		Revaluation of fixed assets 重估固定資產	Others 其他	Total 合計
		HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2003	於二零零三年 一月一日	7,009,071	(807,834)	6,201,237
Deferred tax charged/(credited) to the profit and loss account during the year	年內在損益賬扣除/ (入賬)之遞延稅項	(168,114)	496,512	328,398
Gross deferred tax liabilities at 31 December 2003	於二零零三年 十二月三十一日 之遞延稅項負債 總額	6,840,957	(311,322)	6,529,635
Net deferred tax assets at 31 December 2003	於二零零三年 十二月三十一日 之遞延稅項資產 淨額			2,676,754

* Total deferred tax charged to the profit and loss account during the year ended 31 December 2003 was HK\$2,619,071 (note 10).

* 截至二零零三年十二月三十一日止年度在損益賬扣除之遞延稅項總額為2,619,071港元(附註10)。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

20. DEFERRED TAX (continued)

At 31 December 2004, the Group had tax losses arising in Hong Kong of HK\$36,633,497 (2003: HK\$49,225,714) that are available indefinitely for offsetting against future taxable profits of a subsidiary in which the losses arose. As the Group expects that the subsidiary will have sufficient taxable profits generated in the future to utilise these tax losses, a deferred tax asset has been created. In addition, a deferred tax liability arising from taxable temporary difference from assets carried at fair value revalued at the balance sheet date has also been recognised.

At 31 December 2004, the Group also had tax losses arising in Hong Kong of HK\$45,558,479 (2003: HK\$41,236,433) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2004, there was no significant unrecognised deferred tax liability (2003: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

At the balance sheet date, the Company did not have any significant temporary differences for which deferred tax assets/liabilities were not provided.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

20. 遞延稅項 (續)

於二零零四年十二月三十一日，本集團在香港產生之稅項虧損為36,633,497港元（二零零三年：49,225,714港元），可用作抵銷出現虧損之一家附屬公司之未來應課稅溢利。由於本集團預期該附屬公司在日後將有足夠應課稅溢利動用該等稅項虧損，故此遞延稅項資產因應而產生。此外，於結算日重估以賬面值入賬之資產之應課稅暫時差額亦確認入賬。

於二零零四年十二月三十一日，本集團在香港產生之稅項虧損為45,558,479港元（二零零三年：41,236,433港元），可用作抵銷出現虧損公司之未來應課稅溢利。由於該等虧損來自長時期出現虧損之附屬公司，故此並無確認遞延稅項資產。

於二零零四年十二月三十一日，並無就本集團若干附屬公司或聯營公司之未匯出盈利而應付之稅項有重大未確認遞延稅項負債（二零零三年：無），此乃由於本集團在匯出有關金額時並無任何額外稅項負債。

於結算日，本公司並無未就遞延稅項資產／負債撥備之任何重大暫時差額。

本公司向股東派發股息並無附帶任何利得稅後果。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

21. PREPAYMENT AND RELATED RECEIVABLE IN RESPECT OF AN EXCLUSIVE DISTRIBUTORSHIP

On 24 December 2003, the Company entered into an agreement with an independent third party to pay US\$5,000,000 (equivalent to approximately HK\$39,000,000) (the "Paid Amount") for the exclusive distributorship of 20 helicopter engines produced by that third party in the next three years ending 31 December 2006 (note 36). The amount was paid in full on 20 January 2004.

Pursuant to the agreement, the third party agreed to provide a discount of US\$300,000 to the Company for each of the first 20 helicopter engines sold such that the Company will at least recover a total of US\$6,000,000 from the third party for sale under the exclusive distributorship. Besides, the third party also agreed that the average annualised return to the Company on the Paid Amount shall not be less than 8% per annum or effectively US\$1,200,000 in aggregate for the three years ending 31 December 2006. During the year, no engines were sold. An amount of US\$400,000 (equivalent to approximately HK\$3,120,000 (note 5)), which represents the 8% per annum on the Paid Amount for the year, was recorded as other revenue for the year pursuant to the agreement. The receivable in respect of exclusive distributorship of certain helicopter engines of HK\$42,120,000 as at 31 December 2004 comprised the Paid Amount of HK\$39,000,000 and the above accrued income of HK\$3,120,000.

21. 獨家分銷權預付款項及相關之應收款項

於二零零三年十二月二十四日，本公司與一獨立第三者訂立協議，就由該第三者生產之20台直升機引擎在截至二零零六年十二月三十一日止年度（附註36）之未來三年之獨家分銷權支付5,000,000美元（約相等於39,000,000港元）（「已付款項」）。該筆款項已於二零零四年一月二十日全數支付。

根據該協議，該第三者同意就出售之第一批20台直升機引擎提供每台300,000美元之折扣給予本公司，據此，本公司根據獨家分銷權進行之銷售將可從該第三者至少收回合共6,000,000美元。此外，該第三者亦同意，本公司在截至二零零六年十二月三十一日止三年按已付款項之基礎計算平均每年回報應不少於年利率八厘，或三年合共總金額1,200,000美元。年內並無售出任何引擎。根據該協議，年內按已付款項年利率八厘計算之400,000美元（約相等於3,120,000港元（附註5））之款項已計入本年度其他收入中。於二零零四年十二月三十一日，有關若干直升機引擎之獨家分銷權之應收款項為42,120,000港元，包括已付款項39,000,000港元及上述3,120,000港元應計收入。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

22. DEPOSIT PAID FOR A LAND USE RIGHT

During the year, a deposit was paid by Hangzhou Sealand for the purchase of a land use right in the Mainland China. The directors are in the process of obtaining from the relevant authority the land use right certificate which, in the opinion of the directors, will be issued in due course. The land use right will be used for the construction of a generation plant and is for a lease of 42 years.

23. INVENTORIES

22. 土地使用權之已付定金

年內，杭州海聯因購入一項在中國內地之土地使用權而支付一筆定金。董事正向有關當局領取土地使用權證，董事認為該土地使用權證將可於適當時候獲發。該土地使用權將用於建造發電廠，租賃期為42年。

23. 存貨

		Group 集團	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Raw materials	原料	6,527,615	3,607,200
Sub-materials	副原料	1,620,252	1,562,300
		8,147,867	5,169,500
Less: Provision for obsolescence	減：陳舊撥備	(1,617,727)	(1,617,727)
		6,530,140	3,551,773

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

24. AMOUNTS DUE FROM/(TO)
CONTRACT CUSTOMERS24. 合約客戶欠款／(欠合約
客戶款項)

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Contract costs incurred to date on long term construction contracts plus attributable profits, less foreseeable losses	長期建築合約至今已發生之支出加應佔溢利減可預見之虧損	2,632,551,593	2,490,186,769
Less: Progress payments received and receivable	減：已收及應收進度款	(2,731,721,297)	(2,591,445,843)
		(99,169,704)	(101,259,074)
Gross amounts due from contract customers	合約客戶欠款總額	27,587,875	39,935,662
Gross amounts due to contract customers	欠合約客戶款項總額	(126,757,579)	(141,194,736)
		(99,169,704)	(101,259,074)

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

25. ACCOUNTS AND RETENTIONS RECEIVABLE

25. 應收賬款及保固金

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Accounts receivable	應收賬款	80,107,626	128,831,064
Retentions receivable	應收保固金	100,004,849	105,513,207
		180,112,475	234,344,271
Less: Provision for doubtful debts	減：呆賬撥備	(16,343,495)	(14,343,495)
		163,768,980	220,000,776

An aged analysis of accounts receivable is as follows:

應收賬款之賬齡分析如下：

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Current	即期	70,483,661	87,863,371
31-60 days	31-60日	5,195,055	31,612,822
61-90 days	61-90日	27,991	1,872,161
Over 90 days	90日以上	4,400,919	7,482,710
		80,107,626	128,831,064
Less: Provision for doubtful debts	減：呆賬撥備	(4,305,506)	(5,077,221)
		75,802,120	123,753,843

Notes to Financial Statements 31 December 2004**財務報告附註** 二零零四年十二月三十一日**25. ACCOUNTS AND RETENTIONS RECEIVABLE** *(continued)*

Retentions receivable represent certified contract payments in respect of works performed, for which payments are withheld by customers for retention purposes, and are released to the Group pursuant to the provisions of the relevant contracts after the completion of the projects in question. No aged analysis of retentions receivable is presented as the amount retained is provided for on each payment up to a maximum amount calculated on a prescribed percentage of the contract sum.

The Group's accounts receivable mainly represent progress payments receivable from facade building contracting works performed by Far East Aluminium, the Company's principal operating subsidiary, which is generally engaged as a nominated subcontractor in respect of property development projects in Hong Kong. Far East Aluminium adopts credit policies consistent with the trade practices prevalent in the building industry in Hong Kong. Far East Aluminium recognises its accounts receivable when the value of the subcontract works is certified by the architect. Pursuant to the trade practices, the main contractor from time to time makes applications for payment certificates which include the certified value of the nominated subcontract works. Normally within 14 days of receipt by the main contractor of the payment from the employer against the payment certificate from the architect, the main contractor shall pay to the subcontractors the certified value of their subcontract works, less amounts previously paid and retentions attributable to the subcontract works as explained above.

The normal credit term of accounts receivable from the sale of electric and steam power is 60 days.

25. 應收賬款及保固金 (續)

應收保固金指由客戶保留已確認之完成合約工程價值，並會根據有關合約之規定於有關之項目完成後發放予本集團。由於保固金乃根據每次支付工程款計算，累積最多至合約金額之指定百分比，故此並無呈列應收保固金之賬齡分析。

本集團之應收賬款主要指本公司一般從事作為香港物業發展項目指定分判商之主要附屬公司遠東鋁質進行大廈外牆裝飾工程之應收進度款項。遠東鋁質所採用之信貸政策乃配合香港建築行業現時之普遍慣例。遠東鋁質於建築師確認分判工程之價值時，將應收賬款確認入賬。根據行業慣例，總承建商不時就指定分判商之工程價值提出合約工程付款證明書之申請。總承建商一般會於根據建築師出具之工程付款證明書從業主收款後14天內，向分判商支付證明書內所確認之分判工程合約價值（已扣除上述分判工程已付之金額及應計之保固金）。

銷售電力及蒸汽之應收款項之信貸期一般為60日。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

26. CASH AND CASH EQUIVALENTS
AND PLEDGED DEPOSITS26. 現金及現金等值與已抵
押存款

		Group 集團		Company 公司	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Time deposits	定期存款	128,043,054	199,476,706	-	51,728,501
Less: Pledged long term time deposits (note 29(iv))	減：已抵押長期定期存款(附註29(iv))	(10,000,000)	(10,000,000)	-	-
Pledged short term time deposits (note 29(iv))	已抵押短期定期存款(附註29(iv))	(51,026,000)	(69,718,000)	-	-
Non-pledged time deposits	無抵押定期存款	67,017,054	119,758,706	-	51,728,501
Cash and bank balances	現金及銀行結存	76,997,520	40,105,005	28,790,228	4,500,746
Cash and cash equivalents	現金及現金等值	144,014,574	159,863,711	28,790,228	56,229,247

At the balance sheet date, the cash and bank balances and the time deposits of the Group denominated in Renminbi ("RMB") amounted to HK\$82,084,678 (2003: HK\$82,314,379). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於結算日，本集團以人民幣結算之現金及銀行結餘為82,084,678港元(二零零三年：82,314,379港元)。人民幣不可自由轉換為其他貨幣，然而根據中國內地之外匯管理條例及結匯、售匯及付匯管理規定，本集團可透過獲授權進行外幣兌換之銀行將人民幣兌換為其他貨幣。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

27. ACCOUNTS AND BILLS PAYABLE

An aged analysis of accounts and bills payable is as follows:

		Group 集團	
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Current	即期	51,882,761	34,265,869
31-60 days	31-60日	3,063,928	4,252,444
61-90 days	61-90日	114,600	211,661
Over 90 days	90日以上	2,308,119	932,811
		57,369,408	39,662,785

27. 應付賬款及票據

應付賬款及票據之賬齡分析如下：

28. WARRANTY PROVISION

		Group 集團 HK\$ 港元
At beginning of year	年初	9,754,675
Provision for the year (note 6)	本年度撥備 (附註6)	3,906,000
Amount utilised during the year	年內動用之金額	(1,292,392)
At 31 December 2004	於二零零四年十二月三十一日	12,368,283

28. 保證撥備

The Group provides warranties to its customers on facade contracting works in accordance with terms and conditions as stipulated in contracts, under which defective works are rectified or replaced. The amount of warranty provision is estimated based on the past experience of the level of defective works and the estimation basis is reviewed on an ongoing basis and revised where appropriate.

本集團按合約規定之條款及條件就外牆裝飾工程向其客戶提供保證，據此，有瑕疵之工程將予修葺或替換。保證撥備之金額乃按過往不合格工程之經驗予以估計。估計之基準乃按持續基準予以檢討及於適當時作出修訂。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

29. INTEREST-BEARING BANK BORROWINGS

29. 計息銀行貸款

	Group 集團	
	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Secured import loans, repayable within one year or on demand 有抵押進口貸款·須於一年內或應要求時償還	5,979,834	43,054,082
Secured bank loans, repayable within one year or on demand 有抵押銀行貸款·須於一年內或應要求時償還	70,754,717	50,000,000
	76,734,551	93,054,082

The Group's banking facilities are secured by:

本集團之銀行信貸乃以下列各項作為擔保：

- | | |
|--|--|
| (i) pledges of certain of the Group's leasehold land and buildings with an aggregate net book value of approximately HK\$20,236,045 (2003: HK\$21,399,967) (note 14); | (i) 抵押本集團賬面淨值總額約20,236,045港元(二零零三年:21,399,967港元)之若干租約土地及樓宇(附註14)； |
| (ii) pledges of certain of the Group's generation plant and related structure with an aggregate net book value of HK\$7,456,181 (2003: HK\$6,835,975) (note 14); | (ii) 抵押本集團賬面淨值總額7,456,181港元(二零零三年:6,835,975港元)之若干發電廠房及有關設施(附註14)； |
| (iii) pledges of certain of the Group's long term investments amounting to HK\$14,818,100 (2003: HK\$24,185,220) (note 19(ii)); | (iii) 抵押本集團為數14,818,100港元(二零零三年:24,185,220)之若干長期投資(附註19(ii))； |
| (iv) pledges of the Group's long term and short term time deposits amounting to HK\$10,000,000 (2003: HK\$10,000,000) and HK\$51,026,000 (2003: HK\$69,718,000) (note 26), respectively; | (iv) 抵押本集團為數分別10,000,000港元(二零零三年:10,000,000港元)及51,026,000港元(二零零三年:69,718,000港元)之長期及短期定期存款(附註26)； |

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

29. INTEREST-BEARING BANK BORROWINGS (continued)

- (v) corporate guarantees amounting to an aggregate of HK\$196,000,000 (2003: HK\$216,000,000) executed by the Company (note 37); and
- (vi) the Group's short term bank loans to the extent of RMB52,000,000 (equivalent to approximately HK\$49,056,604) were guaranteed by 杭州康博石油有限公司, 杭州佳埔貿易有限公司, 杭州遠東房地產開發有限公司, 浙江寶泉實業有限公司 and 杭州恒生印染有限公司, independent third parties (2003: short term bank loans to the extent of RMB40,000,000 (equivalent to approximately HK\$37,735,849) were guaranteed by 浙江寶泉實業有限公司, 杭州崇鋼實業有限公司 and 杭州恒生印染有限公司, independent third parties).

29. 計息銀行貸款 (續)

- (v) 本公司出具合共 196,000,000 港元 (二零零三年: 216,000,000 港元) 之公司擔保 (附註 37); 及
- (vi) 本集團之短期銀行貸款人民幣 52,000,000 元 (約相等於 49,056,604 港元) 由獨立第三者杭州康博石油有限公司、杭州佳埔貿易有限公司、杭州遠東房地產開發有限公司、浙江寶泉實業有限公司及杭州恒生印染有限公司提供擔保 (二零零三年: 短期銀行貸款人民幣 40,000,000 元 (約相等於 37,735,849 港元) 由獨立第三者浙江寶泉實業有限公司、杭州崇鋼實業有限公司及杭州恒生印染有限公司提供擔保)。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

30. FINANCE LEASE PAYABLES

The Group leases one of its motor vehicles under a hire purchase arrangement which is repayable by instalments over 60 months and is classified as a finance lease.

At 31 December 2004, the total future minimum lease payments under the finance lease and their present values were as follows:

30. 應付財務租約

本集團根據租購合約安排租賃其中一部汽車，須按60個月以上分期償還，並列作財務租約。

於二零零四年十二月三十一日，根據財務租約之未來最低租金總額及現值如下：

Group 集團		Minimum lease payments 最低租金	Minimum lease payments 最低租金	Present value of minimum lease payments 最低租金 之現值	Present value of minimum lease payments 最低租金 之現值
		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Amounts payable:	應付款項：				
Within one year	一年內	233,808	233,808	196,090	184,103
In the second year	第二年	233,808	233,808	208,857	196,090
In the third to fifth years, inclusive	第三至五年，包括 首尾兩年	292,260	526,068	280,297	489,154
Total minimum finance lease payments	最低財務租約付款 總額	759,876	993,684	685,244	869,347
Future finance charges	未來財政開支	(74,632)	(124,337)		
Total net finance lease payables	應付財務租約款項淨額 之總額	685,244	869,347		
Portion classified as current liabilities	列作流動負債之部份	(196,090)	(184,103)		
Long term portion	長期部份	489,154	685,244		

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

31. SHARE CAPITAL

31. 股本

		Company 公司	
		2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元
Authorised:	法定：		
6,000,000,000 ordinary shares of HK\$0.10 each	6,000,000,000股每股 面值0.10港元之普通股	600,000,000	600,000,000
Issued and fully paid:	已發行及繳足：		
3,741,481,000 (2003: 3,720,681,000) ordinary shares of HK\$0.10 each	3,741,481,000股 (二零零三年： 3,720,681,000股) 每股 面值0.10港元之普通股	374,148,100	372,068,100

A summary of the movement in the Company's issued share capital during the year is as follows:

本公司於年內已發行股本之變動概要如下：

		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本 HK\$ 港元	Share premium account 股份溢價賬 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2003	於二零零三年 一月一日	3,675,731,000	367,573,100	273,184,163	640,757,263
Share premium eliminated against accumulated losses	股份溢價抵銷 累積虧損 (a)	-	-	(273,184,163)	(273,184,163)
Share options exercised	購股權獲行使 (b)	44,950,000	4,495,000	1,348,500	5,843,500
At 31 December 2003 and 1 January 2004	於二零零三年 十二月三十一日 及二零零四年 一月一日	3,720,681,000	372,068,100	1,348,500	373,416,600
Share options exercised	購股權獲行使 (b)	20,800,000	2,080,000	624,000	2,704,000
At 31 December 2004	二零零四年 十二月三十一日	3,741,481,000	374,148,100	1,972,500	376,120,600

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

31. SHARE CAPITAL (continued)

- (a) Pursuant to the shareholders' meeting on 13 May 2003, the Company's shareholders passed resolutions to (i) offset the entire sum of HK\$273,184,163 standing to the credit of the share premium account of the Company as at 31 December 2002 against the accumulated losses of the Company which amounted to HK\$283,592,863 as at 31 December 2002, thereby reducing the accumulated losses of the Company from HK\$283,592,863 to HK\$10,408,700; and (ii) offset the remaining balance of the accumulated losses of the Company brought forward from 31 December 2002 of HK\$10,408,700 by way of application of an amount of HK\$10,408,700 standing to the credit of the contributed surplus account of the Company as at 31 December 2002.
- (b) During the year, the subscription rights attaching to options in respect of 20,800,000 shares (2003: 44,950,000 shares) were exercised at an exercise price of HK\$0.13 per share (2003: HK\$0.13 per share) (note 32), resulting in the issue of 20,800,000 shares (2003: 44,950,000 shares) of HK\$0.10 each for a total cash consideration of HK\$2,704,000 (2003: HK\$5,843,500), represented by increases in issued share capital and share premium of HK\$2,080,000 (2003: HK\$4,495,000) and HK\$624,000 (2003: HK\$1,348,500), respectively.

31. 股本 (續)

- (a) 根據二零零三年五月十三日之股東大會，本公司股東通過決議案(i)將本公司於二零零二年十二月三十一日之股份溢價賬進賬全數273,184,163港元，抵銷本公司於二零零二年十二月三十一日之累積虧損283,592,863港元，故此將本公司累積虧損由283,592,863港元減至10,408,700港元；及(ii)動用本公司於二零零二年十二月三十一日之繳入盈餘賬進賬10,408,700港元，以抵銷二零零二年十二月三十一日結轉之本公司累積虧損結餘10,408,700港元。
- (b) 年內，有關20,800,000股（二零零三年：44,950,000股）股份之購股權按行使價每股0.13港元（二零零三年：每股0.13港元）之價格獲行使（附註32），導致發行20,800,000股（二零零三年：44,950,000股）每股面值0.10港元之股份，總現金代價2,704,000港元（二零零三年：5,843,500港元），使已發行股本及股份溢價分別增加2,080,000港元（二零零三年：4,495,000港元）及624,000港元（二零零三年：1,348,500港元）。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES

At the annual general meeting held on 14 May 2001, the share option scheme adopted in 1991 (the "1991 Scheme") with a life span of 10 years was terminated and concurrently a new share option scheme (the "2001 Scheme") was adopted.

Subsequent to the adoption of the 2001 Scheme on 14 May 2001, the Stock Exchange introduced a number of changes to Chapter 17 of the Listing Rules on share option schemes. These new rules came into effect on 1 September 2001. In compliance with the amended Chapter 17 of the Listing Rules, a new share option scheme (the "Existing Scheme") was adopted by the Company at the annual general meeting held on 13 May 2003 and at the same time the 2001 Scheme was terminated. Since the adoption of the Existing Scheme, no options have been granted thereunder.

Major terms of the Existing Scheme include:

1. The purpose of the Existing Scheme is to provide incentive to the participants.
2. The participants of the Existing Scheme are individuals being employees, officers or consultants of the Company or any of its subsidiaries including any executive or non-executive directors thereof.

32. 購股權計劃

在二零零一年五月十四日舉行之股東週年大會上，於一九九一年所採納為期十年之購股權計劃（「1991計劃」）已被終止，與此同時一項新購股權計劃（「2001計劃」）獲採納。

2001計劃於二零零一年五月十四日獲採納後，聯交所就上市規則第17章有關購股權計劃之規定引入多項修訂，自二零零一年九月一日起生效。為遵守上市規則第17章經修訂之規定，本公司在二零零三年五月十三日舉行之股東週年大會上採納另一項新購股權計劃（「現有計劃」）並同時終止2001計劃。自採納現有計劃以來，並無據此計劃授出任何購股權。

現有計劃之主要條款包括：

1. 現有計劃旨在向參與者提供獎勵。
2. 現有計劃之參與者為本公司或其任何附屬公司之僱員、高級職員或顧問之個人，其中包括任何執行或非執行董事。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES

(continued)

3. The total number of shares which may be issued upon exercise of all options to be granted under the Existing Scheme, the 2001 Scheme and the 1991 Scheme (collectively the "Schemes") must not in aggregate exceed 10% of the share capital of the Company in issue as at the date of approval of the Existing Scheme. The Company may refresh this 10% limit at any time subject to prior approval by its shareholders in a general meeting. The overall limit on the total number of shares which may be issued upon exercise of all outstanding options and yet to be exercised under the Schemes must not exceed 30% of the issued share capital of the Company at any time. No options may be granted if this will result in such limit being exceeded. The total number of shares available for issue under the Existing Scheme is 367,573,100 (2003: 367,573,100) shares which represented 9.82% (2003: 9.88%) of the issued share capital of the Company as at the balance sheet date.
4. The total number of shares issued and to be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the Schemes in any 12-month period immediately preceding any proposed date of grant of option to each participant must not exceed 1% of the share capital of the company in issue as at the proposed grant date.
5. Options may be exercised at any time during a period of 10 years commencing on the date falling three months after the date of grant.

32. 購股權計劃 (續)

3. 因行使根據現有計劃、2001計劃及1991計劃(合稱「計劃」)所授全部購股權而發行之股份總數，合共不得超過本公司於通過現有計劃當日之已發行股本10%。本公司可隨時更新該10%上限，惟須獲股東於股東大會上事先批准。因行使根據計劃所授全部尚未行使購股權而發行之股份總數整體上限，不得超過本公司任何時間已發行股本30%。倘授出購股權會導致超過有關上限，則不會授出購股權。根據現有計劃可發行之股份總數為367,573,100股(二零零三年：367,573,100股)，相等於結算日本公司已發行股本之9.82%(二零零三年：9.88%)。
4. 在任何建議授出購股權日期前十二個月期間因行使根據計劃所授全部購股權(不論已行使、已註銷或尚未行使)而向各參與者發行及將發行之股份總數，不得超過本公司於建議授出日期之已發行股本1%。
5. 購股權可於授出日期後三個月起計十年內隨時行使。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES*(continued)*

6. A grant of an option must be accepted within 28 days from the date of grant together with a non-refundable payment of HK\$1.00.
7. The exercise price of an option to subscribe to shares granted pursuant to the Existing Scheme shall be the highest of:
 - (a) the closing price of the shares as stated in the Stock Exchange daily quotation sheet on the date of grant, which must be a business day;
 - (b) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately proceeding the date of grant; and
 - (c) the nominal value of the shares of the Company.
8. The Existing Scheme shall be valid and effective for a period of 10 years commencing on 13 May 2003 and thereafter for as long as there are outstanding options granted and accepted pursuant thereto prior to expiration of the said 10-year period and in order to give effect to the exercise of any such options.

32. 購股權計劃 (續)

6. 購股權須於授出日期後28日內接納，並須支付不可退還款項1.00港元。
7. 根據現有計劃所授可認購股份之購股權之行使價須為下列之最高者：
 - (a) 股份在授出日期(須為營業日)當日於聯交所每日報價表之收市價；
 - (b) 股份在授出日期前五個營業日於聯交所每日報價表之平均收市價；及
 - (c) 本公司股份面值。
8. 現有計劃由二零零三年五月十三日起計十年內有效，而於上述十年期滿前已授出及接納之尚未行使購股權仍可行使。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES
(continued)

Notwithstanding the termination of the 1991 Scheme and the 2001 Scheme, the relevant provisions thereof remain in full force and effect to the extent necessary to give effect to the exercise of any outstanding share options granted thereunder prior to their respective terminations. Details of share options, granted under the 1991 Scheme and the 2001 Scheme prior to their respective terminations and outstanding as at 31 December 2004, were as follows:

32. 購股權計劃 (續)

儘管1991計劃及2001計劃已被終止，但於有關計劃被終止前已授出而尚未行使之購股權仍可有效按所屬計劃之規定行使。分別就1991計劃及2001計劃被終止前已授出而於二零零四年十二月三十一日尚未行使之購股權之資料如下：

Eligible person 合資格人士	Number of share options 購股權數目				Outstanding at 31 December 2004 於二零零四年 十二月三十一日 尚未行使	Date of grant 授出日期	Exercise period (iii) 行使期 (iii)	Exercise price per share (iv) 每股 行使價 (iv) HK\$ 港元
	Outstanding at 1 January 2004 於二零零四年 一月一日 尚未行使	Granted during the year 年內已授出	Exercised during the year 年內已行使	Cancelled/ lapsed during the year 年內 註銷/失效				
1991 Scheme 1991計劃								
Directors 董事								
Yang Chunshu 楊春澍	8,160,000	-	-	-	8,160,000	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日至 二零零五年 七月二十七日	0.17
Yu Li 于莉	5,400,000	-	-	-	5,400,000	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日至 二零零五年 七月二十七日	0.17
	13,560,000	-	-	-	13,560,000			
Other employees 其他僱員								
	912,000	-	-	-	912,000	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日至 二零零五年 七月二十七日	0.17
	14,472,000	-	-	-	14,472,000			

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES
(continued)

32. 購股權計劃 (續)

Eligible person 合資格人士	Number of share options 購股權數目					Outstanding at 31 December 2004 二零零四年 十二月三十一日 尚未行使	Date of grant 授出日期	Exercise period (iii) 行使期 (iii)	Exercise price per share (iv) 每股 行使價 (iv) HK\$ 港元
	Outstanding at 1 January 2004 二零零四年 一月一日 尚未行使	Granted during the year 年內已授出	Exercised during the year 年內已行使	Cancelled/ lapsed during the year 年內 註銷/失效	Transferred to other employees during the year (v) 年內轉往 其他僱員 (v)				
2001 Scheme 2001計劃									
Directors 董事									
Ji Guirong 季貴榮	20,000,000	-	-	-	-	20,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
Ren Haifeng 任海峰	20,000,000	-	(i) (20,000,000)	-	-	-	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
Yang Chunshu 楊春澍	20,000,000	-	-	-	-	20,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
Yu Li 于莉	20,000,000	-	-	-	-	20,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
Wang Xinyan (resigned as director during the year) 汪鑫炎 (已於年內辭任 董事一職)	20,000,000	-	-	-	(20,000,000)	-	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
	100,000,000	-	(20,000,000)	-	(20,000,000)	60,000,000			
Other employees 其他僱員	3,550,000	-	(iii) (800,000)	(vii) (750,000)	20,000,000	22,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日至 二零零八年 八月二十四日	0.13
	103,550,000	-	(20,800,000)	(750,000)	-	82,000,000			

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

32. SHARE OPTION SCHEMES

(continued)

- (i) The weighted average closing price of the shares immediately before the date the option was exercised was HK\$0.238 per share.
- (ii) The weighted average closing price of the shares immediately before the date the option was exercised was HK\$0.276 per share.
- (iii) Share options must be held for a minimum of six months before exercise. Exercise period shall not exceed a period of five years commencing on the expiry of a period of not less than six months after the date option is accepted.
- (iv) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (v) Wang Xinyan resigned as director of the Company during the year and remained as director of a subsidiary of the Company.
- (vi) These employees resigned during the year and accordingly their share options were cancelled.

At the balance sheet, the Company had 96,472,000 (2003: 118,022,000) share options which remained unexercised under the Schemes, which represented approximately 2.6% (2003: 3.2%) of the Company's shares in issue as at the balance sheet date.

The 20,800,000 share options exercised during the year resulted in the issue of 20,800,000 ordinary shares of the Company with new share capital and share premium of HK\$2,080,000 and HK\$624,000, respectively, as detailed in note 31 to the financial statements.

The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 96,472,000 (2003: 118,022,000) additional shares of HK\$0.10 each with additional share capital and share premium, before expenses, of HK\$9,647,200 (2003: HK\$11,802,200) and HK\$3,473,040 (2003: HK\$4,119,540), respectively.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

32. 購股權計劃 (續)

- (i) 行使購股權當日之前一天股份加權平均收市價為每股0.238港元。
- (ii) 行使購股權當日之前一天股份加權平均收市價為每股0.276港元。
- (iii) 必須持有至少六個月方可行使購股權；行使期由購股權獲接納當日滿六個月起計不超過五年為準。
- (iv) 購股權之行使價須就供股或派發紅股或本公司股本發生其他類似變動時作出調整。
- (v) 汪鑫炎於年內辭任本公司董事一職，但仍為本公司一家附屬公司之董事。
- (vi) 該等僱員於年內辭任，因此彼等之購股權已註銷。

於結算日，在購股權計劃下本公司共有96,472,000股購股權（二零零三年：118,022,000股）尚未行使，約佔於結算日本公司已發行股份之2.6%（二零零三年：3.2%）。

年內20,800,000股購股權獲行使導致發行20,800,000股本公司普通股，而股本及股份溢價分別增加2,080,000港元及624,000港元，有關詳情載於財務報告附註31。

在本公司現有股本架構下，悉數行使尚未行使之購股權將導致額外發行每股面值0.10港元之股份96,472,000股（二零零三年：118,022,000股），而股本及股份溢價（未計費用）將分別增加9,647,200港元（二零零三年：11,802,200港元）及3,473,040港元（二零零三年：4,119,540港元）。

購股權並無賦予持有人享有股息或於股東大會上投票之權利。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

33. RESERVES

Group

33. 儲備

集團

	Notes 附註	Share premium account 保留股份 溢價賬 HK\$ 港元	Capital reserve* 資本儲備* HK\$ 港元	Fixed asset revaluation reserve 固定資產 重估儲備 HK\$ 港元	Reserve fund** 儲備金** HK\$ 港元	Exchange fluctuation reserve 匯兌 波動儲備 HK\$ 港元	Retained profits/ (accumulated losses) 溢利/ (累積虧損) HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2003 於二零零三年 一月一日		273,184,163	162,134	383,676	2,181,861	-	(236,893,210)	39,018,624
Share premium eliminated against accumulated losses 股份溢價抵銷 累積虧損	31(a)	(273,184,163)	-	-	-	-	273,184,163	-
Issue of shares 發行股份	31(b)	1,348,500	-	-	-	-	-	1,348,500
Deficit on revaluation 重估減值	14	-	-	(63,811)	-	-	-	(63,811)
Exchange realignment 匯兌調整		-	-	-	-	795,539	-	795,539
Net gains and losses not recognised in the profit and loss account 並無於損益賬確認 之盈虧淨額		-	-	(63,811)	-	795,539	-	731,728
Net profit for the year 本年度溢利淨額		-	-	-	-	-	12,878,489	12,878,489
Transfer to reserve fund 轉撥至儲備金		-	-	-	669,916	-	(669,916)	-
At 31 December 2003 and 1 January 2004 於二零零三年 十二月三十一日 及二零零四年 一月一日		1,348,500	162,134	319,865	2,851,777	795,539	48,499,526	53,977,341
Issue of shares 發行股份	31(b)	624,000	-	-	-	-	-	624,000
Surplus on revaluation 重估增值	14	-	-	21,798	-	-	-	21,798
Net gains and losses not recognised in the profit and loss account 並無於損益賬確認 之盈虧淨額		-	-	21,798	-	-	-	21,798
Net profit for the year 本年度溢利淨額		-	-	-	-	-	13,563,689	13,563,689
Transfer to reserve fund 轉撥至儲備金		-	-	-	887,892	-	(887,892)	-
At 31 December 2004 於二零零四年 十二月三十一日		1,972,500	162,134	341,663	3,739,669	795,539	61,175,323	68,186,828
Reserves retained by: Company and subsidiaries 所保留儲備: 本公司及附屬公司		1,972,500	162,134	341,663	3,739,669	795,539	64,509,331	71,520,836
Associates 聯營公司		-	-	-	-	-	(3,334,008)	(3,334,008)
31 December 2004 於二零零四年 十二月三十一日		1,972,500	162,134	341,663	3,739,669	795,539	61,175,323	68,186,828
Company and subsidiaries 本公司及附屬公司		1,348,500	162,134	319,865	2,851,777	795,539	49,355,914	54,833,729
Associates 聯營公司		-	-	-	-	-	(856,388)	(856,388)
31 December 2003 於二零零三年 十二月三十一日		1,348,500	162,134	319,865	2,851,777	795,539	48,499,526	53,977,341

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

33. RESERVES (continued)

Group (continued)

- * The Group adopted the transitional provision of SSAP 30 which permits negative goodwill in respect of acquisitions which occurred prior to 1 January 2002 to remain credited to capital reserve. The amount of negative goodwill remaining credited in capital reserve is HK\$162,134 as at 31 December 2004 and 2003.

- ** The balance represents the Group's share of the statutory reserve fund of a subsidiary operating as a Foreign Investment Enterprise in the Mainland China. Pursuant to the subsidiary's articles of association and the relevant PRC Company Law, the subsidiary shall make an allocation from its profit after tax at the rate of 10% to the statutory surplus reserve fund, until such reserve reaches 50% of the registered capital of the subsidiary. Part of the statutory surplus reserve may be capitalised as the subsidiary's share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital of the subsidiary. The statutory reserve is non-distributable other than in the event of liquidation.

33. 儲備 (續)

集團 (續)

- * 本集團已採納會計實務準則第30號之過渡性條文，當中批准於二零零二年一月一日以前發生之收購所產生之負商譽繼續計入資本儲備中。於二零零四年及二零零三年十二月三十一日仍然計入資本儲備中之負商譽金額為162,134港元。

- ** 結餘指本集團應佔其於中國大陸以外資企業方式經營之一家附屬公司之法定儲備。根據該附屬公司之組織章程及相關中國公司法例，該附屬公司須將其除稅後溢利之10%撥至法定公積金，直至有關儲備達致該附屬公司註冊資本50%。部份法定公積金可撥充資本為該附屬公司股本，惟規定資本化後之餘下結餘不少於該附屬公司註冊資本25%。除清盤外，法定公積金不得分派。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

33. RESERVES (continued)

33. 儲備 (續)

Company

公司

			Share premium account 股份溢價賬	Contributed surplus 繳入盈餘	Retained profits/ (accumulated losses) 保留溢利/ (累積虧損)	Total 合計
	Notes 附註	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2003	於二零零三年 一月一日		273,184,163	15,652,000	(283,592,863)	5,243,300
Share premium eliminated against accumulated losses	股份溢價抵銷 累計虧損	31(a)	(273,184,163)	(10,408,700)	283,592,863	-
Issue of shares	發行股份	31(b)	1,348,500	-	-	1,348,500
Net profit for the year	本年度溢利淨額		-	-	16,094,086	16,094,086
At 31 December 2003 and 1 January 2004	於二零零三年 十二月三十一日 及二零零四年 一月一日		1,348,500	5,243,300	16,094,086	22,685,886
Issue of shares	發行股份	31(b)	624,000	-	-	624,000
Net loss for the year	本年度虧損淨額		-	-	(359,486)	(359,486)
At 31 December 2004	於二零零四年 十二月三十一日		1,972,500	5,243,300	15,734,600	22,950,400

The contributed surplus of the Company in the prior year represents the difference between the consolidated net asset value of Far East Aluminium (B.V.I.) Limited on 20 November 1991 when its entire issued share capital was acquired by the Company pursuant to a group reorganisation, and the nominal amount of the Company's shares issued in consideration for such acquisition. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus of the Company is distributable to shareholders under certain circumstances.

本公司之繳入盈餘為本公司根據集團重組安排於一九九一年十一月二十日購入 Far East Aluminium (B.V.I.) Limited 全部已發行股本時，Far East Aluminium (B.V.I.) Limited 之綜合資產淨值與本公司作為收購代價而發行之股份面值兩者之差額。根據百慕達一九八一年公司法(修訂本)，本公司之繳入盈餘在若干情況下可供分派予各股東。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

33. RESERVES (continued)

Company (continued)

The Company's share premium account of HK\$1,972,500 (2003: HK\$1,348,500) as at 31 December 2004 may be distributed in the form of fully paid bonus shares.

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Major non-cash transactions

During the year, the Group capitalised depreciation charges amounting to HK\$3,284,766 (2003: HK\$3,145,462) (note 6) and interest expense of HK\$1,052,687 (2003: HK\$1,701,901) in long term construction contracts (note 7).

During the year ended 31 December 2003, the Group applied dividends otherwise payable by Hangzhou Sealand to Asia Capital amounting to HK\$650,683 against the amount due to the Group as partial settlement (note 6).

During the year ended 31 December 2003, the Group entered into a finance lease arrangement in respect of fixed assets with capital value at the inception of the lease of HK\$1,000,000.

(b) Restricted cash and cash equivalent balances

Certain of the Group's time deposits are pledged to banks to secure banking facilities granted to the Group, as further explained in note 29(iv).

Certain of the Group's cash and cash equivalent balances are not freely convertible into Hong Kong dollars.

33. 儲備 (續)

公司 (續)

本公司於二零零四年十二月三十一日之股份溢價賬1,972,500港元(二零零三年:1,348,500港元)可以繳足紅股方式分派。

34. 綜合現金流轉表附註

(a) 重大非現金交易

年內，本集團將折舊開支3,284,766港元(二零零三年:3,145,462港元)(附註6)及利息開支1,052,687港元(二零零三年:1,701,901港元)撥入長期建築合約成本(附註7)。

於截至二零零三年十二月三十一日止年度，本集團抵扣杭州海聯應付予亞洲金融之股息650,683港元，以償還欠本集團部份款項(附註6)。

於截至二零零三年十二月三十一日止年度，本集團就訂立租約時資本值為1,000,000港元之固定資產訂立融資租約安排。

(b) 有限制現金及現金等值結餘

本集團之若干定期存款已抵押予銀行，以擔保本集團獲授之銀行信貸，進一步解釋見附註29(iv)。

本集團之若干現金及現金等值結餘不可自由兌換成港元。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

34. NOTES TO THE CONSOLIDATED
CASH FLOW STATEMENT
(continued)34. 綜合現金流轉表附註
(續)

(c) Acquisition of a subsidiary

(c) 收購附屬公司

		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Net assets acquired:	已收購之資產淨值：		
Cash and bank balances	現金及銀行結餘	-	70,774
Prepayments, deposits and other receivables	預付款項、按金 及其他應收賬款	-	194,911
Inventories	存貨	-	1,119,173
Other payables and accrued liabilities	其他應付賬款及 應計負債	-	(450,258)
Minority interests	少數股東權益	-	(280,380)
		-	654,220
Satisfied by:	支付方式：		
Cash consideration	現金代價	-	654,220

An analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary is as follows:

有關收購附屬公司之現金及現金等值流出淨額之分析如下：

		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Cash consideration	現金代價	-	654,220
Cash and bank balances acquired	已收購之現金及 銀行結餘	-	(70,774)
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	有關收購附屬公司之 現金及現金等值 流出淨額	-	583,446

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

34. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(continued)

(c) Acquisition of a subsidiary

(continued)

The results of the subsidiary acquired had no significant impact on the Group's consolidated turnover and profit after tax for the year ended 31 December 2003.

35. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company lease its investment properties to third parties under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 31 December 2004, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		Group 本集團		Company 本公司	
		2004 二零零四年	2003 二零零三年	2004 二零零四年	2003 二零零三年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Within one year	一年內	-	1,035,080	-	842,000

34. 綜合現金流轉表附註

(續)

(c) 收購附屬公司 (續)

該附屬公司之業績對本集團於截至二零零三年十二月三十一日止年度之綜合營業額及除稅後溢利並無重大影響。

35. 經營租約安排

(a) 作為出租人

本集團及本公司根據租期議定為一年至兩年之經營租約安排出租投資物業予第三者。

於二零零四年十二月三十一日，本集團及本公司根據與租戶訂立介乎以下年期到期之不可撤銷經營租約享有日後租約最低應收租金總額載列如下：

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

35. OPERATING LEASE ARRANGEMENTS (continued)**(b) As lessee**

The Group and the Company lease its office premises under non-cancellable operating lease arrangements with terms ranging from one to five years.

At 31 December 2004, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

35. 經營租約安排 (續)**(b) 作為承租人**

本集團及本公司與業主訂立不可撤銷經營租約安排，租期介乎一至五年之間。

於二零零四年十二月三十一日，根據介乎以下年期到期之不可撤銷經營租約，本集團及本公司持有日後租約最低應付租金總額載列如下：

	Group 本集團		Company 本公司	
	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Within one year 一年內	837,619	3,471,425	476,133	572,314
In the second to fifth years, inclusive 第二年至第五年內， 包括首尾兩年	-	6,101,317	-	-
	837,619	9,572,742	476,133	572,314

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

36. COMMITMENTS

In addition to the operating lease commitments in note 35(b) above, the Group and the Company had the following commitments at the balance sheet date:

36. 承擔

除上文附註35(b)之經營租約承擔外，本集團及本公司於結算日有以下承擔：

		Group		Company	
		集團	公司	集團	公司
		2004	2003	2004	2003
		二零零四年	二零零三年	二零零四年	二零零三年
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Contracted, but not provided for:	已訂約但尚未撥備：				
Acquisition of plant and machinery	收購廠房及機器	14,663,962	2,187,342	-	-
Acquisition of an associate*	收購聯營公司*	30,975,000	-	-	-
Others**	其他**	-	39,000,000	-	39,000,000
		45,638,962	41,187,342	-	39,000,000

* On 17 December 2004, Billirich Investment Limited, a directly wholly-owned subsidiary of the Group, entered into separate agreements with Worth Achieve Assets Limited and Tat Cheong Limited, two independent third parties, to acquire therefrom 480,000,000 and 405,000,000 ordinary shares of Millennium Group Limited ("Millennium"), respectively, representing an aggregate of approximately 26.42% of the then issued share capital of Millennium. The aggregate consideration for these acquisitions amounted to HK\$30,975,000 (being HK\$0.035 per ordinary share).

Millennium is a company incorporated in Hong Kong, and is listed on the Stock Exchange. The principal activities of this group included (i) securities trading and investment holding; (ii) trading of gas related products; (iii) treasury activities and (iv) provision of telecommunication services. The acquisition was completed in January 2005. As the Group is expected to exercise significant influence over Millennium's operations, the investment in Millennium will be accounted for as an associate of the Group.

* 於二零零四年十二月十七日，Billirich Investment Limited (本集團之全資附屬公司) 與兩名獨立第三者 Worth Achieve Assets Limited 及 Tat Cheong Limited 訂立各自之協議，分別向該兩間公司購入豐泰集團國際有限公司 (「豐泰」) 之 480,000,000 股及 405,000,000 股普通股，佔豐泰當時已發行股本合共約 26.42%。該等收購事項之總代價為 30,975,000 港元 (即每股普通股 0.035 港元)。

豐泰乃一家於香港註冊成立的公司，且於聯交所上市。該集團主要業務包括 (i) 證券買賣及投資控股；(ii) 買賣燃氣相關產品；(iii) 資金業務及 (iv) 提供電訊服務。收購事項於二零零五年一月完成。由於本集團預期對豐泰業務有重大影響，故於豐泰之投資將作為本集團聯營公司入賬。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

36. COMMITMENTS (continued)

** On 24 December 2003, the Company entered into an agreement with an independent third party to pay US\$5 million (equivalent to approximately HK\$39 million) for the exclusive distributorship of certain helicopter engines produced by the third party in the next three years. Further details of this arrangement have been set out in note 21 to the financial statements.

37. CONTINGENT LIABILITIES

The contingent liabilities of the Group and the Company at the balance sheet date were as follows:

36. 承擔 (續)

** 於二零零三年十二月二十四日，本公司與獨立第三者訂立協議，就由該第三者生產之若干直升機引擎在未來三年之獨家分銷權支付 5,000,000 美元（等於約 39,000,000 港元）。該項安排之其他詳情已於財務報表附註 21 內載述。

37. 或然負債

於結算日，本集團及本公司之或然負債如下：

	Group 集團		Company 公司	
	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Corporate guarantees for banking facilities granted to a subsidiary (note 29(v)) * 就銀行給予一間附屬公司之銀行信貸作出之公司擔保 (附註 29(v)) *	-	-	196,000,000	216,000,000
Guarantees under performance bonds for construction contracts 建築合約之履約保證書擔保	142,051,436	126,311,573	-	-

* As at 31 December 2004, the banking facilities granted to the subsidiary subject to guarantees given to the banks by the Company were utilised as follows:

* 於二零零四年十二月三十一日，附屬公司因本公司所作出之擔保而獲授之銀行信貸已用於以下用途：

		2004 二零零四年 HK\$ 港元	2003 二零零三年 HK\$ 港元
Bank borrowings 銀行借貸		5,979,834	43,054,082
Guarantees under performance bonds 履約保證書之擔保		122,232,436	95,142,573
		128,212,270	138,196,655

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

37. CONTINGENT LIABILITIES (continued)

The securities for the banking facilities are set out in note 29 to the financial statements.

The Group also has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$715,000 as at 31 December 2004 (2003: HK\$709,000), as further explained in note 3 to the financial statements. The contingent liability has arisen as a number of existing employees have achieved the required number of years of service to the Group at the balance sheet date and accordingly are eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

37. 或然負債 (續)

該等銀行信貸之擔保載列於財務報告附註29。

本集團亦因按照香港僱傭條例未來可能須向僱員支付長期服務金而有或然負債，該等或然負債於二零零四年十二月三十一日之最高可能數額為715,000港元（二零零三年：709,000港元），詳情載於財務報告附註3。或然負債是由於截至結算日已有不少現有僱員達到所需於本集團之服務年期，倘彼等之僱傭關係在若干情況下被終止將有資格根據僱傭條例獲發長期服務金。由於認為此種情況不大可能導致本集團未來出現重大資源流出，所以並未就該等可能須支付之款項確認撥備。

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財務報告附註 二零零四年十二月三十一日

38. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances described elsewhere in the financial statements, the Group had the following material transactions with related parties during the year:

38. 關連人士交易

除財務報告另有所述之交易及結餘外，本集團於年內曾進行以下重大關連人士交易：

			2004 二零零四年	2003 二零零三年
		Notes 附註	HK\$ 港元	HK\$ 港元
Rental expenses paid to a fellow subsidiary	付予同系附屬公司之租金支出	(i)	468,000	468,000
Recovery of a receivable (note 5)	收回應收款項 (附註5)	(ii)	(8,563,370)	-
Write-back of provision for a doubtful receivable in relation to a subsidiary (note 6)	一間附屬公司之呆賬撥備回撥 (附註6)	(iii)	-	(3,009,173)

(i) On 5 November 2003, the Company entered into a tenancy agreement with Karlane Investment Limited ("Karlane"), a wholly-owned subsidiary of CATIC, for a term of one year commencing on 5 November 2003 at a total monthly rental of HK\$39,000 (exclusive of rates, management fees and air-conditioning charges). The premises were used as the office of the Company. No formal renewal of the tenancy agreement was made upon the expiry of the agreement on 4 November 2004 but both parties verbally agreed to extend the rental agreement to 31 December 2004. The monthly rentals paid were determined with reference to open market rentals.

(ii) During the year, an amount of RMB9,077,171 (equivalent to HK\$8,563,370) was received from CATIC as settlement for the receivable from 香港合聯發展有限公司 ("香港合聯"), an ex-shareholder of Hangzhou Sealand, a 70%-owned subsidiary of the Group. Further details are set out in note 5 to the financial statements.

(i) 於二零零三年十一月五日，本公司與中航技總公司之全資附屬公司嘉領投資有限公司（「嘉領」）訂立租賃協議，月租總額為39,000港元（不包括差餉、管理費及空調費），租期由二零零三年十一月五日起計，為期一年。該物業用作本公司辦公室。所付月租乃參考公開市場租金釐定。於二零零四年十一月四日協議期滿之日並無正式租約續期，但雙方口頭協定將租賃協議延期至二零零四年十二月三十一日。

(ii) 年內，自中航技總公司收到人民幣9,077,171元（相當於8,563,370港元），作為結付本集團佔70%股權之附屬公司杭州海聯之前股東香港合聯發展有限公司（「香港合聯」）欠負之應收款項。詳情載於財務報告附註5。

Notes to Financial Statements 31 December 2004

財務報告附註 二零零四年十二月三十一日

38. RELATED PARTY TRANSACTIONS

(continued)

- (iii) The amount for the year ended 31 December 2003 represented recovery of doubtful debt provided for an amount due from the minority shareholder of Hangzhou Sealand in a prior year.

Other related party transactions include:

- (a) On 29 March 2004, Florex, a wholly-owned subsidiary of the Company, entered into an agreement (the "Agreement") with CATIC (HK), a deemed shareholder of the Company, to acquire from CATIC (HK) (1) its 45% equity interest (the "Shares") in CISL, an exclusive overseas agent of CATIC for distribution and trading of aircraft components and the provision of related services; and (2) its 45% interest in a shareholder's loan (the "Loan"), with an aggregate sum of HK\$50 million, to be advanced by CATIC (HK) to CISL. Pursuant to the Agreement, the aggregate consideration for the acquisition, which is limited to a maximum of HK\$100 million, will be determined on the basis of a price-earning ratio of 6.7 times of 45% of the average audited net income of CISL for the two years ending 31 December 2006.

38. 關連人士交易 (續)

- (iii) 截至二零零三年十二月三十一日止年度之款項，乃指上年度收回就應收杭州海聯少數股東款項之呆賬撥備。

其他關連人士交易包括：

- (a) 於二零零四年三月二十九日，本公司一家全資附屬公司Florex與視為本公司股東之中航技(香港)訂立協議(「協議」)，向中航技(香港)收購(1)其於CISL之45%股權(「股權」)，而CISL為中航技飛機配件分銷及貿易以及提供有關服務之獨家海外代理，及(2)其向CISL墊支之股東貸款合計50,000,000港元(「貸款」)之45%權益。根據協議，收購總代價之上限為100,000,000港元，將按市盈率6.7倍與CISL截至二零零六年十二月三十一日止兩個年度經審核平均淨溢利之45%計算。

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財務報告附註 二零零四年十二月三十一日

38. RELATED PARTY TRANSACTIONS
(continued)

Pursuant to the Agreement, a put option has been granted by CATIC (HK) to Florex, under which Florex is entitled to sell back to CATIC (HK) the Shares and the Loan at Florex's absolute discretion at any time commencing on the completion date and up to the fifth anniversary of the date of completion.

The Agreement is conditional upon (i) the Loan being firstly advanced by CATIC (HK) to CISL; and (ii) the approval by the independent shareholders of the Company at a special general meeting. Further details regarding the Agreement are set out in the Company's announcement dated 30 March 2004.

As detailed in the announcement made by the Company on 31 March 2005, Florex and CATIC (HK) are still in the process of finalising the future business plan and operations of CISL and have mutually agreed to extend the date, by which the conditions of the Agreement are to be fulfilled, to 30 September 2005.

The above related transactions are also considered as connected transactions pursuant to Chapter 14A of the Listing Rules.

38. 關連人士交易 (續)

根據協議，中航技（香港）已向 Florex 授予一份認沽期權，據此，由完成日期起至完成日期五週年止期間，Florex 可隨時有權自行決定將股權及貸款售回予中航技（香港）。

該協議須待 (i) 中航技（香港）向 CISL 墊付股東貸款；及 (ii) 本公司獨立股東於股東特別大會上批准後，方可作實。有關協議之詳情載於本公司日期為二零零四年三月三十日之公佈。

根據本公司於二零零五年三月三十一日作出之公佈所述，Florex 與中航技（香港）仍然就 CISL 之未來業務計劃及營運操作進行最後磋商，故協議同意將協議條件達成日期推延至二零零五年九月三十日。

按上市規則第 14A 章，上述的關連人士交易亦被視為關連交易。

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財務報告附註 二零零四年十二月三十一日

39. POST BALANCE SHEET EVENTS

As more fully explained in note 36 to the financial statements, the acquisition of Millennium was completed in January 2005 when the related cash consideration of HK\$30,975,000 was paid by the Group.

As more fully explained in note 38(a) to the financial statements, the date by which the conditions precedent of the Agreement must be fulfilled is further extended from 31 March 2005 to 30 September 2005, as mutually agreed between CATIC HK and Florex on 11 March 2005.

40. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 12 April 2005.

39. 結算日後事項

誠如財務報告附註36之詳細說明，豐泰收購事項已於二零零五年一月完成，當時本集團已支付有關現金代價30,975,000港元。

誠如財務報告附註38(a)之詳細說明，中航技（香港）與Florex於二零零五年三月十一日一致同意，將協議先決條件之達成日期由二零零五年三月三十一日進一步推延至二零零五年九月三十日。

40. 財務報告之批准

財務報告已於二零零五年四月十二日獲董事會批准及授權發放。