

財務報表附註

Notes to the Financial Statements

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

1. 一般事項

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

整份財務報告是以人民幣呈列與本公司之功能性貨幣相同。

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

2. 採用香港財務報告準則／會計政策變動

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

1. GENERAL

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

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

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

2. 採用香港財務報告準則／會計政策變動 (續)

金融工具

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

財務資產及財務負債之分類及計量

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

債務及股本證券以往根據會計實務準則第24條之基準處理方式

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Financial Instruments

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

Classification and measurement of financial assets and financial liabilities

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

2. 採用香港財務報告準則／會計政策變動 (續)

金融工具(續)

債務及股本證券以往根據會計實務準則第24條之基準處理方式(續)

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

債務證券與股本證券以外之財務資產及財務負債

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

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Financial Instruments (continued)

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

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

Financial assets and financial liabilities other than debt and equity securities

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

2. 採用香港財務報告準則／會計政策變動 (續)

金融工具(續)

債務證券與股本證券以外之財務資產及財務負債(續)

在未採取香港會計準則第39號前，一免息之其它長期借款是以面值入賬。香港會計準則第39號則要求所有財務資產及財務負債以其公平價值在最初確認期計量。這個免息的其它長期借款是用其攤銷價以下一個結算日的有關利率來計量。本公司已應用有關香港會計準則第三十九號後的改動，但是這對本年度所披露的結果沒有重大的影響。

衍生工具

自二零零五年一月一開始，凡所有衍生工具符合於香港會計準則第39號之規定範圍內，必須於資產負債表內反映其公允值，無論是認為投資買賣或有效的對沖工具。根據香港會計準則第39號，衍生工具(包括與非衍生主契約分開列賬之內含衍生工具)均視為持有作買賣用途之財務資產或財務負債，合資格並指定用作有效對沖工具者除外。有關公平值變動之相應調整視乎該等衍生工具是否指定為用作有效對沖工具，則根據被對沖項目之性質作調整。對於視為持有作買賣用途之全部衍生工具，公平值之變動於變動出現時之會計期間於損益賬內確認。

在未採取香港會計準則第39號前，該衍生工具並未於資產負債表確認。集團採用有關香港會計準則第39號過渡性條款。由於該衍生工具並未符合有關的對沖會計準則，自二零零五年一月一日起，所有衍生工具被視為用作投資買賣性質。因此集團於保留溢利確認約人民幣35,112,000公允值。(其財務影響請參閱附註3)

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Financial Instruments (continued)

Financial assets and financial liabilities other than debt and equity securities (continued)

Prior to the application of HKAS 39, an interest-free non-current balance with ultimate holding company/fellow subsidiaries were stated at the nominal amount. HKAS 39 requires all financial assets and financial liabilities to be measured at fair value on initial recognition. Such interest-free balances are measured at amortised cost determined using the effective interest method at subsequent balance sheet dates. As at 31st December, 2005, the Group's non-current advance from ultimate holding company carried at interest rates prevailing to the market. The fair value of the amount approximates to the corresponding carrying value. The adoption of HKAS 39 does not have significant effect on the Group.

Derivatives

From 1st January, 2005 onwards, all derivatives that are within the scope of HKAS 39 are required to be carried at fair value at each balance sheet date regardless of whether they are deemed as held for trading or designated as effective hedging instruments. Under HKAS 39, derivatives (including embedded derivatives separately accounted for from the non-derivative host contracts) are deemed as held-for-trading financial assets or financial liabilities, unless they qualify and are designated as effective hedging instruments. The corresponding adjustments on changes in fair values would depend on whether the derivatives are designated as effective hedging instruments, and if so, the nature of the item being hedged. For derivatives that are deemed as held for trading, changes in fair values of such derivatives are recognised in profit or loss for the period in which they arise.

Prior to the application of HKAS 39, the derivatives were not recognised on the balance sheet. The Group has applied the relevant transitional provisions in HKAS 39. As the derivatives do not meet the requirement of hedge accounting in accordance with HKAS 39, the Group has, from 1st January, 2005 onwards, deemed such derivatives as held for trading. Accordingly, the Group recognised the fair value of derivatives amounting to approximately Rmb35,112,000 in retained profits (see Note 3 for the financial impact).

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

2. 採用香港財務報告準則／會計政策變動 (續)

業主自用土地租賃權益

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

投資物業

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

3. 會計政策變動之影響概要

上述會計政策變動對本年度業績之影響如下：

金融衍生工具公允值
改變所取得收益

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Owner-occupied Leasehold Interest in Land

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

Investment properties

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

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

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

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
Gain on fair value changes of derivative financial instruments	35,456	-

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

3. 會計政策變動之影響概要(續)

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

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

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

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

3. 會計政策變動之影響概要(續)

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

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

4. 主要會計政策概要

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

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES (continued)

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

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

4. SIGNIFICANT ACCOUNTING POLICIES

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

綜合基準

綜合財務報表包括本公司及其附屬公司於每年十二月三十一日之財務報表。

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

所有集團內交易、結餘、收入及開支均於綜合賬目時對銷。

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

於聯營公司權益

聯營公司指集團對該公司有重大影響但不是其附屬公司。重大影響是指有權力去參與其公司之財務及營運政策決定但又未能控制該政策。

聯營公司之業績及資產與負債以權益會計法計入此等財務報表內。根據權益法，於聯營公司之投資乃按成本，並就本集團於收購後分佔溢利或虧損之變動及聯營公司權益之變動作出調整，再減任何已識別減值虧損計入綜合資產負債表。當本集團所佔聯營公司虧損等於或超出於該聯營公司權益(包括任實質上構成本集團於該聯營公司之投資淨額之長期權益)時，本集團終止確認其所佔之進一步虧損。惟倘本集團須向合營公司承擔法律或推定義務，或須代其支付款項，則須就額外虧損撥備或確認負債。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

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

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

Interests in associates

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

於聯營公司權益(續)

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

收入確認

收入是以收來或將收之貨款，扣除折扣後的公允價值衡量。

銷售在付貨予客戶後及所有權轉移後即予確認。

服務收入在服務提供時即予確認。

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

投資之股息收入乃於股東有權收取款項時入賬。

日常業務過程中銷售物業之收益於達成以下所有條件時確認入賬：

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interests in associates (continued)

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

Revenue recognition

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

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

Service income is recognised when services are provided.

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

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

投資物業

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

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

物業、機器及設備

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

Property, plant and equipment

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

物業、機器及設備(續)

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

預付租賃款項

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

專利權

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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

Prepaid lease payments

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

Patents

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

減值

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

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

金融工具

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

財務資產

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

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

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

Financial instruments

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

Financial assets

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

金融工具(續)

財務資產(續)

貸款及應收款項

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

待銷售性的財務資產

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

Available-for-sale financial assets

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

金融工具(續)

財務資產(續)

待銷售性的財務資產(續)

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

金融衍生工具

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

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

財務負債及股本

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Available-for-sale financial assets (continued)

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

Derivative financial instruments

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

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

Financial liabilities and equity

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

金融工具(續)

財務負債及股本(續)

財務負債

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

股本工具

本公司發行之股本工具乃按已收所得款項(扣除直接發行成本)記賬。

不予確認

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities

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

Equity instruments

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

Derecognition

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

存貨

存貨按成本與可變現淨值兩者之較低值入賬。成本採用加權平均法計算。

發展中物業之成本以截至目前所發生之成本減去可預見之損失列示。成本包括建築成本、財務及其它有關該物業發展之直接成本。在建物業並不需提折舊。

建造合同

如果建造合同的結果能夠可靠地估計，應根據完工百分比法在資產負債表日確認合同成本。合同完工進度是根據累計實際發生的合同成本佔合同預計總成本的比例確定。合同中所包括的工程差異需要經客戶同意。

如果建造合同的結果不能夠可靠地估計，合同成本應在發生時確認為費用。

如果合同預計總成本將超過合同預計總收入，應將預計損失立即確認為當期費用。

倘現時之工程費用加經確認溢利減經確認虧損超出進度付款，則盈餘以應收客戶合約工程款項呈示。倘進度付款超出現時之工程費用加經確認溢利減經確認虧損，則盈餘以應付客戶合約工程款項呈示。在有關工程未開始時，預收之款項會於資產負債表內視為負債—預收款，已進行工程，而客戶未付之款項會放於資產負債表內以應收賬款及其它應收款呈示。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

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

Construction contracts

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

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

退休金

退休金及撥備乃根據當地政府之有關文件訂立之定額供款合約列入損益賬。

研究及開發費用

研究及開發費用於產生時列入損益賬。

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

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

所得稅

所得稅支出代表當期應付所得稅及遞延所得稅的總額。

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

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

Research and development expenditure

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

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

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

Income taxes

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

所得稅(續)

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

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

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

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

借貸成本

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

其它借貸成本均計入當期損益。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

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

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

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

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

Borrowing costs

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

4. 主要會計政策概要(續)

租約

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

本集團作為出租人

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

外幣

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

於結算及換算貨幣項目時產生之匯兌差額均於彼等產生期間內於損益賬中確認。

政府補貼

為彌補發生之成本而給予的政府補貼，於相應成本發生時確認為收入。

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing

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

The Group as lessor

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

Foreign currencies

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

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

Government subsidies

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

5. 估計不明朗因素之主要來源

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

貸款及應收款項之估計減值(包括應收聯屬公司款項，應收賬款及其他應收款)

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

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

存貨撥備

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

6. 財務風險管理目標及政策

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated impairment on loans and receivables (including amounts due from fellow subsidiaries, trade and other debtors)

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

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

Allowance for inventories

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

6. 財務風險管理目標及政策(續)

市場風險

(i) 利率風險

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

(ii) 其它價格風險

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

(iii) 貨幣風險

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

信貸風險

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

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk

(i) Interest rate risk

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

(ii) Other price risk

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

(iii) Currency risk

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

Credit risk

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

6. 財務風險管理目標及政策(續)

信貸風險(續)

於銀行存款及結存之信貸風險有限，原因是對手是得到國際信貸評級機構給予高信貸評級之銀行。

就本集團其他主要金融資產產生之信貸風險而言，當中包括本集團就對手失責承擔之信貸風險有限，因為對手具備良好信譽，而本集團並不預期就此等公司未追收墊款／存款產生任何重大虧損。

本集團之信貸風險並非極為集中，所承擔之風險在多名對手之間分攤。

7. 主營業務收入

主營業務收入指本集團將產品售予外界客戶及為其提供服務之已收及應收金額在扣除增值稅及退貨後之淨額，分列如下：

物業銷售
產品銷售
建造合同收入
租賃收入
服務提供

6. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

The credit risk on bank deposit and balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

With respect of credit risk arising from other major financial assets of the Group, the Group's exposure to credit risk arising from default of counterparties is limited as the counterparties have good credit standing and the Group does not expect any significant loss for uncollected advances/deposits from these entities.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

7. TURNOVER

Turnover represents the amounts received and receivable for goods sold and services rendered by the Group to outside customers during the year, net of value added tax ("VAT") and sales returns, and is analysed as follows:

	2005 人民幣千元 Rmb'000	2004 人民幣千元 <i>Rmb'000</i>
Sales of properties	668,914	170,256
Sales of goods	14,235,472	8,842,005
Revenue from construction contracts	3,519,108	1,180,669
Rental income	35,021	–
Services rendered	5,591	22,740
	18,464,106	10,215,670

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

8. 業務和地區分部

業務分部

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

主要經營活動如下：

火電主機設備 — 製造火電主機設備

水電主機設備 — 製造水電主機設備

電站工程服務 — 提供電站工程建設服務

電站輔機和
配套設備 — 製造電站輔機和
配套設備

交直流電機及
其它 — 製造交直流電機及
其它

關於這些業務的分部信息列示如下：

8. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

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

Principal activities are as follows:

Main thermal power equipment — manufacture of main thermal power equipment.

Main hydro power equipment — manufacture of main hydro power equipment.

Engineering services — providing engineering services for power stations.

Ancillary equipment — manufacture of ancillary equipment for power stations.

AC/DC motors and others — manufacture of AC/DC motor and others.

Segment information about these businesses is presented below.

2005

		火電主機設備 Main thermal power equipment 人民幣千元 Rmb'000	水電主機設備 Main hydro power equipment 人民幣千元 Rmb'000	電站工程服務 Engineering services for power stations 人民幣千元 Rmb'000	電站輔機 及配套設備 Ancillary equipment for power stations 人民幣千元 Rmb'000	交直流電機 及其它 AC/DC motors and others 人民幣千元 Rmb'000	內部抵銷 Eliminations 人民幣千元 Rmb'000	合併 Consolidated 人民幣千元 Rmb'000
主營業務收入	REVENUE							
外部收入	External sales	13,253,712	1,214,099	2,248,903	316,693	1,430,699	-	18,464,106
分部間收入	Inter-segment sales	48,166	28,355	-	660,004	87,513	(824,038)	-
總收入	Total revenue	<u>13,301,878</u>	<u>1,242,454</u>	<u>2,248,903</u>	<u>976,697</u>	<u>1,518,212</u>	<u>(824,038)</u>	<u>18,464,106</u>

分部間的銷售是以現行市場價格計算的。

Inter-segment sales are charged at prevailing market rates.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

8. 業務和地區分部(續)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

業務分部(續)

Business segments (continued)

2005

		火電主機設備 Main thermal power equipment 人民幣千元 Rmb'000	水電主機設備 Main hydro power equipment 人民幣千元 Rmb'000	電站工程服務 Engineering services for power stations 人民幣千元 Rmb'000	電站輔機 及配套設備 Ancillary equipment for power stations 人民幣千元 Rmb'000	交直流電機 及其它 AC/DC motors and others 人民幣千元 Rmb'000	內部抵銷 Eliminations 人民幣千元 Rmb'000	合併 Consolidated 人民幣千元 Rmb'000
分部經營成果	SEGMENT RESULTS	<u>1,523,274</u>	<u>67,851</u>	<u>33,051</u>	<u>79,788</u>	<u>159,125</u>	<u>-</u>	<u>1,863,089</u>
未能分攤總部費用	Unallocated corporate expenses							(1,135,324)
財務支出	Finance costs							(33,767)
於聯營公司溢利	Share of results of associates	-	-	-	-	2,127	-	2,127
除稅前溢利	Profit before taxation							696,125
稅項	Income tax expense							(136,739)
本年度溢利	Profit for the year							<u>559,386</u>
資產	ASSETS							
分部資產	Segment assets	20,779,516	1,641,722	2,629,856	2,201,258	1,600,558	28,852,910	
於聯營公司之權益	Interests in associates	-	-	-	-	118,372	118,372	
未能分攤總部資產	Unallocated corporate assets						7,477,605	
合併總資產	Consolidated total assets						<u>36,448,887</u>	
負債	LIABILITIES							
分部負債	Segment liabilities	22,596,386	1,730,915	528,435	1,322,777	1,362,880	27,541,393	
未能分攤總部負債	Unallocated corporate liabilities						4,382,814	
合併總負債	Consolidated total liabilities						<u>31,924,207</u>	
其它資料	OTHER INFORMATION							
資本性支出	Capital additions	324,093	35,268	2,748	19,640	20,526	402,275	
固定資產折舊	Depreciation of property, plant and equipment	203,171	28,083	3,185	17,473	14,638	266,550	
投資物業折舊	Depreciation of investment properties	-	-	-	-	14,869	14,869	
專利權攤銷	Amortisation of patent	5,013	-	-	-	-	5,013	
預付土地租賃費攤銷	Release of prepaid lease payments	6,679	1,154	-	365	431	8,629	

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

8. 業務和地區分部(續)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

業務分部(續)

Business segments (continued)

2004		火電主機設備	水電主機設備	電站工程服務	電站輔機 及配套設備	交直流電機 及其它	內部抵銷	合併
		Main thermal power equipment	Main hydro power equipment	Engineering services for power stations	Ancillary equipment for power stations	AC/DC motors and others	Eliminations	Consolidated
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000	Rmb'000
主營業務收入	REVENUE							
外部收入	External sales	7,208,106	728,162	1,180,669	224,614	874,119	-	10,215,670
分部間收入	Inter-segment sales	37,009	-	-	155,345	156,928	(349,282)	-
總收入	Total revenue	<u>7,245,115</u>	<u>728,162</u>	<u>1,180,669</u>	<u>379,959</u>	<u>1,031,047</u>	<u>(349,282)</u>	<u>10,215,670</u>

分部間的銷售是以現行市場價格計算的。

Inter-segment sales are charged at prevailing market rates.

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

8. 業務和地區分部(續)

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

業務分部(續)

Business segments (continued)

資產負債表 2004	BALANCE SHEET						合併
		火電主機設備 Main thermal power equipment 人民幣千元 Rmb'000	水電主機設備 Main hydro power equipment 人民幣千元 Rmb'000	電站工程服務 Engineering services for power stations 人民幣千元 Rmb'000	電站輔機 及配套設備 Ancillary equipment for power stations 人民幣千元 Rmb'000	交直流電機 及其它 AC/DC motors and others 人民幣千元 Rmb'000	Consolidated 人民幣千元 Rmb'000
資產	ASSETS						
分部資產	Segment assets	12,695,467	1,439,534	1,793,799	1,047,837	2,361,086	19,337,723
於聯營公司之權益	Interests in associates	-	-	-	-	109,440	109,440
未能分攤總部資產	Unallocated corporate assets						11,568,036
合併總資產	Consolidated total assets						31,015,199
負債	LIABILITIES						
分部負債	Segment liabilities	18,510,608	1,612,094	811,774	1,420,226	2,032,631	24,387,333
未能分攤總部負債	Unallocated corporate liabilities						2,974,258
合併總負債	Consolidated total liabilities						27,361,591
其它資料	OTHER INFORMATION						
資本性支出	Capital additions	633,025	28,433	2,721	32,244	24,109	720,532
固定資產折舊	Depreciation of property, plant and equipment	160,779	30,205	4,306	9,209	27,914	232,413
預付土地租賃費攤銷	Release of prepaid lease payments	6,679	1,154	-	365	431	8,629

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

8. 業務和地區分部(續)

地區分部

本集團之主營業務收入主要來自於中國境內，按地區分類如下：

境內
境外

總收入

本集團之主要資產和負債主要位於中國境內。於二零零五年十二月三十一日及二零零四年十二月三十一日，位於境外的資產和負債少於集團總資產和總負債的10%。

8. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

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

	銷售收入按地區分類		
	Sales revenue by geographical market		
	截至31.12.2005	截至31.12.2004	
	止年度	止年度	
	Year ended	Year ended	
	31.12.2005	31.12.2004	
	人民幣千元	人民幣千元	
	Rmb'000	Rmb'000	
境內	PRC	15,145,782	8,274,048
境外	Overseas	3,318,324	1,941,622
總收入	Total revenue	<u>18,464,106</u>	<u>10,215,670</u>

The majority of the Group's assets and liabilities are located in the PRC. The assets and liabilities situated overseas account for less than 10% of the Group's assets and liabilities as at 31st December, 2005 and 2004.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

9. 其它業務收入

9. OTHER INCOME

其它業務收入包括如下：

Included in other income are the following:

		2005 人民幣千元 Rmb'000	2004 人民幣千元 <i>Rmb'000</i>
待銷售性投資之股息	Dividend income from available-for-sale investments	4,064	–
非上市證券性投資之股息	Dividend income from unlisted investment securities	–	645
處置待銷售性投資收益	Gain on disposal of available-for-sale investments	91,780	–
處置固定資產收益	Gain on disposal of property, plant and equipment	3,933	2,533
政府補貼	Government subsidy	351	399
金融衍生工具公允價值變化收益	Gain on fair value changes of derivative financial instruments	35,456	–
存放於金融機構之存款利息收入	Interest income from financial institutions	96,523	121,293
廢料銷售利潤	Profit from sales of scrap materials	9,631	8,491
轉回呆壞賬準備	Reversal of allowance for bad and doubtful debts	–	7,414
其他	Other income	15,231	12,738
		256,969	153,513

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

10. 財務支出

10. FINANCE COSTS

	2005 人民幣千元 <i>Rmb'000</i>	2004 人民幣千元 <i>Rmb'000</i>
借款利息支出		
須於五年內全部償還借款	71,089	49,197
毋須於五年內全部償還借款	32,643	8,926
	103,732	58,123
減：已撥充資本之有關存貨 利息支出	(68,932)	–
已撥充資本之有關在建工程 利息支出	(1,033)	(10,234)
	33,767	47,889

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

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

11. 稅項

11. INCOME TAX EXPENSE

稅項支出包括：

The charge comprises:

	2005 人民幣千元 <i>Rmb'000</i>	2004 人民幣千元 <i>Rmb'000</i>
中國所得稅		
– 本年度	136,991	26,898
– 過往年度撥備(過剩)不足	(252)	136
	136,739	27,034

該支出乃指按本年度估計之應課稅收入以稅率 15% 計算之中國所得稅。

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

11. 稅項(續)

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

本年度稅務支出與綜合收益表內溢利之對照如下：

11. INCOME TAX EXPENSE (continued)

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

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

		2005 人民幣千元 Rmb'000	2004 人民幣千元 <i>Rmb'000</i>
除稅前溢利	Profit before taxation	696,125	168,963
本集團按15%的稅率計算	Tax charge at the enterprise income tax rate of 15%	104,419	25,344
共享聯營公司經營成果對稅務的影響	Tax effect of share of results of associates	(319)	(618)
因集團附屬公司按所得稅33%所增加之企業所得稅	Additional enterprise income tax in respect of the income tax rate of 33% for certain subsidiaries	2,701	811
在計算本年應課稅金額時不須課稅收入對稅務的影響	Tax effect of income not taxable for tax purpose	(10,776)	(1,502)
在計算本年應課稅金額時不可扣除支出對稅務的影響	Tax effect of expenses not deductible for tax purpose	50,681	5,462
因一家中國附屬公司獲稅務豁免影響	Effect of tax exemptions granted to a PRC subsidiary	(9,715)	(2,599)
過往年度之撥備(過剩)不足	(Over)underprovision in respect of prior years	(252)	136
本年度稅務支出	Tax charge for the year	136,739	27,034

於資產負債表結算日及本年度內並無重大未撥備之遞延稅項。

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

12. 本年利潤

12. PROFIT FOR THE YEAR

扣除費用後的利潤：

Profit for the year has been arrived at after charging:

	2005 人民幣千元 Rmb'000	2004 人民幣千元 <i>Rmb'000</i>
人工成本(包括董事和 監事的薪酬)	719,995	526,754
退休福利計劃	103,709	80,101
人工總成本	823,704	606,855
壞賬準備	274,600	1,360
存貨跌價準備	38,042	10,822
專利權攤銷	5,013	–
預付土地使用權租賃費攤銷	8,629	8,629
審計費	2,920	2,780
投資物業折舊	14,869	–
固定資產折舊	266,550	232,413
待銷售性投資減值損失 (包含於其它業務費用)	2,758	–
證券性投資減值損失 (包含於其它業務費用)	–	2,043
匯兌淨損失	25,151	2,494
研究開發費用	302,761	204,203
應付聯營公司稅項 (包含於聯營公司溢利)	325	–

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

13. 董事及監事酬金

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

下表分別列示了16(2004:16)位董事和監事個人的薪酬情況：

The emoluments paid or payable to each of the 16 (2004: 16) directors and supervisors were as follows:

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

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

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

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

這兩年無個別董事薪酬超過港幣100萬元。

None of the directors received more than HK\$1,000,000 for any of these two years.

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

The five highest paid individuals in the Group in 2004 and 2005 were directors and supervisors of the Company and details of their emoluments are set out above.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

14. 股息

14. DIVIDENDS

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
末期已付2004年股息每股人民幣0.051元 (2003: 人民幣0.008元)	Final dividend paid for 2004 of Rmb0.051 (2003: Rmb0.008) per share	9,513
	60,647	
董事建議本年每股派發股息人民幣0.061元 (二零零四年: 人民幣0.051元), 上述提議有 待年度股東大會批准。	The final dividend for 2005 of Rmb0.061 (2004: Rmb0.051) per share has been proposed by the directors and is subject to approval by the shareholders in annual general meeting.	

15. 每股盈利

15. EARNINGS PER SHARE

每股盈利乃按本年度溢利人民幣
464,990,000元(二零零四年: 人民幣
117,572,000元)及全年加權平均之股份
1,193,124,000股(二零零四年:
1,189,151,000股)計算。

The calculation of the earnings per share is based on the
profit for the year of approximately Rmb464,990,000 (2004:
Rmb117,572,000) and on the weighted average number of
shares of 1,193,124,000 (2004: 1,189,151,000).

16. 固定資產

16. PROPERTY, PLANT AND EQUIPMENT

		廠房設備 房屋建築	家俬、 及機器	裝置及設備 Furniture, fixtures and equipment	汽車 Motor vehicles	在建工程 Con- struction- in-progress	總計 Total
		Buildings 人民幣千元 Rmb'000	Plant and machinery 人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000	人民幣千元 Rmb'000
成本	COST						
於二零零四年一月一日	At 1st January, 2004	1,073,660	1,986,251	155,078	94,943	494,643	3,804,575
處置附屬公司	On disposal of a subsidiary	-	(4,723)	(372)	(638)	-	(5,733)
添置	Additions	5,967	40,395	16,941	8,148	649,081	720,532
轉撥	Transfers	171,984	266,734	51,062	3,709	(493,489)	-
處置	Disposals	(34,677)	(46,453)	(8,893)	(20,464)	-	(110,487)
於二零零五年一月一日	At 1st January, 2005	1,216,934	2,242,204	213,816	85,698	650,235	4,408,887
添置	Additions	10,067	50,390	11,365	11,527	264,613	347,962
轉撥	Transfers	66,293	299,222	50,416	6,093	(422,024)	-
投資物業轉入	Transferred to investment properties	(50,437)	-	-	-	-	(50,437)
處置	Disposals	(23,729)	(36,549)	(8,750)	(35,128)	-	(104,156)
於二零零五年十二月三十一日	At 31st December, 2005	1,219,128	2,555,267	266,847	68,190	492,824	4,602,256

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

16. 固定資產(續)

16. PROPERTY, PLANT AND EQUIPMENT (continued)

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

上述各類固定資產每年按照以下比率採用直線法提取折舊：

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

17. 投資物業

17. INVESTMENT PROPERTIES

人民幣千元
Rmb'000

成本	COST	
於二零零四年與二零零五年一月一日	At 1st January, 2004 and 2005	–
固定資產轉入	Transferred from property, plant and equipment	42,831
存貨轉入	Transferred from inventory	268,839
		<u>311,670</u>
於二零零五年十二月三十一日	At 31st December, 2005	311,670
折舊	DEPRECIATION	
於二零零四年與二零零五年一月一日	At 1st January, 2004 and 2005	–
本年度撥備	Provided for the year	14,869
		<u>14,869</u>
於二零零五年十二月三十一日	At 31st December, 2005	14,869
賬面淨值	CARRYING AMOUNT	
於二零零五年十二月三十一日	At 31st December, 2005	<u>296,801</u>
於二零零四年十二月三十一日	At 31st December, 2004	<u>–</u>

於資產負債表日本集團投資物業的公允價值約人民幣318,354,000元。其公允價值是由獨立於集團之外的評估機構參考同類近期的市場價格後作為的合理評估。

The fair value of the Group's investment properties at 31st December, 2005 is approximately Rmb318,354,000. The fair value has been arrived at based on valuation carried out by independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties.

上述投資性房地產以5%的比例直線攤銷。

The above investment properties are depreciated on a straight-line basis at rate of 5%.

18. 預付土地租賃

18. PREPAID LEASE PAYMENTS

本集團的預付土地租賃為中華人民共和國境內的土地使用權。預付土地租賃根據報告使用需要分析如下：

The Group's prepaid lease payments represent medium-term land use rights in the PRC. They are analysed for reporting purpose as follows:

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
流動部分	Current portion	8,629	8,629
非流動部分	Non-current portion	326,835	335,464
		<u>335,464</u>	<u>344,093</u>

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

19. 專利權

19. PATENT

人民幣千元
Rmb'000

成本	COST	
於二零零四年與二零零五年一月一日	1st January, 2004 and 2005	–
添置	Additions	54,313
		<u>54,313</u>
於二零零五年十二月三十一日	At 31st December, 2005	<u>54,313</u>
攤銷	AMORTISATION	
於二零零四年與二零零五年一月一日	1st January, 2004 and 2005	–
本年度攤銷	Charge for the year	5,013
		<u>5,013</u>
於二零零五年十二月三十一日	At 31st December, 2005	<u>5,013</u>
賬面淨值	CARRYING AMOUNT	
於二零零五年十二月三十一日	At 31st December, 2005	<u>49,300</u>
於二零零四年十二月三十一日	At 31st December, 2004	<u>–</u>

該專利權主要是超臨界鍋爐技術。該專權利的使用期限為10年並且按直線法在使用年限內攤銷。

The patent is related to the technology of ultra-super critical-steam boiler. It has definite useful life and is amortised on a straight-line basis over a period of 10 years.

20. 於聯營公司權益

20. INTERESTS IN ASSOCIATES

		2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
非上市聯營公司投資成本	Cost of investment in associates unlisted in PRC	122,884	114,774
佔購入後損失(減收到股利後)	Share of post-acquisition losses, net of dividend received	(4,512)	(5,334)
		<u>118,372</u>	<u>109,440</u>

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

20. 於聯營公司權益(續)

於二零零五年十二月三十一日，本集團於以下聯營公司有權益：

20. INTERESTS IN ASSOCIATES (continued)

As at 31st December, 2005, the Group had interests in the following associates:

公司名稱	公司類型	公司註冊 國家/註冊地	主要 經營地	本公司持有 已發行股本 股票類型	面值之比率 Proportion of nominal value of issued capital/ registered capital held by the Group	持有表決權 Proportion of voting power held	主要經營活動 Principal activity
Name of entity	Form of business structure	Place/ Country of incorporation/ registration	Principal place of operation	Class of share held			
哈爾濱三利亞股份有限公司	設立 established	中華人民 共和國 PRC	中華人民 共和國 PRC	普通股 Ordinary	44.25%	44.25%	從事非金屬合金表面處理、 功能性膜層的開發和應用、 電液漆、電解液及相關化工 產品生產與銷售。 Development, production and sale of plasma- enhanced and electrochemical surface ceramicised light alloy materials, building aluminum templates and boards, industrial special nature materials, electrophoresis paints and electrolyte, relevant chemical products
通用電氣-哈動能源服務 (秦皇島)有限責任公司	設立 established	中華人民 共和國 PRC	中華人民 共和國 PRC	普通股 Ordinary	41%	41%	為鍋爐廠、汽輪機廠及 電機廠提供維修、 安裝及現場服務 Provision of maintenance, installation and on-site services to owners of turbines, boilers and electricity generators
葫蘆島濱海水電大件製造 有限責任公司	設立 established	中華人民 共和國 PRC	中華人民 共和國 PRC	普通股 Ordinary	50%	50%	生產電站設備 Manufacture of electrical equipments
哈爾濱鍋爐容器工程 有限公司	設立 established	中華人民 共和國 PRC	中華人民 共和國 PRC	普通股 Ordinary	27.28%	27.28%	為鍋爐生產提供質量 保證服務 Provision of quality control services for boilers manufacturing

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

20. 於聯營公司權益(續)

下述信息為集團之聯營公司的匯總財務狀況：

20. INTERESTS IN ASSOCIATES (continued)

The summarised financial information in respect of the Group's associates is set out below:

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

21. 待銷售性投資

於二零零五年十二月三十一日待銷售性投資的組成：

21. AVAILABLE-FOR-SALE INVESTMENTS

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

21. 待銷售性投資(續)

資產負債表日，除了那些無法可靠估量的非上市證券投資外，所有的待銷售性投資都以公允價值列示。集團待銷售性投資的公允價值由公開交易市場的競標價決定。

非上市證券投資是指在由中國成立的非上市公司發行的股票證券。在每個資產負債表日，他們按成本減減值準備後的淨值估算，因為通常其估價的差異太大以至於投資公司的主管認為此類證券的公允價值是無法可靠估量的。

22. 證券性投資

截止2004年12月31日的證券性投資列示如下。在2005年1月1日開始採用《香港財務報告準則第39號》後，證券性投資作如下重分類（詳見附註3）。

長期投資
中國非上市投資－成本減去永久
減值準備
持有至到期的債券

短期投資
持有至到期的債券
持有至到期的債券（包含於現金及
現金等價物）

董事們認為證券性投資之價值不少於賬面值。

21. AVAILABLE-FOR-SALE INVESTMENTS (continued)

As at the balance sheet date, all available-for-sale investments are stated at fair value, except for those unlisted equity investments of which their fair values cannot be measured reliably. Fair values of the Group's available-for-sale investments have been determined by reference to bid prices quoted in active markets.

The unlisted equity investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so wide that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

22. INVESTMENT SECURITIES

Investment securities as at 31st December, 2004 are set out below. Upon the application of HKAS 39 on 1st January, 2005, investment securities were reclassified to appropriate categories under HKAS 39 (see Note 3 for details).

	2004 人民幣千元 Rmb'000
Non-current assets	
Unlisted investment securities in the PRC, net of impairment loss	65,051
Held-to-maturity debt securities	<u>3,209,445</u>
	<u>3,274,496</u>
Current assets	
Held-to-maturity debt securities	1,271,433
Held-to-maturity debt securities (included in Cash and Cash equivalents)	<u>401,507</u>

The director consider that the investment securities are worth at least their carrying amount.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

23. 存貨

23. INVENTORIES

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

24. 應收賬款、其他應收款、按金及預付款項

24. TRADE DEBTORS/OTHER DEBTORS, DEPOSITS AND PREPAYMENT

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

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

於資產負債表日應收賬款的賬齡分析如下：

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

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

25. 建造合同應收(預收)款

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

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

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

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

26. 應收聯屬公司款項／欠最終控股公司款項

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

27. 銀行存款、現金和現金等價物

27. BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

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

截止於2005年12月31日的銀行存款餘額和現金共人民幣4,065,426,000元(2004年:人民幣4,920,137,000元)均存於中華人民共和國的銀行。這些人民幣兌換成外幣均遵循中國政府公佈的外匯控制法律法規。

As at 31st December, 2005 Rmb4,065,426,000 (2004: Rmb4,920,137,000) of the bank balances and cash were denominated in Renminbi and deposited with banks in the PRC. The conversion of these Renminbi denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

於2005年12月31日有效的銀行存款利率加權平均值為2.25%(2004年:2.25%)。

The weighted average effective interest rates on bank deposits as at 31st December, 2005 were 2.25% (2004: 2.25%).

董事會認為賬面價值接近它們的公允價值。

The directors consider that the carrying amounts approximates their fair value.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

28. 應付賬款/其他應付款及應計費用

應付賬款的賬齡分析如下:

1年內
1年至2年
2年至3年
3年以上

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

29. 已收按金

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

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

28. TRADE CREDITORS/OTHER CREDITORS AND ACCRUED CHARGES

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

	2005 人民幣千元 <i>Rmb'000</i>	2004 人民幣千元 <i>Rmb'000</i>
Within 1 year	4,041,474	2,054,229
1 to 2 years	190,193	211,862
2 to 3 years	28,048	45,868
Over 3 years	75,613	69,253
	<u>4,335,328</u>	<u>2,381,212</u>

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

29. DEPOSITS RECEIVED

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

30. 欠最終控股公司款項

短期

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

長期

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

31. 應交稅金

增值稅
所得稅
營業稅
其它

30. ADVANCE FROM ULTIMATE HOLDING COMPANY

Current

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

Non-current

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

31. TAX LIABILITIES

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

32. 借款

32. BORROWINGS

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

32. 借款(續)

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

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

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

董事會認為賬面價值接近於它們的公允價值。

33. 金融衍生工具

集團的金融衍生工具,不能按對沖會計來計算的:

外幣遠期合約

外幣遠期合約條件如下:

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

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

32. BORROWINGS (continued)

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

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

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

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

33. DERIVATIVE FINANCIAL INSTRUMENTS

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

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
Foreign currency forward contracts	344	-

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

34. 股本

34. SHARE CAPITAL

		2005 人民幣千元 Rmb'000	2004 人民幣千元 <i>Rmb'000</i>
已註冊、已發行及繳足：	Registered, issued and fully paid:		
國有法人股每股面值人民幣1元	State owned equity interest shares of Rmb1 each	711,470	720,000
H股每股面值人民幣1元	H Shares of Rmb1 each	562,981	469,151
		<u>1,274,451</u>	<u>1,189,151</u>

The movements in share capital are as follows:

股本變動如下：

		發行股權 Number of shares in issue	發行的股本 Issued share capital 人民幣千元 <i>Rmb'000</i>	股本溢價 Share premium 人民幣千元 <i>Rmb'000</i>	總計 Total 人民幣千元 <i>Rmb'000</i>
於2004及2005年1月1日	At 1st January, 2004 and 2005	1,189,151,000	1,189,151	788,155	1,977,306
發行H股	Issue of H shares	93,830,000	93,830	340,833	434,663
發行費用	Share issue expenses	–	–	(9,805)	(9,805)
國有法人股轉換	Conversion of state owned equity interest shares	(8,530,000)	(8,530)	(30,094)	(38,624)
於2005年12月31日	At 31st December, 2005	<u>1,274,451,000</u>	<u>1,274,451</u>	<u>1,089,089</u>	<u>2,363,540</u>

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

34. 股本

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

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

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

34. SHARE CAPITAL (continued)

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

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

35. 處置附屬公司

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

淨資產處置：
 固定資產
 存貨
 應收賬款
 其它應收款、按金及預付款項
 銀行結存及現金
 應付賬款
 其它應付款及應計費用
 已收按金
 應交税金

於聯營公司權益
 由出售部份於聯屬公司權益
 所產生之儲備

處置附屬公司現金流出淨額：

現金
 處置銀行的存款及現金

35. PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY

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

人民幣千元
 Rmb'000

NET ASSETS DISPOSED OF
 Property, plant and equipment 1,393
 Inventories 25,109
 Trade debtors 24,368
 Other debtors, deposits and prepayments 24,804
 Bank balances and cash 86,966
 Trade creditors (5,378)
 Other creditors and accrued expenses (15,706)
 Deposits received (130,132)
 Tax liabilities (35)

11,389
 Interest in an associate (5,264)
 Reserve realised on partial disposal of
 interest in a subsidiary (22)

6,103

Net cash outflow arising on partial
 disposal of interest in a subsidiary:

Cash consideration 6,103
 Bank balances and cash disposal of (86,966)

(80,863)

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

36. 或有負債

36. CONTINGENT LIABILITIES

	2005 人民幣千元 <i>Rmb'000</i>	2004 人民幣千元 <i>Rmb'000</i>
子公司為外部第三方 貸款提供擔保		
Guarantee given to banks and financial institutions in respect of general banking facilities granted to external parties	216,490	232,690

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

During the year, a fellow subsidiary of the Group was sued by a customer (the "Plaintiff") for breach of contract. The Plaintiff demanded a compensation of Rmb12,000,000 and applied to the Court of Zhejiang Province to freeze the bank deposit amounting to Rmb12,000,000 of the Company's subsidiary for payment of the compensation. The directors of the Company are of the view that the above action is without merit. In their opinion, there was no contractual relationship between the Group and the Plaintiff. In addition, the Company's subsidiary is a separate legal entity from the fellow subsidiary, therefore it should not be liable to the action of the fellow subsidiary. The Group has appointed a legal advisor to advance them in the legal proceedings. On 5th December, 2005, a petition has been filed to the court to request for the release of the restricted bank deposit. No decision has been made by the court up to the date of this report.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

37. 經營租賃

集團作為出租人

年內設備租賃收入約為人民幣35,021,000元(2004年:無)。集團以出租為目的所持有的財產有望產生每年持續增長10.97%的租金收入。一切所持有的財產均有承租人允諾租賃1至20年。

在資產負債表日,集團和承租人簽定合約規定將來最低租金:

一年內
一至五年
五年後

截止於2004年12月31日,集團無經營租賃承擔。

38. 資本承擔

股權投資的資本支出:

— 已簽約但未於財務報表中撥備

購買固定資產的資本支出

— 已簽約但未於財務報表中撥備

— 已批准但未簽約

37. OPERATING LEASES

The Group as lessor

Property rental income earned during the year was approximately Rmb35,021,000 (2004: Nil). The Group's properties held for rental purposes are expected to generate rental yields of 10.97% on an ongoing basis. All of the properties held have committed tenants ranging from 1 to 20 years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

Within one year 30,587
In the second to fifth year inclusive 120,668
After five years 331,814

At 31st December, 2004, the Group had no commitments under operating leases.

38. CAPITAL COMMITMENTS

Capital expenditure for the acquisition of:

Investment

— contracted for but not provided in the financial statements

Property, plant and equipment

— contracted for but not provided in the financial statements

— authorised but not contracted for

2005
人民幣千元
Rmb'000

483,069

2005
人民幣千元
Rmb'000

2004
人民幣千元
Rmb'000

— 10,739

251,349 375,109

— 214,000

241,349 599,848

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

39. 資產抵押

於二零零五年十二月三十一日，本集團將賬面淨值約為人民幣233,197,000元(2004：人民幣48,179,000元)之投資物業以及約人民幣355,000,000元(2004年：無)銀行存款作為有關銀行發予本集團若干借貸的抵押品。

40. 退休福利計劃

根據一九九六年頒發的規定，本集團應按要求提撥及繳付予哈爾濱市社會保險事業管理局監管的退休養老基金。本集團按現有職工基本工資的22%繳付退休養老基金，職工按其基本工資的8%繳付。除按上述要求每年按期提撥退休養老基金外，在過渡期內，本集團還要按規定支付部分退休金及退休福利支出責任；過渡期後，本集團將無重大的退休金及退休福利支出責任，退休員工其養老金，在過渡期內，系按退休員工每月基本工資及服務年限計算，並分別由哈爾濱市社會保險事業管理局及本集團支付給退休員工；在過渡期後，系按個人賬戶儲存額每月應付金額計算，並由哈爾濱市社會保險事業管理局支付給退休員工，並且過渡期後，本集團將無重大的退休金及退休福利支出責任。

39. PLEDGE OF ASSETS

At 31st December, 2005, the Group had pledged investment properties having a net book value of approximately Rmb233,197,000 (2004: buildings having a net book value of Rmb48,179,000) and bank deposits amounting to approximately Rmb355,000,000 (2004: Nil) to secure certain of Group's trading facilities.

40. RETIREMENT BENEFIT SCHEME

In accordance with regulations issued by the local government in 1996, the Group is required to make contributions to a defined contribution retirement fund which is administered by the Harbin Social Insurance Administration Bureau of the local government. The Group is required to contribute 22% of the basic salary of its existing PRC staff, while employees contribute 8% of their basic salary. Apart from the above, the Group is also obliged to pay pensions and retirement benefits during the transition period. During the transition period, pension payments are calculated by reference to the staff's monthly basic salaries and period of service and are paid by the Harbin Social Insurance Administration Bureau and the Group. After the transition period, pension payments will be paid by the Harbin Social Insurance Administration Bureau only by reference to the payable amount of individual saving account and the Group has no material obligation for the pension payments or any post-retirement benefits beyond the annual contributions described above.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

41. 關聯人士交易

(i) 與最終控股公司和附屬公司的交易／結存

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

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

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

有關欠最終控股公司款項之條款，請參看附註26及30。

41. RELATED PARTY TRANSACTIONS

(i) Transactions/balance with ultimate holding company and fellow subsidiaries

On 10th December, 2004, the Company entered into a new services agreement on provision of welfare and support services with HPEGC, in which the agreement will be effective for three financial years ending 31st December, 2007. This agreement was a renewal of the original services agreement signed with HPEGC on 7th November, 1994. Pursuant to the above agreements, the services fees paid to and received from HPEGC and its subsidiaries amounted to approximately Rmb47,347,000 (2004: Rmb53,455,000) and Rmb8,801,000 (2004: Rmb11,874,000) respectively.

For the year ended 31st December, 2005, the Group made purchases from subsidiaries of HPEGC amounting to approximately Rmb49,046,000 (2004: Rmb44,296,000).

At the balance sheet date, credit facilities granted by certain banks to the Company were secured by corporate guarantee given by HPEGC.

For details of the arrangement concerning balances with ultimate holding company and fellow subsidiaries, see notes 26 and 30.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

41. 關聯人士交易(續)

(ii) 和其他中國國有企業的交易／結餘

集團的運營目前直接或間接由中國政府擁有或控制的企業(國有企業)。此外集團本身就是由中國政府控制的哈電集團公司的一部分。除了和哈電集團公司以及在以上(i)披露的附屬公司交易外,集團也與其他國企有生產往來。董事會認為那些國有企業在集團交易層面上是獨立第三方。

在建立價格策略以及贊同與其他國企交易的過程中,集團並不區分對方是否是一個國有企業。

重要的與其他國有企業的交易／結餘如下:

銷售

採購

其他國有企業應欠款

其他國有企業應收款

此外,集團在其日常業務中和一些國有銀行和金融機構有不同往來,包括設制保證金,借款和其他一般銀行授信。在看待這些銀行交易的實質上,董事會認為分開披露無意義。

除了上述披露,董事會認為與其他國有企業的交易對於集團運營不重要。

41. RELATED PARTY TRANSACTIONS (continued)

(ii) Transactions/balances with other state-controlled entities in the PRC

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the Group itself is part of a larger group of companies under HPEG, which is controlled by the PRC government. Apart from the transactions with HPEG and fellow subsidiaries disclosed in section (i) above, the Group also conducts business with other state-controlled entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other state-controlled entities, the Group does not differentiate whether the counter-party is a state-controlled entity or not.

Material transactions/balances with other state-controlled entities are as follows:

	2005 人民幣千元 Rmb'000	2004 人民幣千元 Rmb'000
Trade sales	<u>14,809,989</u>	<u>7,763,085</u>
Trade purchases	<u>7,513,540</u>	<u>4,511,540</u>
Amounts due to other state-controlled entities	<u>21,151,119</u>	<u>9,098,035</u>
Amounts due from other state-controlled entities	<u>7,810,538</u>	<u>5,209,166</u>

In addition, the Group has entered into various transactions, including deposits placements, borrowings and other general banking facilities, with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

Except as disclosed above, the directors are of the opinion that transactions with other state-controlled entities are not significant to the Group's operations.

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

42. 主要附屬公司詳述

截至於2005年12月31日，公司在中國建立並運營的主要附屬公司詳細如下：

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

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

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

財務報表附註(續)

Notes to the Financial Statements – (continued)

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

42. 主要附屬公司詳述(續)

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

附屬公司名稱 Name of subsidiary	註冊資本 Registered share capital 人民幣萬元 Rmb'000	公司持有註冊 資本名義價值比例 Proportion of nominal value of registered capital held by the Company		主要活動 Principal activities
		直接 Directly %	間接 Indirectly %	
哈爾濱汽輪機廠高科技有限 責任公司*	10,010	–	100	為蒸汽渦輪提供修理保養服務 Provision of repairs and maintenance service for steam turbines
哈爾濱電站設備製造廠*	8,000	–	78	生產工程設備 Manufacture of engineering equipment
哈爾濱哈電地產置業股份 有限公司**	20,000	–	35 (註) (Note)	房地產開發和租賃 Property development and property rentals
哈爾濱汽輪機廠輔機工程 有限公司*	60,000	–	62.54	為渦輪提供工程服務 Provision of engineering service to turbines
哈爾濱樂松購物廣場 有限公司*	3,000	–	37.79 (註) (Note)	房地產租賃 Property rental

* 有限責任公司

* Limited liabilities company

** 股份有限公司

** Joint stock limited enterprise

註： 根據從擁有哈爾濱電地產置業股份有限
公司16%註冊資本的部分股本收到的書
面聲明中，股東將會與集團意見一致，因
此集團能控制一半以上的公司投票權。

Note: According to the written declaration received from certain
shareholders who held 16% registered capital of 哈爾濱哈
電地產置業股份有限公司, these shareholders would vote for
the same decision as the Group and therefore the Group
could control more than half of the voting power of the
companies.

董事會認為以上表格列示了主要能影響集
團的結果或資產。董事會認為列舉其他附屬
公司會使此報告極其冗長。

The above table lists the subsidiaries of the Group which, in
the opinion of the directors, principally affected the results
or assets of the Group. To give details of other subsidiaries
would, in the opinion of the directors, result in particulars
of excessive length.

年末沒有一家附屬公司發生任何債務擔保
事項。

None of the subsidiaries had issued any debt securities at
the end of the year.