

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

1. CORPORATE INFORMATION

The registered office of the Company is located at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda.

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

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

In the opinion of the directors, CATIC, a state-owned enterprise in the PRC, is the Company's ultimate holding company, which is owned as to 50% by AVIC I and 50% by AVIC II, both of which are directly under the regulation of the State Council of the PRC.

1. 公司資料

本公司之註冊辦事處為 Canon's Court, 22 Victoria Street, Hamilton, HM12, Bermuda。

年內，本集團之主要業務包括：

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

董事會認為中國國有企業中航技總公司為本公司之最終控股公司。該公司由中國國務院直轄之中航工業 I 及中航工業 II 分別擁有 50%。

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2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations (“Ints”)) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings, investment property, plant and equipment and financial assets, which have been measured at fair value. These financial statements are presented in Hong Kong dollars except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2005. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

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

2.1 編製基準

此等財務報表乃根據香港會計師公會頒佈之香港財務報告準則（「HKFRS」）（其中包括香港會計準則（「HKAS」）和解釋公告（「Int」））、香港普遍採用之會計原則及香港公司條例之披露要求，並按歷史成本法編製，惟若干大廈、投資物業、廠房和設備及財務資產除外（以公平值計量）。此等財務報表以港元呈列（除非另有說明）。

綜合基準

綜合財務報表包括本公司及其附屬公司截至二零零五年十二月三十一日止年度之財務報表，並已就可能存在之不相似會計政策作出調整，以確保一致。附屬公司業績乃自其收購日期（即本集團取得控制權當天）起計入綜合財務報表內，並一直計入至該控制權中止當天止。所有集團內公司間之重大交易及結存已於綜合賬目時抵銷。

少數股東權益指外界股東於本公司附屬公司之業績及資產淨值中之權益。

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2.2 IMPACT OF NEW AND REVISED HKFRSs

The following new and revised HKFRSs affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements	財務報表的列報
HKAS 2	Inventories	存貨
HKAS 7	Cash Flow Statements	現金流量表
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	會計政策，會計估計變更和差錯
HKAS 10	Events after the Balance Sheet Date	結算日後事項
HKAS 11	Construction Contracts	建築合約
HKAS 12	Income Taxes	所得稅
HKAS 14	Segment Reporting	分類呈報
HKAS 16	Property, Plant and Equipment	物業、廠房和設備
HKAS 17	Leases	租賃
HKAS 18	Revenue	收入
HKAS 19	Employee Benefits	僱員福利
HKAS 20	Accounting for Government Grants and Disclosure of Government Assistance	政府補助的會計方法及政府援助的披露
HKAS 21	The Effects of Changes in Foreign Exchange Rates	匯率變動的影響
HKAS 23	Borrowing Costs	借款費用
HKAS 24	Related Party Disclosures	關聯方披露
HKAS 27	Consolidated and Separate Financial Statements	合併及單獨財務報表
HKAS 28	Investments in Associates	於聯營公司投資
HKAS 32	Financial Instruments: Disclosure and Presentation	金融工具：披露和列報
HKAS 33	Earnings per Share	每股盈利
HKAS 36	Impairment of Assets	資產減值
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets	準備、或有負債和或有資產
HKAS 38	Intangible Assets	無形資產
HKAS 39	Financial Instruments: Recognition and Measurement	金融工具：確認和計量
HKAS 39 Amendment	Transition and Initial Recognition of Financial Assets and Financial Liabilities	財務資產及財務負債的過渡及首次確認
HKFRS 2	Share-based Payment	以股本償付
HKFRS 3	Business Combinations	企業合併
HK(SIC)-Int 21	Income Taxes – Recovery of Revalued Non-depreciable Assets	所得稅－已重估非折舊性資產收回
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases	租賃－關於香港土地租賃的租賃期長度的確定

2.2 新訂及修訂之HKFRS之影響

以下新訂和修訂之HKFRS影響本集團並且在本年度財務報表中首次採用：

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 20, 23, 27, 28, 33, 37, 38, HKFRS 2, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's and the Company's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior periods, the Group's share of tax attributable to associates was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

HKAS 21 had no material impact on the Group. As permitted by the transitional provisions of HKAS 21, goodwill arising in a business combination prior to 1 January 2005 and fair value adjustments arising on that acquisition are deemed to be in the currency of the Company. In respect of acquisitions subsequent to 1 January 2005, any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of the assets and liabilities are treated as assets and liabilities of the foreign operation and are translated at the closing rate in accordance with HKAS 21.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

2.2 新訂及修訂之HKFRS之影響 (續)

採用HKAS 2, 7, 8, 10, 11, 12, 14, 16, 18, 19, 20, 23, 27, 28, 33, 37, 38, HKFRS 2, HK(SIC)-Int 21和HK-Int 4對本集團的會計政策和在本集團及本公司財務報表中的計算方法沒有重大影響。

HKAS 1影響少數股東權益於綜合資產負債表、綜合利潤表、綜合權益變動表之呈報方式及其他披露要求。再者，在過往期間，本集團佔聯營公司之稅項乃綜合利潤表之本集團稅項開支／(收入)總額之其中一個項目。採納HKAS 1後，本集團佔聯營公司之收購後業績乃以扣除本集團佔聯營公司之稅項後之淨額呈列。

HKAS 21對本集團並無重大影響。HKAS 21之過渡性條文容許於二零零五年一月一日前之企業合併所產生之商譽及由該收購引起之公平值調整被視為以本公司之貨幣結算。對於二零零五年一月一日以後之收購，收購境外實體所產生之商譽及對其資產及負債的賬面值之任何公平值調整均作為該境外實體之資產及負債處理，並根據HKAS 21按結算匯率換算。

HKAS 24把關連人士的定義擴大，亦影響本集團關連人士的披露。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)

The impact of adopting the other HKFRSs is summarised as follows:

(a) HKAS 17 – Leases

In prior years leasehold land and buildings held for own use were stated at cost or valuation less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Group's leasehold interest in land and buildings is separated into leasehold land and leasehold buildings. The Group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land premiums/land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land premiums for land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. The comparative amounts on the consolidated balance sheet as at 31 December 2004 have been restated to reflect the reclassification of the leasehold land.

2.2 新訂及修訂之HKFRS之影響 (續)

採用其他HKFRS的影響詳列如下：

(a) HKAS 17 – 租賃

以前年度，自用的租入土地和房屋以成本或估值減去累計折舊和減值損失來計算。

採用HKAS17後，本集團對於土地和房屋租賃的權益分別為租入土地和租入房屋。在租賃期末土地的所有權預期不會轉給本集團，因此本集團的租入土地屬於經營租賃，並從物業、廠房和設備賬戶重新分類到預付土地款／土地租賃款賬戶，而租入房屋仍分類為物業、廠房和設備。經營租賃下土地租賃預付款初始以成本記錄，之後在租賃期內以直線法攤銷。當租賃無法可靠地在土地和房屋兩部份之間進行分配時，則整個租賃款作為物業、廠房及設備的融資租賃，包括在土地和房屋的成本中。

該會計政策的變更對綜合利潤表和留存溢利沒有影響。於二零零四年十二月三十一日的綜合資產負債表的比較數字已重列，以反映對租入土地的重新分類。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)**(b) HKAS 32 and HKAS 39 – Financial Instruments***Equity securities and club debentures*

In prior years, the Group classified its investments in equity securities, which were held for non-trading purposes, as long term investments. In addition, the Group classified its club debentures, which were held for non-trading purposes, as other non-current assets. These long term investments and club debentures were stated at cost less impairment losses, on an individual basis. Upon the adoption of HKAS 39, these long term investments and club debentures held by the Group at 1 January 2005 with respective aggregate amount of HK\$16,820,478 and HK\$960,000, are designated as available-for-sale investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value, with gains or losses being recognised as a separate component of equity until subsequent derecognition or impairment.

This change in accounting policy has had no effect on the consolidated income statement and retained profits. The comparative amounts in the consolidated balance sheet as at 31 December 2004 have been restated to reflect the reclassification of available-for-sale investments.

2.2 新訂及修訂之HKFRS之影響 (續)**(b) HKAS 32 和 HKAS 39 – 金融工具***股本證券及會所債券*

以前年度，本集團把其不是作買賣用途的股本證券的投資分類為長期投資，並且把其不是作買賣用途的會所債券分類為其他非流動資產。該等長期投資及會所債券按個別投資基準以成本減任何減值虧損列賬。採用了HKAS 39之後，根據HKAS 39之的過渡性條款，本集團於二零零五年一月一日把持有之累計金額分別為16,820,478港元及960,000港元之該等長期投資及會所債券指定為可供出售的投資，並因而按照公平值列賬，公平值變動產生的損益作為權益的一個單獨的組成部份來確認，直至其後不予確認或減值。

該會計政策的變更對綜合利潤表和留存溢利沒有影響。於二零零四年十二月三十一日的綜合資產負債表的比較數字已重列，以反映對可供出售的投資的重新分類。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)

(c) HKFRS 2 – Share-based Payment

In prior years, no recognition and measurement of share-based payment transactions in which employees (including directors) were granted share options over shares in the Company were required until such options were exercised by employees, at which time the share capital and share premium were credited with the proceeds received.

Upon the adoption of HKFRS 2, when employees (including directors) render services as consideration for equity instruments (“equity-settled transactions”), the cost of the equity-settled transactions with employees is measured by reference to the fair value at the date at which the instruments are granted.

The main impact of HKFRS 2 on the Group is the recognition of the cost of these transactions and a corresponding entry to equity for employee share options. The revised accounting policy for share-based payment transactions is described in more detail in note 2.5 “Summary of significant accounting policies” below.

The Group has adopted the transitional provisions of HKFRS 2 under which the new measurement policies have not been applied to (i) options granted to employees on or before 7 November 2002; and (ii) options granted to employees after 7 November 2002 but which had vested before 1 January 2005.

2.2 新訂及修訂之HKFRS之影響 (續)

(c) HKFRS 2 – 以股本償付

於過往年度，僱員（包括董事）獲授予購股權以購買本公司的股份，該等以股本償付交易毋須確認及計量，除非僱員行使有關購股權，在此情況下，於股本及股份溢價記為已收款項。

於採納HKFRS 2之後，倘僱員（包括董事）提供服務作為取得股本工具的代價（「股本結算交易」），則與僱員進行股本結算交易的成本將參照授予工具當日的公平值計算。

HKFRS 2對本集團造成的主要影響包括須確認該等交易的成本並將僱員的購股權相應計入股東權益中。以股本償付交易的經修訂會計政策詳載於下文附註2.5「主要會計政策概要」。

本集團已採納HKFRS 2的過渡條文，但並未據此將新計量政策應用於(i)二零零二年十一月七日或之前授予僱員的購股權；及(ii)二零零二年十一月七日之後授予僱員但於二零零五年一月一日之前已歸屬的購股權。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)**(c) HKFRS 2 – Share-based Payment (continued)**

As the Group did not have any employee share options which were granted during the period from 7 November 2002 to 31 December 2004 but had not yet vested as at 1 January 2005, the adoption of HKFRS 2 has had no impact on the retained profits as at 31 December 2003 and at 31 December 2004. No options were granted by the Group during the year.

(d) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets

In prior years, negative goodwill arising on acquisitions prior to 1 January 2001 was credited to the consolidated capital reserve in the year of acquisition and was not recognised in the income statement until disposal or impairment of the acquired business.

Goodwill arising on acquisitions on or after 1 January 2001 was capitalised and amortised on the straight-line basis over its estimated useful life and was subject to impairment testing when there was any indication of impairment. Negative goodwill was carried in the balance sheet and was recognised in the consolidated income statement on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets.

2.2 新訂及修訂之HKFRS之影響 (續)**(c) HKFRS 2 – 以股本償付 (續)**

本集團沒有於二零零二年十一月七日至二零零四年十二月三十一日期間授予僱員但於二零零五年一月一日尚未歸屬的購股權，採納HKFRS 2對於二零零三年十二月三十一日及二零零四年十二月三十一日的留存溢利並沒有造成影響。年內並沒有授出購股權。

(d) HKFRS 3 – 企業合併，以及HKAS 36 – 資產減值

以前年度，對於在二零零一年一月一日以前收購產生的負商譽在收購當年計入綜合資本儲備內，除非對收購的業務進行處置或減值，否則不會轉入利潤表中確認。

對於在二零零一年一月一日及之後收購產生的商譽，作為資產列示，並以直線法在其估計使用期限內攤銷，並且當有任何減值跡象時進行減值測試。負商譽在資產負債表中列示，並且就購得的可辨認應折舊／攤銷資產在其剩餘平均年限內按系統的方法在綜合利潤表中確認。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)

(d) HKFRS 3 – Business Combinations and HKAS 36 – Impairment of Assets (continued)

The adoption of HKFRS 3 and HKAS 36 has resulted in the Group's ceasing annual amortisation and commencing testing for impairment at the cash-generating unit level annually (or more frequently if events or changes in circumstances indicate that the carrying value may be impaired). Any impairment loss recognised for goodwill is not reversed in a subsequent period.

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of subsidiaries and associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the consolidated income statement.

The transitional provisions of HKFRS 3 have required the Group to eliminate at 1 January 2005 the carrying amounts of accumulated amortisation with a corresponding entry to the cost of goodwill and to derecognise the carrying amounts of negative goodwill (including that remaining in consolidated capital reserve) against consolidated retained profits.

The effects of the above changes are summarised in note 2.4 to the financial statements. In accordance with the transitional provisions of HKFRS 3, comparative amounts have not been restated.

2.2 新訂及修訂之HKFRS之影響 (續)

(d) HKFRS 3 – 企業合併，以及HKAS 36 – 資產減值 (續)

採用HKFRS 3和HKAS 36導致本集團不再作每年攤銷，而是開始就其現金產出單元進行每年減值測試(或在某些事項或情形的變動顯示賬面價值可能發生減值時更頻繁地進行)。任何已確認之商譽減值損失在以後期間不可以轉回。

本集團在被購買方的可辨認資產、負債和或有負債的公平值中所佔權益超過購買附屬公司和聯營公司成本的差額(之前稱為負商譽)，在重新評估後，立即在綜合利潤表中確認。

HKFRS 3的過渡性條款要求本集團在二零零五年一月一日將商譽的累計攤銷的賬面價值在商譽的成本中抵減，並且終止確認負商譽的賬面價值(包括留在合併資本儲備中的部份)，將其轉入綜合留存溢利。

以上改變的影響已陳述於財務報表附註2.4，根據HKFRS 3的過渡性條款，比較數字並沒有重列。

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2.2 IMPACT OF NEW AND REVISED HKFRSs (continued)**(e) HK(SIC)-Int 21 – Income Taxes-Recovery of Revalued Non-depreciable Assets**

In prior periods, deferred tax arising on the revaluation of an investment property was recognised based on the tax rate that would be applicable upon the sale of the investment property.

Upon the adoption of HK(SIC)-Int 21, deferred tax arising on the revaluation of the Group's investment property is determined depending on whether the property will be recovered through use or through sale. The Group has determined that its investment property will be recovered through use, and accordingly the profits tax rate has been applied to the calculation of deferred tax.

The adoption of HK(SIC)-Int 21 has had no effect to the deferred tax position of the Group.

2.2 新訂及修訂之HKFRS之影響 (續)**(e) HK(SIC)-Int 21 – 所得稅 – 已重估非折舊性資產收回**

在過往期間，重估投資物業所產生之遞延稅項乃根據出售該投資物業時適用之稅率確認。

採納HK(SIC)-Int 21後，本集團因重估投資物業所產生的遞延稅項乃根據通過運用或出售該物業所收回之款項而釐定。本集團認為可透過運用其投資物業收回款項，因此應用了利得稅率計算遞延稅項。

採納HK(SIC)-Int 21對本集團遞延稅項狀況並無影響。

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2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements. Unless otherwise stated, these HKFRSs are effective for annual periods beginning on or after 1 January 2006:

HKAS 1 Amendment	Capital Disclosures
HKAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 Amendment	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKFRS 1 & 6 Amendments	First-time Adoption of Hong Kong Financial Reporting Standards and Exploration for and Evaluation of Mineral Resources
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC)-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies

2.3 已頒報但尚未生效之 HKFRS 之影響

本集團並無於本財務報表採用以下已頒報但尚未生效之任何新訂及經修訂之 HKFRS。除非另有指明，否則該等 HKFRS 於二零零六年一月一日或之後開始的年度期間生效：

資本披露
精算盈虧、集體計劃及披露
匯率變動的 影響－境外業務 投資淨額
預測集團內公司交易的 現金流量對沖會計處理
公平值選擇
財務擔保合約
首次採納香港財務報告 準則及礦石資源的勘探及 評估
礦石資源的勘探 及評估
金融工具：披露
釐定安排是否 包括租賃
終止運作、復原及環境 修復基金所產生 權益的權利
參與特定市場－廢棄 電力及電子設備 所產生的負債
根據嚴重通脹經濟中 的財務申報應用 重列方式

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

The HKAS 1 Amendment shall be applied for annual periods beginning on or after 1 January 2007. The revised standard will affect the disclosures about qualitative information about the Group's objective, policies and processes for managing capital; quantitative data about what the Company regards as capital; and compliance with any capital requirements and the consequences of any non-compliance.

HKFRS 7 incorporates the disclosure requirements of HKAS 32 relating to financial instruments. This HKFRS shall be applied for annual periods beginning on or after 1 January 2007.

In accordance with the amendments to HKAS 39 and HKFRS 4 regarding financial guarantee contracts, financial guarantee contracts are initially recognised at fair value and are subsequently measured at the higher of (i) the amount determined in accordance with HKAS 37 and (ii) the amount initially recognised, less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18. The adoption of the amendments to HKAS 39 and HKFRS 4 will result in the recognition of a financial liability in the Company's balance sheet in respect of corporate guarantees given by the Company in connection with banking facilities granted to its subsidiaries.

The HKAS 19 Amendment, HKAS 21 Amendment, HKAS 39 Amendment regarding cash flow hedge accounting of forecast intragroup transactions, HKFRSs 1 and 6 Amendments, HKFRS 6, HK(IFRIC)-Int 5, HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 do not apply to the activities of the Group. HK(IFRIC)-Int 6 and HK(IFRIC)-Int 7 shall be applied for annual periods beginning on or after 1 December 2005 and 1 March 2006, respectively.

Except as stated above, the Group expects that the adoption of the pronouncements listed above will not have any significant impact on the Group's financial statements in the period of initial application.

2.3 已頒報但尚未生效之 HKFRS之影響 (續)

HKAS 1 Amendment適用於二零零七年一月一日或之後開始的年度期間。經修訂準則將影響下列各項的披露：有關本集團管理資本的目標、政策及程序等非量化資料；有關本公司視為資本的量化數據；對任何資本要求的遵行情況；以及任何不合規情況的後果。

HKFRS 7將取代HKAS 32，修訂了有關金融工具的披露要求。該項HKFRS適用於二零零七年一月一日或之後開始的年度期間。

根據有關財務擔保合約的HKAS 39 Amendment及HKFRS 4 Amendment，財務擔保合約先按公平值確認，隨後按以下較高者計量：(i)根據HKAS 37釐定的數額及(ii)初步確認的數額，減去(倘適合)根據HKAS 18確認的累計攤銷。採納HKAS 39 Amendment及HKFRS 4 Amendment將導致本公司就附屬公司之銀行信貸所作之公司擔保須於本公司之資產負債表上確認為財務負債。

HKAS 19 Amendment、HKAS 21 Amendment、HKAS 39 Amendment乃有關預測集團內公司間交易的現金流量對沖會計處理。HKFRS 1 Amendment、HKFRS 6 Amendment、HK(IFRIC)-Int 5、HK(IFRIC)-Int 6及HK(IFRIC)-Int 7並不適用於本集團的活動。HK(IFRIC)-Int 6及HK(IFRIC)-Int 7分別於二零零五年一月一日或之後及二零零六年三月一日或之後開始的年度期間應用。

除上文所述者外，本集團預期採納上表所列不會對本集團於首次採納期間的財務報表造成任何重大影響。

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財務報表附註 二零零五年十二月三十一日

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

2.4 會計政策變更的影響

(a) Effect on the consolidated balance sheet

(a) 對綜合資產負債表的影響

At 1 January 2005 於二零零五年一月一日	Effect of adopting 採納之影響			Total 合計	
	HKAS 17* – Prepaid land lease payments HKAS 17* – 預付土地 租賃款 HK\$ 港元	Change in classification of investments HKAS 32# 及 HKAS 39* – 投資分類的改變 HK\$ 港元	HKFRS 3* – Derecognition of negative goodwill HKFRS 3* – 不予確認負商譽 HK\$ 港元		
Effect of new policies (Increase/(decrease)) 新政策的影響 (增加/(減少))					
Assets	資產				
Property, plant and equipment	物業、廠房和 設備	(7,778,368)	–	–	(7,778,368)
Prepaid land premiums/ land lease payments	預付土地款/ 土地租賃款	7,332,360	–	–	7,332,360
Long term investments	長期投資	–	(16,820,478)	–	(16,820,478)
Club debentures	會所債券	–	(960,000)	–	(960,000)
Available-for-sale investments	可供出售的 投資	–	17,780,478	–	17,780,478
Prepayments, deposits and other receivables	預付款項、按金 及其他應收賬款	446,008	–	–	446,008
					–
Liabilities/equity	負債/權益				
Capital reserve	資本儲備	–	–	(162,134)	(162,134)
Retained profits	留存溢利	–	–	162,134	162,134
					–

* Adjustments taken effect prospectively
from 1 January 2005* 調整於二零零五年一月
一日起生效# Adjustments/presentation taken effect
retrospectively

調整/呈報追溯生效

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變更的影響 (續)

(a) Effect on the consolidated balance sheet (continued)

(a) 對綜合資產負債表的影響 (續)

At 31 December 2005
於二零零五年十二月三十一日Effect of adopting
採納之影響

Effect of new policies (Increase/(decrease)) 新政策的影響 (增加/(減少))	HKAS 17 – Prepaid land lease payments HKAS 17 – 預付土地 租賃款 HK\$ 港元	HKAS 32 and HKAS 39 – Change in classification of investments HKAS 32 及 HKAS 39 – 投資分類的改變 HK\$ 港元	HKFRS 3 – Discontinuing of amortisation of goodwill/ recognition of negative goodwill as income HKFRS 3 – 終止商譽攤銷/ 確認負商譽 作為收入 HK\$ 港元		Total 合計 HK\$ 港元
Assets	資產				
Property, plant and equipment	物業、廠房和設備	(7,922,460)	–	–	(7,922,460)
Prepaid land premiums/land lease payments	預付土地款/土地租賃款	28,578,268	–	–	28,578,268
Goodwill	商譽	–	–	2,382,281	2,382,281
Long term investments	長期投資	–	(9,106,600)	–	(9,106,600)
Club debentures	會所債券	–	(960,000)	–	(960,000)
Available-for-sale investments/long term investments	可供出售的投資/長期投資	–	10,066,600	–	10,066,600
Deposit paid for a land use right	土地使用權之已付定金	(21,615,384)	–	–	(21,615,384)
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	959,576	–	–	959,576
Short term investments	短期投資	–	(11,702,100)	–	(11,702,100)
Available-for-sale investments	可供出售的投資	–	11,702,100	–	11,702,100
					2,382,281
Liabilities/equity	負債/權益				
Capital reserve	資本儲備	–	–	(162,134)	(162,134)
Retained profits	留存溢利	–	–	2,544,415	2,544,415
					2,382,281

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財務報表附註 二零零五年十二月三十一日

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

(continued)

(b) Effect on the balances of equity at 1 January 2004 and at 1 January 2005

Effect of new policies
(Increase/(decrease))
新政策的影響
(增加／(減少))

At 1 January 2004 於二零零四年一月一日

At 1 January 2005 於二零零五年一月一日

Capital reserve	資本儲備	(162,134)
Retained profits	留存溢利	162,134

—

2.4 會計政策變更的影響

(續)

(b) 對二零零四年一月一日及二零零五年一月一日的權益的影響

Effect of adopting
HKFRS 3 –
Derecognition of
negative goodwill
採納HKFRS 3 –
不予確認負商譽
之影響
HK\$
港元

—

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.4 SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (continued)

2.4 會計政策變更的影響 (續)

(c) Effect on the consolidated income statement for the year ended 31 December 2005 and 2004

(c) 對二零零五年及二零零四年十二月三十一日的綜合利潤表的影響

Effect of new policies 新政策的影響		Effect of adopting 採納之影響		Total 合計
		HKAS 1 – Share of post- tax profits and losses of associates HKAS 1 – 分佔 聯營公司除稅後損益	HKFRS 3 – Discontinuing of amortisation of goodwill/ recognition of negative goodwill as income HKFRS 3 – 終止 商譽攤銷/確認 負商譽作為收入	
		HK\$ 港元	HK\$ 港元	HK\$ 港元
Year ended 31 December 2005	截至二零零五年 十二月三十一日 止年度			
Decrease in amortisation expenses	攤銷費用減少	–	8,452,137	8,452,137
Decrease in share of profits and losses of associates	分佔聯營公司損益 減少	(963,050)	–	(963,050)
Decrease in tax	稅項減少	963,050	–	963,050
Total increase in profit	利潤增加總額	–	8,452,137	8,452,137
Increase in basic earnings per share	每股基本盈利 增加	–	0.23 cents 仙	0.23 cents 仙
Year ended 31 December 2004	截至二零零四年 十二月三十一日 止年度			
Decrease in share of profits and losses of associates	分佔聯營公司損益 減少	–	–	–
Decrease in tax	稅項減少	–	–	–
Total change in profit	利潤轉變總額	–	–	–
Change in basic earnings per share	每股基本盈利轉變	–	–	–

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

Associates

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

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses. Goodwill arising from the acquisition of associates, which was not previously eliminated or recognised in the consolidated reserves, is included as part of the Group's interests in associates. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

2.5 主要會計政策概要

附屬公司

附屬公司乃本公司直接或間接控制其財務及營運政策以自其活動獲利之公司。

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

聯營公司

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

本集團分佔聯營公司收購後之業績及儲備分別載於綜合利潤表及綜合儲備。本集團之聯營公司權益乃根據權益會計法按本集團分佔之資產淨值減任何減值虧損後計入綜合資產負債表。以往並沒有於綜合儲備抵銷或確認之收購聯營公司產生之商譽，乃包括在本集團於聯營公司之權益的部份，並已就可能存在之不相似會計政策作出調整，以確保一致。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill

Goodwill arising on the acquisition of subsidiaries and associates represents the excess of the cost of the business combination over the Group's interest in the net fair value of the acquirees' identifiable assets acquired, and liabilities and contingent liabilities assumed as at the date of acquisition.

Goodwill on acquisitions for which the agreement date is on or after 1 January 2005

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset, initially measured at cost and subsequently measured at cost less any accumulated impairment losses. In the case of associates, goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

The carrying amount of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with HKAS 14 "Segment Reporting".

2.5 主要會計政策概要 (續)

商譽

收購附屬公司及聯營公司所產生之商譽乃指企業合併成本超逾本集團於收購當日所佔被購買方之可識別資產、負債及或然負債之公平淨值之差額。

合約日期在二零零五年一月一日或以後之收購所產生的商譽

收購所產生之商譽於綜合資產負債表內確認為資產，並初始按成本值列賬，其後按成本值減任何減值虧損計量。收購聯營公司產生之商譽則計入其賬面值內，而不在綜合資產負債表內單獨列為可識別資產。

商譽之賬面值需每年進行減值測試，或在某些事項或情形的變動顯示賬面價值可能發生減值時更頻繁地進行減值測試。

就減值測試而言，於企業合併收購之商譽自收購當日起分配至預期可從合併之協同效益得益之本集團之現金產生單元或現金產生單元組別，而不需理會本集團的其他資產或負債是否已分配至該些單元或單元組別。該些被分配商譽之單元或單元組別是：

- 代表本集團內部管理層用以監察商譽之最低位置；及
- 不大於根據HKAS 14「分類呈報」而釐定之本集團主要或本集團次要呈報格式之分類。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

An impairment loss recognised for goodwill is not reversed in a subsequent period.

Goodwill previously eliminated against the consolidated reserves

Prior to the adoption of SSAP 30 "Business Combinations" in 2001, goodwill arising on acquisition was eliminated against the consolidated retained profits in the year of acquisition. On the adoption of HKFRS 3, such goodwill remains eliminated against the consolidated retained profits and is not recognised in profit or loss when all or part of the business to which the goodwill relates is disposed of or when a cash-generating unit to which the goodwill relates becomes impaired.

2.5 主要會計政策概要 (續)

商譽 (續)

減值乃根據與商譽相關之現金產生單元之估計可收回金額而釐定。如現金產生單元(現金產生單元組別)的可收回金額比賬面值低，便須確認減值虧損。

如商譽組成現金產生單元(現金產生單元組別)的一部份，而該單元之部份營運被出售，則計算出售該營運之收益或虧損時，應把與被出售之營運聯繫之商譽包括在該營運之賬面值內。在此情況下，被出售之商譽按被出售之營運及仍保留在現金產生單元之部份之相對價值計算。

減值虧損不會於往後期間撥回。

以往於綜合儲備扣除之商譽

於二零零一年採納SSAP 30「企業合併」前，收購所產生的商譽乃於收購當年於綜合留存溢利扣除。採納HKFRS 3後，當與該商譽有關之全部或部份業務進行處理或減值時，或當與該商譽有關之現金產出單元減值時，該商譽仍然在綜合留存溢利內扣除。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Excess over the cost of business combinations (applicable to business combinations for which the agreement date is on or after 1 January 2005)

Any excess of the Group's interest in the net fair value of the acquirees' identifiable assets, liabilities and contingent liabilities over the cost of the acquisition of associates (previously referred to as negative goodwill), after reassessment, is recognised immediately in the income statement.

The excess for the associates is included in the Group's share of the associates' profit or loss in the period in which the investments are acquired.

Impairment of assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract assets, deferred tax assets, financial assets, investment properties and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.5 主要會計政策概要 (續)

超逾企業合併成本之差額(適用於合約日期在二零零五年一月一日或以後之企業合併)

本集團於收購聯營公司當日所佔被購買方之可識別資產、負債及或然負債之公平淨值超逾收購成本之差額(之前稱為「負商譽」)，在重新評估後，立即在利潤表中確認。

聯營公司超逾之差額包括在本集團於收購該投資之期間內所佔聯營公司之損益。

資產虧損

每逢出現虧損跡象，或於每年需就資產(存貨、建築合約資產、遞延稅項資產、財務資產、投資物業及商譽除外)進行減值測試時，便須估計該資產之可收回數額。資產之可收回數額以該資產或現金產出單元之使用價值及公平值減銷售成本兩者之較高者為準，並以個別資產釐定，除非該資產所產生之現金流入基本不獨立於其他資產或資產組別所產生之現金流入，則其可收回數額取決於該資產所屬之現金產出單元。

減值虧損僅於資產賬面值超逾其可收回數額時確認。在評估使用價值時，會使用除稅前折現率將估計未來現金流量折現至現值。該折現率應是反映市場當時所評估的貨幣時間價值和該資產的獨有風險。減值虧損於產生期間計入利潤表，惟倘有關資產以重估價值列賬，則根據經重估資產之有關會計政策處理減值虧損。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Excess over the cost of business combinations (applicable to business combinations for which the agreement date is on or after 1 January 2005) (continued)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of such impairment loss is credited to the income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;
- (b) the party is an associate;
- (c) the party is a jointly-controlled entity;
- (d) the party is a member of the key management personnel of the Group or its parent;

2.5 主要會計政策概要 (續)

超逾企業合併成本之差額(適用於合約日期在二零零五年一月一日或以後之企業合併)(續)

每逢結算日均須作出評估，以考慮是否有跡象顯示於過往年度已確認之減值虧損可能不再存在或有所減少。如有任何該等跡象，則須估計可收回數額。該資產(商譽除外)之先前確認之減值虧損僅於釐定資產可收回數額之估計出現變動時撥回，惟撥回後之賬面值不得超越假設過往年度並無就該資產確認減值虧損之賬面值之數額(扣除任何折舊／攤銷)。減值虧損之撥回於產生期間計入利潤表，惟倘該資產以重估數額列賬，則任何減值虧損之撥回根據經重估資產之有關會計政策處理。

關連人士

以下被視為本集團之關連人士：

- (a) 有關人士透過一名或多名中介人直接或間接(i)控制本集團、受本集團控制或與本集團共同受某一來源控制；(ii) 擁有本集團權益，並可對本集團發揮重大影響；或(iii) 擁有本集團的共同控制權；
- (b) 有關人士為聯繫人士；
- (c) 有關人士為共同控制實體；
- (d) 有關人士為本集團或其母公司的關鍵管理人員之成員；

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

- (e) the party is a close member of the family of any individual referred to in (a) or (d); or
- (f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
- (g) the party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

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

2.5 主要會計政策概要 (續)

關連人士 (續)

- (e) 有關人士為(a)或(d)項所述任何人士的直系親屬；
- (f) 有關人士為受到(d)或(e)項所述任何人士直接或間接控制、共同控制或發揮重大影響或擁有其重大投資權的實體；或
- (g) 有關人士為本集團或屬於本集團關連人士的任何實體的僱員利益而設立的終止受僱後福利計劃的受益人。

物業、廠房和設備及折舊

物業、廠房和設備(投資物業及在建工程除外)乃按原值或估值減累積折舊及任何減值虧損入賬。物業、廠房和設備之項目之成本包括其購買價及任何使資產達致運作狀況及地點以供擬定用途之直接相關成本。物業、廠房和設備之項目投入運作後所涉及之費用(如維修保養費用)一般會在支出期間在利潤表中扣除。倘有關費用顯然可提高使用物業、廠房和設備之項目之預期日後經濟利益而該項目之成本又能可靠地計量,則該費用會撥充資本,作為該資產之額外成本或作為更換。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the property, plant and equipment revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the income statement. Any subsequent revaluation surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the property, plant and equipment revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

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

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

2.5 主要會計政策概要 (續)

物業、廠房和設備及折舊 (續)

進行估值需足夠頻密以確定重估資產的公平值與其賬面值沒有重大差異。物業、廠房和設備之價值變動作為物業、廠房和設備重估儲備之變動處理。倘儲備總額不足以彌補個別資產之虧絀，則超逾之虧絀將自利潤表內扣除，其後任何有關重估盈餘以經扣除之虧絀為限計入利潤表。出售經重估資產時，先前估值之有關物業、廠房和設備重估儲備部份將轉撥至留存溢利，作為儲備變動處理。

物業、廠房和設備按各項目之估計可使用年期以直線法計算折舊，以撇銷其成本或估值至其殘值。就此所採用的主要年率如下：

土地及房屋	租期
租約物業裝修	4年
廠房及機器	5年
發電廠房及有關設施	15年
傢俬、裝置及設備	5年
汽車	4年
工具及模具	4年

當物業、廠房和設備之項目的組成部份有不同的可使用年期，則該項目的成本或估值按合理之基準分配至各組成部份，每個組成部份獨立計算折舊。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Property, plant and equipment and depreciation** (continued)

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress

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

2.5 主要會計政策概要 (續)**物業、廠房和設備及折舊 (續)**

殘值、可使用年期及折舊方法於各結算日進行檢討及調整(如適用)。

當物業、廠房和設備之項目一經出售，或預計其使用或出售不再產生未來經濟利益時，即終止確認。出售或廢棄所產生的任何收益或虧損於資產終止確認當年在利潤表中確認，其數額為出售有關資產所得款項淨額與賬面值之差額。

在建工程

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date.

Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of property for subsequent accounting is its fair value at the date of change in use.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

2.5 主要會計政策概要 (續)

投資物業

投資物業乃持有以賺取租金收入及／或作資本升值之土地及樓宇權益，而並非用作生產或提供貨品或服務或行政管理用途，或作為一般業務過程中之銷售。該些物業於首次計量時以成本入賬並包括交易成本。首次確認後，投資物業以公平值列賬，以反映結算日之市場狀況。

因投資物業公平值變動而產生之損益包括在其產生年度之利潤表內。

投資物業報廢或出售之損益在其報廢或出售年度之利潤表內確認。

由投資物業轉往業主自用物業，在其後會計處理上，該物業於改變用途當日之公平值被視為其成本。

租賃

資產業權除法定業權本身以外大部份回報及風險由本集團承擔之租約列為融資租賃。融資租賃訂立時，有關成本按最低租金現值撥充資本，就有關購買及融資而連同有關承擔（不包括利息部份）一併入賬。根據撥充資本之融資租賃而持有的資產列為物業、廠房和設備，按資產租期及估計可使用年期兩者之較短者計算折舊。有關租賃之財政開支計入利潤表，以於租期內呈列固定開支。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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

Prepaid land premiums/land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Applicable to the year ended 31 December 2004:

The Group classified its investments, other than subsidiaries and associates entities, as long term investments.

Long term investments

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

2.5 主要會計政策概要 (續)

租賃 (續)

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

經營租賃下之預付土地款／土地租賃款初始以成本記錄，之後在租賃期內以直線法攤銷。當租賃無法可靠地在土地和房屋兩部份之間進行分配時，則整個租賃款作為物業、廠房及設備的融資租賃，包括在土地和房屋的成本中。

投資及其他財務資產

適用於截至二零零四年十二月三十一日止年度：

本集團把其投資(附屬公司及聯營公司除外)分類為長期投資。

長期投資

長期投資乃擬作長期持有之非上市證券投資及會所債券。該等投資按個別投資基準以成本減任何減值虧損列賬。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005:

Financial assets in the scope of HKAS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at the balance sheet date.

All regular way purchases and sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.5 主要會計政策概要 (續)

投資及其他財務資產 (續)

適用於截至二零零五年十二月三十一日止年度：

HKAS 39 所述的財務資產分類為透過損益按公平值列值的財務資產、貸款及應收款項及可供出售的財務資產(如適用)。首次確認財務資產時，乃按公平值加(倘投資並非透過損益按公平值列值)直接應佔交易成本列賬。本集團乃於首次確認後釐定財務資產的分類，並在可能及適合情況下，在結算日重新評估有關分類。

財務資產的所有一般買賣均於交易日(即本集團承諾購買資產當日)確認。一般買賣指買賣財務資產必須於市場所在地法例或規例一般指定之時間內交付資產。

貸款及應收賬款

貸款及應收賬款乃具有固定或可確定付款金額，但並無活躍市場報價的非衍生財務資產。有關資產乃按實質利率法以攤銷成本列賬。在貸款及應收賬款被終止確認、減值或在攤銷過程中時，其收益及虧損乃於利潤表內確認。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005:
(continued)

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets, including unlisted securities and financial asset under Project EC120 as set out in note 19 to the financial statements, that are designated as available-for-sale or are not classified in any of the other two categories. After initial recognition available-for-sale financial assets are measured at fair value, with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

When the fair value of unlisted securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

2.5 主要會計政策概要 (續)

投資及其他財務資產 (續)

適用於截至二零零五年十二月三十一日止年度： (續)

可供出售的財務資產

可供出售的投資是指那些指定為可供出售的或者沒有分類為其他兩個財務資產類別的財務資產，包括非上市證券及項目EC120之財務資產，已載於財務報表附註19。在初始確認後，可供出售的投資按照公平值計量，公平值變動產生的損益作為權益的一個單獨的組成部份來確認，直至該投資出售，收回或轉讓，或者確認投資發生減值，在這時候，之前權益中的確認的累積損益將撥入利潤表。

當非上市的財證券的公平值，因為(a)合理的公平值估計範圍的變動對該投資而言是重大的，或者(b)在上述範圍內的各種估計價的概率不能夠合理地確認和用於估計公平值，而不能可靠計算時，這類證券以成本減任何減值虧損列賬。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Applicable to the year ended 31 December 2005:
(continued)

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument, which is substantially the same; a discounted cash flow analysis and option pricing models.

Impairment of financial assets (applicable to the year ended 31 December 2005)

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through the use of an allowance account. The amount of the impairment loss is recognised in the income statement.

2.5 主要會計政策概要 (續)

投資及其他財務資產 (續)

適用於截至二零零五年十二月三十一日止年度： (續)

公平值

在組織化的金融市場中活躍交易的投資的公平值參考結算日收盤時市場的買入報價來確定。對於沒有活躍市場的投資，公平值由估價技術來確定。此類技術包括，採用最近的公平市場交易；參照幾乎相同的其他工具的當前市場價值；現金流量分析的折現和期權定價模型。

財務資產之減值 (適用於截至二零零五年十二月三十一日止年度)

在每一結算日，本集團評估是否有一項財務資產或一組財務資產存在減值的客觀證據。

以攤銷成本計價的資產

倘有客觀證據顯示以攤銷成本計價的貸款及應收款項已出現減值虧損，虧損金額按資產的賬面值與估計未來現金流量 (不包括尚未產生的日後信貸損失) 按財務資產原有實質利率 (即初步確認時的實質利率) 折現的現值之間的差額計算。資產的賬面值可直接調低或透過使用備抵賬抵減。該減值虧損在利潤表中確認。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 December 2005) (continued)

Assets carried at amortised cost (continued)

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.5 主要會計政策概要 (續)

財務資產之減值 (適用於截至二零零五年十二月三十一日止年度) (續)

以攤銷成本計價的資產 (續)

本集團首先評估減值之客觀證據是否個別存在於個別重大的財務資產，及個別或整體存在於並非個別重大的財務資產。倘本集團釐定以個別方式評估的財務資產(無論重大與否)並無存在減值之客觀證據，此項資產將被歸入具有類似信貸風險特徵的同類財務資產當中，及作整體減值評估。以個別方式進行減值評估的資產若確認或繼續確認減值虧損，則不會納入整體減值評估。

倘其後減值虧損金額減少，且有關減少客觀上與確認減值後發生的事件有關，則先前確認的減值虧損可予撥回。其後撥回的任何減值虧損於利潤表內確認，惟資產的賬面值不得超逾其於撥回當日的攤銷成本。

以成本計價的資產

倘有客觀證據表明，因公平值無法可靠計算而不以公平值列賬的非上市股本工具出現減值虧損，有關虧損金額按資產賬面值與估計未來現金流量按類似財務資產現行市場回報率折讓的現值之間的差額計算。該等資產的減值虧損不得撥回。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (applicable to the year ended 31 December 2005) (continued)

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit or loss, is transferred from equity to the income statement. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss.

Impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event, occurring after the impairment loss was recognised in the income statement.

Derecognition of financial assets (applicable to the year ended 31 December 2005)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group retains the rights to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a “pass-through” arrangement; or

2.5 主要會計政策概要 (續)

財務資產之減值 (適用於截至二零零五年十二月三十一日止年度) (續)

可供出售的財務資產

倘可供出售的財務資產出現減值，其成本 (扣除任何本金付款及攤銷) 與其現行公平值兩者間的差異減去以往在損益內確認之任何減值虧損的款項，將從權益轉撥至損益。分類為可供出售的股本工具的減值虧損不可透過損益撥回。

倘債務工具公平值的增加在客觀上與利潤表確認減值虧損後發生的事件有關，其減值虧損可透過利潤表予以撥回。

終止確認財務資產 (適用於截至二零零五年十二月三十一日止年度)

在下列情況下，終止確認財務資產 (或部份財務資產或一組別類似的財務資產的一部份 (如適用))：

- 收取資產之現金流量的權利已到期；
- 本集團保留收取資產之現金流量的權利，惟根據「轉手」安排有責任即時將有關金額悉數支付予第三者；或

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets (applicable to the year ended 31 December 2005) (continued)

- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Where continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, where the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

2.5 主要會計政策概要 (續)

終止確認財務資產(適用於截至二零零五年十二月三十一日止年度) (續)

- 本集團已轉讓其收取資產之現金流量的權利，且(a)已基本轉讓資產的所有風險及回報，或(b)並無轉讓或保留資產的所有風險及回報，但已轉讓資產的控制權。

倘本集團已轉讓其收取資產之現金流量的權利，但並無基本轉讓或保留資產的所有風險及回報，亦無轉讓資產的控制權，該資產按本集團持續參與有關資產的部份確認。以就已轉讓資產作出保證的形式持續參與，乃按資產原有賬面值與本集團可能須償還的最高代價金額兩者間的較低者計算。

當以已轉讓資產的已發出及／或已購入期權(包括現金結算期權或相類似撥備)的形式持續參與，則本集團持續參與的部份為本集團可能購回的已轉讓資產的金額，惟倘為按公平值列賬資產的已發出認沽期權(包括現金結算期權或相類似撥備)，則本集團持續參與的部份限於已轉讓資產的公平值與期權行使價兩者間的較低者。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in net profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognition of financial liabilities (applicable to the year ended 31 December 2005)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.5 主要會計政策概要 (續)

計息貸款

所有貸款及借款初步按已收代價的公平值減直接應佔交易成本確認。

於初步確認後，計息貸款及借款其後使用實質利率方法按攤銷成本計算。

收益及虧損乃於負債終止確認時，透過攤銷過程後於溢利或虧損淨額中確認。

終止確認財務負債 (適用於截至二零零五年十二月三十一日止年度)

當負債項下的責任獲解除或取消或屆滿時，終止確認財務負債。

倘現有財務負債被來自同一借款人但條款極不相同的另一項負債所取代，或對現有負債的條款進行大幅修改，上述更替或修訂將被視作終止確認原有負債及確認新負債，而有關賬面值的差額於損益內確認。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Construction contracts

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

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

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

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

Inventories

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

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

2.5 主要會計政策概要 (續)

建築合約

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

管理層預期出現之可見虧損均作撥備。

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

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

存貨

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

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs is based on actual interest incurred for the borrowings and ceases when the assets are substantially ready for their intended use or sale.

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

Provisions

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

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

Provisions for warranties granted by the Group are recognised based on past experience of the level of repairs, discounted to their present values as appropriate.

2.5 主要會計政策概要 (續)

借貸成本

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

所有借貸成本於產生期間於利潤表確認為開支。

撥備

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

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

本集團所提供保養之撥備乃根據過往所錄得之維修程度進行確認，並折現至現值(如適用)。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

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

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

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

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.5 主要會計政策概要 (續)

收益稅

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

本期及過往期間的即期稅項資產及負債乃按預期自稅務機關收回或向其繳付的金額計算。

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

所有應課稅臨時差額均確認為遞延稅項負債，除了：

- 對於企業合併以外之交易，倘有關交易於當時對會計溢利或稅務盈虧並無影響，則有關商譽或首度確認之資產或負債所產生之遞延稅項負債不在此列；及
- 對於投資附屬公司及聯營公司之有關應課稅臨時差額，倘能控制有關臨時差額之回撥時間而於可見將來應不會回撥，則亦不在此列。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

2.5 主要會計政策概要 (續)

收益稅 (續)

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

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

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

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

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions are initially recorded using the functional currency rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the balance sheet date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transaction. Non-monetary items at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

2.5 主要會計政策概要 (續)

收益稅 (續)

倘即期稅項資產與即期稅項負債可合法地互相抵銷，且遞延稅項關乎同一應課稅實體及同一稅務機關，則遞延稅項資產與遞延稅項負債可互相抵銷。

政府補助金

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

外幣

此等財務報表乃以港元呈列，港元為本公司的功能及呈報貨幣。本集團旗下各實體自行決定其功能貨幣，而各實體財務報表內的項目均以該功能貨幣呈報。外幣交易最初按交易日期適用的功能貨幣匯率入賬。以外幣為單位的貨幣資產及負債按結算日的適用功能貨幣匯率換算。所有匯兌差額計入損益內。按歷史成本以外幣計算的非貨幣項目按最初交易日期適用的匯率換算。按公平值以外幣計算的非貨幣項目按釐定公平值當日的適用匯率換算。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currency of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the balance sheet date, the assets and liabilities of these entities are translated into the presentation currency of the Company at exchange rates ruling at the balance sheet date and, its income statements are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are included in a separate component of the exchange fluctuation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

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

Revenue recognition

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

- (a) from the rendering of contracting works services, based on the stage of completion of the construction contracts, as further explained in the accounting policy for "Recognition of income from construction contracts";
- (b) from the sale of electric and steam power, based on actual consumption derived from the reading of meters during the year;

2.5 主要會計政策概要 (續)

外幣 (續)

若干海外附屬公司及聯營公司之功能貨幣乃港元以外之貨幣。於結算日，該些實體之資產及負債乃以結算日之匯率換算成本公司之呈報貨幣，而利潤表則按年內加權平均匯率換算成港元，所產生之匯兌差額乃計入成為匯兌波動儲備的獨立項目。於出售境外實體時，由該境外實體在權益內確認的累計金額便於利潤表內確認。

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

收入之確認

當本集團可能獲得經濟利益並且能可靠衡量其數額時，會以下列準則確認收入：

- (a) 建築工程服務收入根據建築合約之完成進度計算入賬，詳情載於會計政策「建築合約收入之確認」；
- (b) 出售電力及蒸汽之收入據年內由計量表讀數而出之實際消耗量計算；

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- (c) from the development, manufacture and distribution of helicopters, when the Group's right to receive its share of profit from Project EC120 has been established (note 19);
- (d) from the rendering of services, when the services are rendered;
- (e) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset;
- (f) rental income, on a time proportion basis over the lease terms;
- (g) government grants, on a systematic basis over the periods necessary to match the grant to the costs that it is intended to compensate;
- (h) income from available-for-sale investment, on an accrual basis;
- (i) income relating to the exclusive distributorship of certain helicopter engines, on an accrual basis pursuant to the agreement; and
- (j) income from the sale of coal residues, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.

2.5 主要會計政策概要 (續)

收入之確認 (續)

- (c) 開發、製造及分銷直升機之收入乃於本集團收取其分佔項目EC120溢利之權益獲確立時確認(附註19)；
- (d) 服務收入於提供服務時確認；
- (e) 利息收入採用實質利率法按應計基準確認，就財務資產的賬面淨額，透過金融資產預算年期，應用該折現估計未來所獲現金數額之利率；
- (f) 租金收入根據有關租期按時間比例確認；
- (g) 政府補助按所收補助金與有關獲補助成本之期間相應確認；
- (h) 可供出售的投資之收入按應計基準確認；
- (i) 有關若干直升機引擎獨家分銷權之收入根據協議按應計基準確認；及
- (j) 銷售煤渣之收入乃於所有權之重大風險及回報已轉移至買方時予以確認，惟本集團既不會在管理參與上達到一般被視為擁有權之程度，亦不對所售貨品擁有實際控制權。

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recognition of income from construction contracts

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

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

2.5 主要會計政策概要 (續)

建築合約收入之確認

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

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

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employee (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments.

The Group has adopted the transitional provisions of HKFRS 2 in respect of equity-settled awards and has applied HKFRS 2 only to equity-settled awards granted after 7 November 2002 that had not vested on 1 January 2005 and to those granted on or after 1 January 2005.

Employment Ordinance long service payments

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

2.5 主要會計政策概要 (續)

僱員福利

股本償付交易

本公司設有購股權計劃，旨在鼓勵及嘉獎為本集團業務之成功作出貢獻之合資格參與者。本集團僱員(包括董事)以股本償付交易形式收取酬金，並據此提供服務作為取得股本工具的代價。

本集團已就股本結算報酬採納HKFRS 2的過渡性條文，並僅就二零零二年十一月七日後授出而於二零零五年一月一日尚未歸屬以及二零零五年一月一日或之後授出的股本結算報酬應用HKFRS 2。

僱傭條例長期服務金

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

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes and other retirement benefits

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

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

2.5 主要會計政策概要 (續)

僱員福利 (續)

退休計劃及其他退休福利

本集團根據強制性公積金計劃條例，為所有合資格參與該計劃之僱員提供定額供款強制性公積金退休福利計劃（「強積金計劃」）。供款乃根據僱員基本薪金之百分比例計算，並於有關款項根據強積金計劃之規則須予支付時計入利潤表。強積金計劃之資產乃獨立於本集團之資產，並由獨立管理之基金持有。本集團之僱主供款於向強積金計劃作出供款時全數歸於僱員。

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

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財務報表附註 二零零五年十二月三十一日

2.5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Pension schemes and other retirement benefits (continued)

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Cash and cash equivalents

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

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

2.5 主要會計政策概要 (續)

僱員福利 (續)

退休計劃及其他退休福利 (續)

本集團於中國內地經營之附屬公司之僱員須參力由當地市政府所運作的中央退休計劃。該等附屬公司須按其薪金成本的若干百份比向該中央退休計劃供款。有關供款於根據該中央退休計劃之規則須支付時計入利潤表。

現金及現金等值

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

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property. The Group has determined that it retains all the significant risks and rewards of ownership of this property which is leased out on operating leases.

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

3. 重要會計判斷及估計

判斷

在應用本集團會計政策過程中，以下管理層所作之判斷(除涉及估計外)乃對財務報表所確認之金額有最重大的影響：

經營租約承擔 - 本集團作為出租人

本集團就其投資物業訂立了商業物業租約。本集團釐定其保留了該按經營租約出租之物業業權之大部份風險及回報。

投資物業與業主自用物業之分類

本集團釐定物業是否符合為投資物業，並在作出判斷時訂下了準則。投資物業乃持有以賺取租金或作資本升值，或兩者皆是。因此，本集團會考慮物業有否產生獨立於本集團所持其他資產之現金流量。

一些物業既包括持作賺取租金或作資本增值的一部份，又包括持作用於生產或提供產品或服務或行政管理用途的另一部份。如果這些部份能夠分開出售(或根據融資租賃分開出租)，則本集團將這些部份分開處理。如果這些部份不能分開出售，則只有當其持作用於生產或提供產品或服務或行政管理用途的部份不重要時，才會作為投資物業。

進行判斷時須按個別物業基準，釐定物業之附屬服務是否重要，以致該物業不符合為投資物業。

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財務報表附註 二零零五年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Profitability and percentage of completion of construction contracts

The Group determines the profitability of its construction contracts based on the net income that could be obtained after deducting its estimation of the total costs of the contracts. The Group also recognises its revenue from its contracts by the percentage of completion of the contracts which is measured by reference to the proportion of costs incurred to date to the estimated total costs of the relevant contract.

Judgement is also made on the contingency costs that may arise from variation orders and claims as well as the recovery of such costs from their customers.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3. 重要會計判斷及估計 (續)

判斷 (續)

建築合約之利潤及完工百分比

本集團根據可得淨收入減估計總合約成本而釐定建築工程之利潤。本集團並根據完工百分比確認來自合約之收益，該完工百分比乃參考截至當天之成本與估計有關總合約成本之比例計量。

有關產生自額外工程或索償之或然成本、以及該成本能否從客戶收回，均須進行判斷。

估計的不確定因素

有關未來的主要假設，以及於結算日進行估計不明朗因素之其他主要來源在下文論述，兩者在對下個財政年度資產及負債之賬面值作出重大調整均具有重大風險。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of goodwill on the acquisition of a subsidiary and an associate at 31 December 2005 were HK\$38,116,502 (2004: HK\$38,116,502) and HK\$2,936,264 (2004: HK\$2,936,264), respectively. More details are given in note 16 to the financial statements on the impairment testing of goodwill on acquisition of a subsidiary.

Deferred tax assets

Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group's management determines the deferred tax assets based on the enacted or substantially enacted tax rates and laws and best knowledge of profit projections of the Group for coming years during which the deferred tax assets are expected to be utilised. Management will revise the assumptions and profit projections by the balance sheet date.

3. 重要會計判斷及估計 (續)

估計的不確定因素 (續)

商譽之減值

本集團最少每年評估商譽有否減值。在進行評估時，必須估計已分配商譽的現金產生單元的使用價值。於計算此等價值時，本集團必須估計由現金產生單元所產生的預期未來現金流量，並選擇合適的折現率來計算該現金流量之現值。收購附屬公司及聯營公司之商譽於二零零五年十二月三十一日之賬面值分別為38,116,502港元(二零零四年：38,116,502港元)及2,936,264港元(二零零四年：2,936,264港元)。有關收購附屬公司所產生的商譽之減值測試之詳情，載於財務報表附註16。

遞延稅項資產

遞延稅項乃根據結算日前已經制定或大致上制定之稅率(及稅務法例)計算，並預期在有關之遞延稅項資產變現時或遞延稅項負債清還時應用。確認遞延稅項資產只限於可能取得應課稅溢利以供動用可抵扣臨時差額之部份。

本集團之管理層根據已制定或大致上制定之稅率及稅務法例、及按本集團對預期遞延稅項資產可供動用之未來年度之盈利之最適度預測，來計算遞延稅項資產。管理層在結算日前對有關之假設及盈利預測作出檢討。

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財務報表附註 二零零五年十二月三十一日

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of interests in associates

The Group determines whether interests in associates is impaired on an annual basis. Valuation techniques used was discounted future cash flows generated from the continuous operations of the associates with applying a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of financial asset under Project EC120

The Group determines whether the financial asset under Project EC120 is impaired on an annual basis. Valuation techniques used was discounted future cash flows generated from the sale of EC120 covering 10-years period with applying a suitable discount rate in order to calculate the present value of those cash flows.

3. 重要會計判斷及估計 (續)

估計的不確定因素 (續)

聯營公司權益之減值

本集團每年決定聯營公司權益有否減值，所用之估值技術乃應用合適之折現率來折現由聯營公司持續經營而產生的未來現金流量，以計算該現金流量之現值。

項目EC120之財務資產之減值

本集團每年決定項目EC120之財務資產有否減值，所用之估值技術乃應用合適之折現率來折現由銷售EC120而產生的10年期的未來現金流量，以計算該現金流量之現值。

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財務報表附註 二零零五年十二月三十一日

4. SEGMENT INFORMATION

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

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

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

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

4. 分類資料

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

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

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

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

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財務報表附註 二零零五年十二月三十一日

4. SEGMENT INFORMATION
(continued)

4. 分類資料 (續)

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2005 and 2004.

(a) 業務分類

下表呈列本集團截至二零零五年及二零零四年十二月三十一日止年度之分類業務之收益、溢利及若干資產、負債及開支資料。

		Facade contracting works 大廈外牆裝飾工程		Electric and steam power supply 電力及蒸汽供應		Aero-technology related business 航空技術相關業務		Consolidated 綜合	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Segment revenue:	分類收益:								
Sales to external customers	銷售予集團外客戶	450,431	523,464	154,306	121,062	3,408	498	608,145	645,024
Other income	其他收入	196	32	10,512	8,256	3,120	3,120	13,828	11,408
Total	收益總額	450,627	523,496	164,818	129,318	6,528	3,618	621,973	656,432
Segment results	分類業績	16,265	15,383	20,467	15,604	2,586	(775)	39,318	30,212
Interest income, rental income and unallocated gains	利息收入、 租金收入及 未分攤利潤							4,612	11,386
Unallocated expenses	未分攤開支							(11,563)	(14,062)
Finance costs	財務開支							(6,186)	(3,380)
Share of profits and losses of associates, net of tax	分佔聯營公司 損益，已 扣除稅項							4,380	(2,478)
Excess over cost of acquisition of an associate recognised as income	超逾收購聯營公司 成本之部份確認 為收入							6,070	-
Amortisation of goodwill on acquisition of an associate	收購聯營公司 商譽攤銷							-	(226)
Profit before tax	除稅前溢利							36,631	21,452
Tax	稅項							(6,643)	(3,548)
Profit for the year	本年利潤							29,988	17,904

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財務報表附註 二零零五年十二月三十一日

4. SEGMENT INFORMATION (continued) 4. 分類資料 (續)

(a) Business segments (continued)

(a) 業務分類 (續)

		Facade contracting works 大廈外牆裝飾工程		Electric and steam power supply 電力及蒸汽供應		Aero-technology related business 航空技術相關業務		Consolidated 綜合	
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元 (Restated) (重列)
Segment assets	分類資產	406,305	365,551	299,657	274,045	55,688	56,066	761,650	695,662
Interests in associates	聯營公司權益	-	-	-	-	38,088	35,500	38,088	35,500
Unallocated assets	未分配資產							148,489	100,296
Total assets	資產總值							948,227	831,458
Segment liabilities	分類負債	266,956	229,273	138,443	127,650	485	-	405,884	356,923
Unallocated liabilities	未分配負債							36,421	1,735
Total liabilities	負債總額							442,305	358,658
Other segment information	其他分類資料：								
Capital expenditure	資本開支	6,748	2,213	13,983	27,183	-	4	20,731	29,400
Unallocated amounts	未分配款項							883	56
								21,614	29,456
Depreciation	折舊	5,561	4,499	10,380	9,487	1	-	15,942	13,986
Unallocated amounts	未分配款項							801	356
								16,743	14,342
Surplus on revaluation of property, plant and equipment	物業、廠房和設備重估盈餘	-	-	(2,014)	(88)	-	-	(2,014)	(88)
Impairment of financial asset under Project EC120	項目EC120財務資產減值	-	-	-	-	3,000	4,000	3,000	4,000
Amortisation of goodwill on acquisition of an associate and a subsidiary	收購聯營公司及附屬公司商譽攤銷	-	-	-	2,382	-	226	-	2,608
Provision/(write-back of provision) for doubtful receivables	應收呆賬撥備/(撥備回撥)	1,586	2,000	-	(8,563)	-	-	1,586	(6,563)
Provision for warranty	保證撥備	435	3,906	-	-	-	-	435	3,906

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4. SEGMENT INFORMATION (continued)

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2005 and 2004.

	Hong Kong 香港		Mainland China 中國內地		United States of America 美國		Consolidated 綜合	
	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元
Segment revenue: 分類收益:								
Sales to external customers 銷售予集團外客戶	252,249	369,497	355,896	275,527	-	-	608,145	645,024
Other income 其他收入	17	-	10,609	8,288	-	-	10,626	8,288
Other segment information: 其他分類資料:								
Segment assets 分類資產	495,732	371,662	448,992	459,796	3,503	-	948,227	831,458
Capital expenditure 資本開支	1,480	2,273	20,134	27,183	-	-	21,614	29,456

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents an appropriate proportion of contract revenue of the construction contracts; the net invoiced value of electric and steam power sold; and income from Project EC120 for the development, manufacture and distribution of helicopters.

5. 收益、其他收入及利潤

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

4. 分類資料 (續)

(a) 地區分類

下表呈列本集團截至二零零五年及二零零四年十二月三十一日止年度之不同地區之收益及若干資產及開支資料。

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財務報表附註 二零零五年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (continued)

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

5. 收益、其他收入及利潤 (續)

本集團收益、其他收入及利潤分析如下：

			2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
	Notes 附註			
Revenue		收益		
Value of contracting works performed		已執行合約工程之價值	450,431,243	523,463,760
Generation and sale of electric and steam power		生產及銷售電力及蒸汽	154,305,801	121,062,578
Share of profit from Project EC120 for the development, manufacture and distribution of helicopters		分佔來自開發、製造及經銷直升機之項目EC120之溢利	3,408,211	497,909
			608,145,255	645,024,247
Other income		其他收入		
Recovery of a receivable*	40(a)(ii)	收回應收款項*	-	8,563,370
Income accrued in respect of an exclusive distributorship of certain helicopter engines	22	若干直升機引擎獨家分銷權之計提收入	3,119,995	3,120,000
Interest income		利息收入	1,911,470	1,312,249
Income from installation of infrastructure for steam supply		安裝供汽結構之收入	3,039,191	2,992,570
Government grants**		政府補助金**	2,072,896	3,605,934
Income from sale of coal residues		出售煤渣之收入	5,321,175	1,242,709
Gross rental income		租金收入總額	550,000	1,036,022
Others		其他	247,253	720,980
			16,261,980	22,593,834
Gains		利潤		
Gain on deemed disposal of an associate		被視為出售聯營公司之利潤	-	115,816
Gain on disposal of available-for-sale investments/long term investments		出售可供出售的投資／長期投資之利潤	27,828	84,842
			27,828	200,658
			16,289,808	22,794,492

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財務報表附註 二零零五年十二月三十一日

5. REVENUE, OTHER INCOME AND GAINS (continued)

* During the year ended 31 December 2004, an amount of RMB9,077,171 (equivalent to HK\$8,563,370) was received from CATIC as settlement for the receivable from 香港合聯發展有限公司 (“香港合聯”), an ex-shareholder of Hangzhou Sealand, a 70%-owned subsidiary of the Company, due to Hangzhou Sealand prior to the acquisition of interest in Hangzhou Sealand by the Group in 2000 pursuant to a previous commitment made by CATIC to Speed Profit, a shareholder of the Company and the ex-shareholder of Hangzhou Sealand which sold such 70% equity interest in Hangzhou Sealand to the Group. The full amount of the receivable was provided for at the time when its equity interest in Hangzhou Sealand was acquired by the Group. The amount recovered in last year has been reflected in the consolidated income statement in last year.

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

5. 收益、其他收入及利潤 (續)

* 於截至二零零四年十二月三十一日止年度內，從中航技總公司收到9,077,171元人民幣（相當於8,563,370港元），作為按早年前中航技總公司向凱得利作出之承諾償還本集團二零零零年收購杭州海聯（本公司佔70%股權之附屬公司）之前杭州海聯前股東香港合聯發展有限公司（「香港合聯」）欠負杭州海聯之應收款項。凱得利為本公司股東及杭州海聯之前股東，其將杭州海聯之70%股權售予本集團。該筆應收款項已於本集團收購杭州海聯之股權時全數撥備。該筆去年收回之款項已於去年度綜合利潤表中列賬。

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

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財務報表附註 二零零五年十二月三十一日

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

6. 除稅前溢利

本集團之除稅前溢利已扣除／(計入)以下項目：

			2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元 (Restated) (重列)
Cost of contracting works:	合約工程成本：			
Cost of contracting works performed	已執行合約工程之成本		389,407,431	465,418,332
Provision for warranty	保證撥備	29	435,200	3,906,000
			389,842,631	469,324,332
Cost of electric and steam power supply	供應電力及蒸汽之成本		138,378,486	113,494,417
			528,221,117	582,818,749
Depreciation	折舊	14	16,742,566	14,341,579
Less: Amounts capitalised to long term construction contracts	減：撥作長期建築合約資本之款額	36(a)	(4,004,234)	(3,284,766)
			12,738,332	11,056,813
Minimum lease payments under operating leases on land and buildings	土地及樓宇經營租約之最低租金		2,739,203	3,694,110
Less: Amounts capitalised to long term construction contracts	減：撥作長期建築合約資本之款額		(2,150,956)	(2,724,077)
			588,247	970,033
Recognition of prepaid land premiums/ land lease payments	確認預付土地款／土地租賃款	15	952,671	438,898

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財務報表附註 二零零五年十二月三十一日

6. PROFIT BEFORE TAX (continued)

The Group's profit before tax is arrived after charging/ (crediting):

6. 除稅前溢利 (續)

本集團之除稅前溢利已扣除/(計入)以下項目：

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Employee benefits expenses (excluding directors' remuneration (note 8)):	僱員福利費用 (不包括董事酬金 (附註8)):		
Wages and salaries	工資及薪金	22,267,654	18,385,424
Pension scheme contributions	退休金計劃供款	2,969,245	3,072,568
Less: Forfeited contributions	減：已沒收供款	(71,496)	(168,027)
Net pension scheme contributions*	退休金計劃供款淨額*	2,897,749	2,904,541
Other expenses, net:	其他開支淨額：		
Severance payments	遣散費	-	766,851
Provision for doubtful debts	呆賬撥備	6,680,808	2,000,000
Write-back of provision for doubtful debts	呆賬撥備回撥	(5,094,715)	-
Write-back of impairment of a long term investment	長期投資減值回撥	-	(102,000)
Gain on disposal of items of property, plant and equipment	出售物業、廠房和設備項目 利潤	-	(7,000)
Others	其他	747,679	-
		2,333,772	2,657,851
Auditors' remuneration	核數師酬金	930,000	900,000
Foreign exchange difference, net	外匯兌換差額，淨額	67,448	(156,172)
Net rental income	租金收入淨額	550,000	1,036,022

* At 31 December 2005, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2004: Nil).

* 於二零零五年十二月三十一日，本集團並無任何已沒收供款可用作減少未來年度之退休計劃供款(二零零四年：無)。

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財務報表附註 二零零五年十二月三十一日

7. FINANCE COSTS

7. 財務開支

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Interest on bank overdrafts and bank loans wholly repayable within five years	須於五年內全部償還之銀行透支及銀行貸款之利息	7,057,805	4,382,868
Less: Amount capitalised to long term construction contracts (note 36(a))	減：撥作長期建築合約資本之款項(附註36(a))	(909,081)	(1,052,687)
		6,148,724	3,330,181
Interest on a finance lease	融資租賃之利息	37,718	49,705
		6,186,442	3,379,886

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION

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

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Fees:	袍金：		
Executive Directors	執行董事	216,000	216,000
Non-executive Directors	非執行董事	420,000	375,167
		636,000	591,167
Other emoluments (Executive Directors):	其他酬金(執行董事)：		
Basic salaries, housing, allowances and benefits in kind	基本薪金、房屋、 津貼及實物利益	5,452,567	5,984,033
Pension scheme contributions	退休金計劃供款	359,160	359,160
Performance related bonuses	工作表現相關花紅	-	820,000
		6,447,727	7,754,360

(a) Independent Non-executive Directors

The fees paid to independent non-executive directors during the year were as follows:

		Number of directors 董事人數	
		2005 二零零五年	2004 二零零四年
Chu Yu Lin, David	朱幼麟	120,000	120,000
Li Ka Cheung, Eric	李家祥	120,000	120,000
Li Zhaoxi	李兆熙	60,000	15,167
		300,000	255,167

There were no other emoluments payable to the Independent Non-executive Directors during the year (2004: Nil).

8. 董事酬金

根據上市規則及公司條例第161條披露之董事酬金如下：

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Fees:	袍金：		
Executive Directors	執行董事	216,000	216,000
Non-executive Directors	非執行董事	420,000	375,167
		636,000	591,167
Other emoluments (Executive Directors):	其他酬金(執行董事)：		
Basic salaries, housing, allowances and benefits in kind	基本薪金、房屋、 津貼及實物利益	5,452,567	5,984,033
Pension scheme contributions	退休金計劃供款	359,160	359,160
Performance related bonuses	工作表現相關花紅	-	820,000
		6,447,727	7,754,360

(a) 獨立非執行董事

於年內支付予獨立非執行董事之袍金如下：

		Number of directors 董事人數	
		2005 二零零五年	2004 二零零四年
Chu Yu Lin, David	朱幼麟	120,000	120,000
Li Ka Cheung, Eric	李家祥	120,000	120,000
Li Zhaoxi	李兆熙	60,000	15,167
		300,000	255,167

於年內並無其他應付予獨立非執行董事的酬金(二零零四年：無)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION
(continued)

(b) Executive Directors and a Non-executive Director

8. 董事酬金 (續)

(b) 執行董事及非執行董事

		Salaries, housing, allowances and benefits in kind 薪金、房屋、 津貼及 實物利益	Pension scheme contributions 退休金 計劃供款	Performance related bonuses 工作表現 相關花紅	Total remuneration 酬金總額
	Fees 袍金	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
2005					
Executive Directors: 執行董事:					
Fu Shula 付舒拉	36,000	–	–	–	36,000
Wang Xinkuo 王心闊	36,000	–	–	–	36,000
Ji Guirong 季貴榮	36,000	3,362,567	219,000	–	3,617,567
Diao Weicheng 刁偉程	26,300	–	–	–	26,300
Liu Rongchun 劉榮春	26,300	–	–	–	26,300
Ren Haifeng 任海峰	36,000	2,090,000	140,160	–	2,266,160
Yang Chunshu 楊春澍	9,700	–	–	–	9,700
Yu Li 于莉	9,700	–	–	–	9,700
	216,000	5,452,567	359,160	–	6,027,727
Non-executive Director: 非執行董事:					
Ip Tak Chuen, Edmond 葉德銓	120,000	–	–	–	120,000
	336,000	5,452,567	359,160	–	6,147,727

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

8. DIRECTORS' REMUNERATION
(continued)

(b) Executive Directors and a Non-executive Director (continued)

8. 董事酬金 (續)

(b) 執行董事及非執行董事 (續)

		Salaries, housing, allowances and benefits in kind 薪金、房屋、 津貼及 實物利益	Pension scheme contributions 退休金 計劃供款	Performance related bonuses 工作表現 相關花紅	Total remuneration 酬金總額
		Fees 袍金 HK\$ 港元			
2004					
Executive Directors:	執行董事：				
Fu Shula	付舒拉	22,452	–	–	22,452
Wang Xinkuo	王心闊	22,452	–	–	22,452
Ji Guirong	季貴榮	36,000	3,584,033	219,000	4,089,033
Ren Haifeng	任海峰	36,000	2,400,000	140,160	3,146,160
Yang Chunshu	楊春樹	36,000	–	–	36,000
Yu Li	于莉	36,000	–	–	36,000
Wang Xinyan	汪鑫炎	13,548	–	–	13,548
Pan Linwu	潘林武	13,548	–	–	13,548
		216,000	5,984,033	359,160	7,379,193
Non-executive Director:	非執行董事：				
Ip Tak Chuen, Edmond	葉德銓	120,000	–	–	120,000
		336,000	5,984,033	359,160	7,499,193

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

年內並無任何安排致使董事放棄或同意放棄任何酬金。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

9. FIVE HIGHEST PAID EMPLOYEES' REMUNERATION

The five highest paid individuals included two (2004: two) directors, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining three (2004: three) non-directors, highest paid individuals for the year are as follows:

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Basic salaries, housing, allowances and benefits in kind	基本薪金、房屋、津貼及實物利益	3,298,000	3,717,500
Pension scheme contributions	退休金計劃供款	222,139	235,206
Performance related bonuses	工作表現相關花紅	814,000	889,000
		4,334,139	4,841,706

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

		Number of employees 僱員人數	
		2005 二零零五年	2004 二零零四年
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	3	1
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	-	2
		3	3

9. 五名最高薪僱員之酬金

五名最高薪人士包括兩名(二零零四年：兩名)董事，彼等酬金之詳情載於上文附註8。其餘三名(二零零四年：三名)最高薪非董事人士之酬金之詳情如下：

酬金在下列範圍之最高薪非董事僱員數目：

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

10. TAX

No Hong Kong profits tax has been provided as the Group had available tax losses brought forward to offset the estimated assessable profits arising in Hong Kong for the current and the prior years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

10. 稅項

由於本集團承前可用之稅務虧損足以抵銷本年度及上年度在香港產生之估計應課稅溢利，因此並無作出香港利得稅撥備。其他地區之稅項開支按本集團經營所在國家當時之稅率，根據有關之現行法例、詮釋及慣例計算。

		Group	
		本集團	
		2005	2004
		二零零五年	二零零四年
		HK\$	HK\$
		港元	港元
Current	即期		
– Mainland China	– 國內	3,624,730	1,994,058
– Elsewhere	– 其他地區	222,300	190,000
Deferred (note 21)	遞延 (附註21)	2,796,342	1,364,075
Total tax charge for the year	本年度稅項開支總額	6,643,372	3,548,133

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

10. TAX (continued)

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

10. 稅項 (續)

本公司及其主要附屬公司與聯營公司使用當地法定稅率計算之除稅前溢利／(虧損)稅項支出與本集團使用實質稅率計算之稅項支出之對賬如下：

		Group – 2005 本集團 – 二零零五年			
		Mainland			
		Hong Kong	China	Elsewhere	Total
		香港	國內	其他地區	合計
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
Profit/(loss) before tax	除稅前溢利／(虧損)	13,973,180	22,663,144	(5,448)	36,630,876
Tax at the statutory tax rates	按法定稅率計算之稅項	2,445,307	7,478,837	37,045	9,961,189
Lower tax rates for specific provinces	特定省份之較低稅率	–	(6,404,082)	–	(6,404,082)
Deemed income of the PRC construction business	中國建築業之假設收入	109,045	332,111	–	441,156
Profits and losses attributable to associates	分佔聯營公司之損益	(313,653)	(194,112)	–	(507,765)
Income not subject to tax	毋須繳稅收入	(2,091,799)	(314,983)	(26,612)	(2,433,394)
Expenses not deductible for tax	不得扣稅之開支	2,531,979	1,373,268	32,318	3,937,565
Tax losses utilised from previous periods	動用過往期間稅項虧損	(271,834)	–	–	(271,834)
Increase in unutilised losses carried forward	未動用結轉稅項虧損增加	–	1,740,988	179,549	1,920,537
Tax charge at the Group's effective rate	本集團實質稅率之稅項開支	2,409,045	4,012,027	222,300	6,643,372

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

10. TAX (continued)

10. 稅項 (續)

		Group – 2004 本集團 – 二零零四年			
		Mainland			Total
		Hong Kong 香港 HK\$ 港元	China 國內 HK\$ 港元	Elsewhere 其他地區 HK\$ 港元	合計 HK\$ 港元
		(Restated) (重列)			
Profit/(loss) before tax	除稅前溢利／(虧損)	25,910,573	(5,004,782)	546,640	21,452,431
Tax at the statutory tax rates	按法定稅率計算之稅項	4,534,350	(1,651,578)	34,925	2,917,697
Lower tax rates for specific provinces	特定省份之較低稅率	–	973,217	–	973,217
Deemed income of the PRC construction business	中國建築業之假設收入	30,112	597,705	–	627,817
Profits and losses attributable to associates	分佔聯營公司之損益	–	185,822	–	185,822
Income not subject to tax	毋須繳稅收入	(3,194,385)	(1,082,808)	–	(4,277,193)
Expenses not deductible for tax	不得扣稅之開支	203,677	1,026,431	7,139	1,237,247
Increase in unutilised losses carried forward	未動用結轉稅項虧損增加	756,358	979,232	147,936	1,883,526
Tax charge at the Group's effective rate	本集團實質稅率之稅項開支	2,330,112	1,028,021	190,000	3,548,133

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

The share of tax attributable to associates amounting to HK\$963,050 (2004: Nil), is included in "Share of profits and losses of associates, net of tax" on the face of the consolidated income statement.

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

佔聯營公司之稅項為963,050港元(二零零四年：無)已包括在綜合利潤表之「分佔聯營公司損益，已扣除稅項」內。

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財務報表附註 二零零五年十二月三十一日

**11. PROFIT FOR THE YEAR
ATTRIBUTABLE TO EQUITY
HOLDERS OF THE PARENT**

The loss for the year attributable to equity holders of the parent for the year ended 31 December 2005 dealt with in the financial statements of the Company was HK\$6,828,069 (2004: HK\$359,486) (*note 35(b)*).

**12. EARNINGS PER SHARE
ATTRIBUTABLE TO ORDINARY
EQUITY HOLDERS OF THE PARENT**

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the year.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

11. 本公司股東應佔本年利潤

於本公司財務報告中處理之截至二零零五年十二月三十一日止年度本公司股東應佔本年度虧損為6,828,069港元(二零零四年: 359,486港元)(附註35(b))。

12. 本公司普通股股東應佔每股盈利

每股基本盈利乃根據本公司普通股股東應佔本年利潤及年內已發行普通股之加權平均數計算。

每股攤薄盈利乃根據本公司普通股股東應佔本年利潤、用作計算每股基本盈利之年內已發行普通股之加權平均數及假設所有潛在攤薄普通股獲行使或獲轉換普通股而發行之普通股加權平均數計算。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)

The calculations of basic and diluted earnings per share are based on:

12. 本公司普通股股東應佔每股盈利 (續)

每股基本及攤薄盈利的計算乃根據：

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Earnings	盈利		
Profit for the year attributable to ordinary equity holders of the parent	本公司普通股股東應佔本年利潤	26,053,554	13,563,689
		Number of shares 股份數目	
		2005 二零零五年	2004 二零零四年
Shares	股份		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	用作計算每股基本盈利之年內已發行普通股之加權平均數	3,741,481,000	3,739,555,317
Effect of dilution – weighted average number of ordinary shares: Share options	攤薄之影響 – 普通股之加權平均數： 購股權	–	15,665,215
		3,741,481,000	3,755,220,532

13. INVESTMENT PROPERTY

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

13. 投資物業

由二零零四年十二月三十一日開始，本集團及本公司位於香港之投資物業之一部份據為本公司辦公場所。因此，該處物業之相關部份於往年已轉作租約土地及樓宇，面值為12,750,000港元(附註14)，剩餘之投資物業部份之估值於二零零四年十二月三十一日為12,750,000港元。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

13. INVESTMENT PROPERTY (continued)

The said property was revalued at HK\$14,900,000 (2004: HK\$25,500,000) based on the valuation performed by Grant Sherman Appraisal Limited, independent professionally qualified valuers, on the market value basis as at 31 December 2005. A revaluation surplus of HK\$2,150,000 (2004: HK\$5,700,000) was credited to the income statement for the year accordingly.

During the year ended 31 December 2004, the subsidiaries' investment properties situated in Mainland China were transferred to leasehold land and buildings upon expiry of the operating lease agreements at their aggregate carrying value of HK\$3,091,481 based on the valuations performed by Vigers Appraisal and Consulting Limited, an independent professionally qualified valuers, on the open market value and existing use basis at the date of transfer.

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

13. 投資物業 (續)

獨立專業合資格估值師中證評估有限公司按市值基準對上述物業於二零零五年十二月三十一日之重新估值為14,900,000港元(二零零四年：25,500,000港元)。因此，本年度利潤表計入重估增值2,150,000港元(二零零四年：5,700,000港元)。

於二零零四年十二月三十一日止年度，附屬公司位於中國國內之投資物業於經營租約到期時轉作租約土地及樓宇，獨立專業認可估值師威格斯資產評估顧問有限公司按轉撥之日公開市值及現有用途基準進行估值，面值總額為3,091,481港元。

本集團及本公司之投資物業分析如下：

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Carrying amount at 1 January	於一月一日之賬面值	12,750,000	22,891,481	12,750,000	19,800,000
Net profit from a fair value adjustment	公平值調整之淨利潤	2,150,000	5,700,000	2,150,000	5,700,000
Transfer to owner-occupied property (note 14)	轉作業主自用物業(附註14)	-	(15,841,481)	-	(12,750,000)
		14,900,000	12,750,000	14,900,000	12,750,000

The Group's and the Company's investment property is situated in Hong Kong and is held under a medium term lease. At 31 December 2005, this investment property is pledged to secure bank loans of the Group (note 31(a)(v)) and was leased to a shareholder of the Company under an operating lease, further details of which are included in notes 37(a) and 40(a)(iii) to the financial statements.

本集團及本公司之投資物業乃位於香港並按中期租約持有。於二零零五年十二月三十一日，此投資物業已抵押，作為本集團銀行貸款之擔保(附註31(a)(v))，並根據經營租約出租予本公司之股東，詳情載於財務報表附註37(a)及40(a)(iii)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT 14. 物業、廠房和設備

Group – 31 December 2005

本集團 – 二零零五年十二月三十一日

		Generation							Total	
		Construction in progress 在建工程	Leasehold Land and improvements 租約 土地及樓宇 物業裝修	Plant and machinery 廠房及機器	plant and related structure 發電廠房及 有關設備	Furniture, fixtures and equipment 傢俬、裝置 及設備	Motor vehicles 汽車	Tools and moulds 工具及模具		
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	
At 31 December 2004 and at 1 January 2005:	於二零零四年 十二月三十一日及 二零零五年一月一日：									
Cost or valuation	原值或估值	16,966,753	81,742,772	14,163,816	10,392,570	76,383,751	16,138,417	11,988,346	1,803,080	229,579,505
Accumulated depreciation	累積折舊	-	(19,943,958)	(12,137,658)	(7,970,936)	-	(13,943,466)	(8,920,450)	(1,559,876)	(64,476,344)
Net carrying amount	賬面淨值	16,966,753	61,798,814	2,026,158	2,421,634	76,383,751	2,194,951	3,067,896	243,204	165,103,161
At 1 January 2005, net of accumulated depreciation	於二零零五年一月一日， 扣除累積折舊	16,966,753	61,798,814	2,026,158	2,421,634	76,383,751	2,194,951	3,067,896	243,204	165,103,161
Additions	添置	8,965,075	696,804	304,217	2,952,808	4,088,535	3,749,524	393,686	462,944	21,613,593
Disposals	出售	-	-	-	-	-	-	(23,186)	-	(23,186)
Transfer	轉撥	(3,466,627)	1,016,625	-	-	2,450,002	-	-	-	-
Surplus on revaluation	重估盈餘	-	-	-	-	1,993,123	-	-	-	1,993,123
Depreciation provided during the year	年內折舊撥備	-	(2,715,681)	(1,024,488)	(1,843,747)	(8,052,634)	(1,461,754)	(1,419,789)	(224,473)	(16,742,566)
Exchange realignment	匯兌調整	326,284	726,062	-	-	1,468,918	68	23,804	-	2,545,136
At 31 December 2005, net of accumulated depreciation	於二零零五年 十二月三十一日， 扣除累積折舊	22,791,485	61,522,624	1,305,887	3,530,695	78,331,695	4,482,789	2,042,411	481,675	174,489,261
At 31 December 2005:	於二零零五年 十二月三十一日：									
Cost or valuation	原值或估值	22,791,485	84,487,197	14,468,033	13,345,378	78,331,695	19,888,016	12,232,535	2,266,024	247,810,363
Accumulated depreciation	累積折舊	-	(22,964,573)	(13,162,146)	(9,814,683)	-	(15,405,227)	(10,190,124)	(1,784,349)	(73,321,102)
Net carrying amount	賬面淨值	22,791,485	61,522,624	1,305,887	3,530,695	78,331,695	4,482,789	2,042,411	481,675	174,489,261
Analysis of cost or valuation:	原值或估值分析：									
At cost	按原值	22,791,485	84,487,197	14,468,033	13,345,378	-	19,888,016	12,232,535	2,266,024	169,478,668
At 31 December 2005 valuation	按二零零五年十二月 三十一日之估值	-	-	-	-	78,331,695	-	-	-	78,331,695
		22,791,485	84,487,197	14,468,033	13,345,378	78,331,695	19,888,016	12,232,535	2,266,024	247,810,363

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (continued)

14. 物業、廠房和設備 (續)

		Group – 31 December 2004 本集團 – 二零零四年十二月三十一日								
		Generation								
		Construction in progress 在建工程	Land and buildings 土地及樓宇	Leasehold improvements 租約 物業裝修	Plant and machinery 廠房及機器	plant and related structure 發電廠房及 有關設備	Furniture, fixtures and equipment 傢俬、裝置 及設備	Motor vehicles 汽車	Tools and moulds 工具及模具	Total 合計
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2004:	於二零零四年 一月一日：									
Cost or valuation	原值或估值	10,689,414	62,273,251	13,725,379	10,890,955	67,577,442	15,456,754	11,742,878	1,662,575	194,018,648
Accumulated depreciation	累積折舊	-	(17,744,555)	(11,133,242)	(7,712,059)	-	(13,040,311)	(7,817,935)	(1,446,100)	(58,894,202)
Net carrying amount	賬面淨值	10,689,414	44,528,696	2,592,137	3,178,896	67,577,442	2,416,443	3,924,943	216,475	135,124,446
At 1 January 2004, net of accumulated depreciation	於二零零四年一月一日， 扣除累積折舊	10,689,414	44,528,696	2,592,137	3,178,896	67,577,442	2,416,443	3,924,943	216,475	135,124,446
Additions	添置	24,281,917	147,037	438,437	531,700	2,638,279	773,303	504,426	140,505	29,455,604
Disposals	出售	-	-	-	-	(1,086,127)	-	-	-	(1,086,127)
Transfer	轉撥	(18,004,578)	3,481,003	-	-	14,452,820	-	70,755	-	-
Transfer from investment properties (note 13)	轉自投資物業 (附註13)	-	15,841,481	-	-	-	-	-	-	15,841,481
Surplus on revaluation	重估盈餘	-	-	-	-	109,336	-	-	-	109,336
Depreciation provided during the year	年內折舊撥備	-	(2,199,403)	(1,004,416)	(1,288,962)	(7,307,999)	(994,795)	(1,432,228)	(113,776)	(14,341,579)
At 31 December 2004, net of accumulated depreciation	於二零零四年 十二月三十一日， 扣除累積折舊	16,966,753	61,798,814	2,026,158	2,421,634	76,383,751	2,194,951	3,067,896	243,204	165,103,161
At 31 December 2004:	於二零零四年 十二月三十一日：									
Cost or valuation	原值或估值	16,966,753	81,742,772	14,163,816	10,392,570	76,383,751	16,138,417	11,988,346	1,803,080	229,579,505
Accumulated depreciation	累積折舊	-	(19,943,958)	(12,137,658)	(7,970,936)	-	(13,943,466)	(8,920,450)	(1,559,876)	(64,476,344)
Net carrying amount	賬面淨值	16,966,753	61,798,814	2,026,158	2,421,634	76,383,751	2,194,951	3,067,896	243,204	165,103,161
Analysis of cost or valuation:	原值或估值分析：									
At cost	按原值	16,966,753	81,742,772	14,163,816	10,392,570	-	16,138,417	11,988,346	1,803,080	153,195,754
At 31 December 2004 valuation	按二零零四年十二月 三十一日之估值	-	-	-	-	76,383,751	-	-	-	76,383,751
		16,966,753	81,742,772	14,163,816	10,392,570	76,383,751	16,138,417	11,988,346	1,803,080	229,579,505

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (continued)

14. 物業、廠房和設備 (續)

Company – 31 December 2005

本公司 – 二零零五年十二月三十一日

		Land and building	Furniture, fixtures and equipment	Moter vehicles	Total
		土地及樓宇	傢俬、裝置 及設備	汽車	合計
		HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元
At 31 December 2004 and at 1 January 2005:	於二零零四年 十二月三十一日 及二零零五年 一月一日：				
Cost	原值	12,750,000	551,948	780,000	14,081,948
Accumulated depreciation	累積折舊	–	(375,498)	(780,000)	(1,155,498)
Net carrying amount	賬面淨值	12,750,000	176,450	–	12,926,450
At 1 January 2005, net of accumulated depreciation	於二零零五年 一月一日， 扣除累積折舊	12,750,000	176,450	–	12,926,450
Additions	添置	–	882,441	–	882,441
Depreciation provided during the year	年內折舊撥備	(300,000)	(229,533)	–	(529,533)
At 31 December 2005, net of accumulated depreciation	於二零零五年 十二月三十一日， 扣除累積折舊	12,450,000	829,358	–	13,279,358
At 31 December 2005:	於二零零五年 十二月三十一日：				
Cost	原值	12,750,000	1,434,389	780,000	14,964,389
Accumulated depreciation	累積折舊	(300,000)	(605,031)	(780,000)	(1,685,031)
Net carrying amount	賬面淨值	12,450,000	829,358	–	13,279,358

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (continued)

14. 物業、廠房和設備 (續)

Company – 31 December 2004
本公司 – 二零零四年十二月三十一日

		Land and building 土地及樓宇 HK\$ 港元	Furniture, fixtures and equipment 傢俬、裝置 及設備 HK\$ 港元	Moter vehicles 汽車 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2004:	於二零零四年 一月一日:				
Cost	原值	–	495,783	780,000	1,275,783
Accumulated depreciation	累積折舊	–	(291,395)	(780,000)	(1,071,395)
Net carrying amount	賬面淨值	–	204,388	–	204,388
At 1 January 2004, net of accumulated depreciation	於二零零四年一月一日， 扣除累積折舊	–	204,388	–	204,388
Additions	添置	–	56,165	–	56,165
Transfer from investment properties (note 13)	轉自投資物業 (附註13)	12,750,000	–	–	12,750,000
Depreciation provided during the year	年內折舊撥備	–	(84,103)	–	(84,103)
At 31 December 2004, net of accumulated depreciation	於二零零四年 十二月三十一日， 扣除累積折舊	12,750,000	176,450	–	12,926,450
At 31 December 2004 and at 1 January 2005:	於二零零四年 十二月三十一日 及二零零五年 一月一日:				
Cost	原值	12,750,000	551,948	780,000	14,081,948
Accumulated depreciation	累積折舊	–	(375,498)	(780,000)	(1,155,498)
Net carrying amount	賬面淨值	12,750,000	176,450	–	12,926,450

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (continued)

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

14. 物業、廠房和設備 (續)

本集團及本公司之租約土地及樓宇分析如下：

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
			(Restated) (重列)		
At cost, located:	原值，位於：				
Hong Kong, held under a long term lease	香港，按長期租約持有	6,000,000	6,000,000	-	-
Hong Kong, held under a medium term lease	香港，按中期租約持有	12,750,000	12,750,000	12,750,000	12,750,000
Mainland China, held under a medium term lease	中國國內，按中期租約持有	65,737,197	62,992,772	-	-
		84,487,197	81,742,772	12,750,000	12,750,000

The net book value of the Group's items of property, plant and equipment held under a hire purchase contract included in the total amount of motor vehicles at 31 December 2005 amounted to HK\$315,957 (2004: HK\$586,777).

計入二零零五年十二月三十一日汽車總額之本集團按租購合約持有之物業、廠房和設備項目賬面淨值為315,957港元(二零零四年：586,777港元)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

14. PROPERTY, PLANT AND EQUIPMENT (continued)

At 31 December 2005, the Group's generation plant and related structure was revalued at HK\$78,331,695 (2004: HK\$76,383,751) by Grant Sherman Appraisal Limited on the open market value and existing use basis, resulting in a revaluation surplus of HK\$1,993,123 (2004: HK\$109,336). Out of the revaluation surplus of HK\$1,993,123 as at 31 December 2005, a deficit of HK\$21,363 was charged to the property, plant and equipment revaluation reserve to offset the revaluation surplus arising from the valuation of similar assets previously credited to the property, plant and equipment revaluation reserve whereas the remaining surplus of HK\$2,014,486 was credited to the consolidated income statement for the year ended 31 December 2005. In prior year, out of revaluation surplus of HK\$109,336 as at 31 December 2004, a surplus of HK\$87,538 was credited to the consolidated income statement to offset the revaluation deficit arising from the valuation of same assets previously charged to the consolidated income statement whereas the remaining surplus of HK\$21,798 was credited to the property, plant and equipment revaluation reserve.

Had these generation plant and related structure been carried at historical cost less accumulated depreciation and impairment losses, their carrying amounts would have been HK\$56,065,927 (2004: HK\$53,628,348).

At 31 December 2005, certain of the Group's land and buildings and generation plant and related structure with net book values of approximately HK\$32,825,835 (2004: HK\$20,236,045) and HK\$7,599,569 (2004: HK\$7,456,181), respectively, were pledged to secure general banking facilities granted to the Group (notes 31(a)(i) and (ii)).

14. 物業、廠房和設備 (續)

於二零零五年十二月三十一日，本集團發電廠房及有關設施經中證評估有限公司按公開市值及現有用途基準進行重新估值為78,331,695港元（二零零四年：76,383,751港元），由此產生1,993,123港元（二零零四年：109,336港元）之重估盈餘。於二零零五年十二月三十一日之1,993,123港元之重估盈餘中，21,363港元之虧損於物業、廠房和設備重估儲備扣除，以抵銷過往已計入物業、廠房和設備重估儲備之類似資產進行估值時產生之重估盈餘。餘下之2,014,486港元之盈餘則計入截至二零零五年十二月三十一日止年度之綜合利潤表。過往年度，於二零零四年十二月三十一日之109,336港元之重估盈餘中，87,538港元之盈餘已計入綜合利潤表，以抵銷過往已計入綜合利潤表之同一資產進行估值時產生之重估虧損。餘下之21,798港元之盈餘則計入物業、廠房和設備重估儲備。

倘該等發電廠房及有關設施以歷史成本減除累積折舊及減值虧損後入賬，則彼等之賬面值應為56,065,927港元（二零零四年：53,628,348港元）。

於二零零五年十二月三十一日，賬面淨值分別約32,825,835港元（二零零四年：20,236,045港元）及7,599,569港元（二零零四年：7,456,181港元）之本集團若干土地及樓宇與發電廠房及有關設施已經抵押，作為本集團所獲一般銀行信貸之擔保（附註31(a)(i)及(ii)）

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

15. PREPAID LAND PREMIUMS/LAND LEASE PAYMENTS

15. 預付土地款／土地租賃款

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Carrying amount at 1 January:	於一月一日之賬面值：		
As previously reported	如前呈報	-	-
Effect of adopting HKAS 17 (note 2.2(a))	採納HKAS 17之影響 (附註2.2(a))	7,778,368	8,217,266
As restated	重列	7,778,368	8,217,266
Exchange realignment	匯兌調整	1,014,034	-
Addition*	增加*	21,698,113	-
Recognised during the year (note 6)	年內確認(附註6)	(952,671)	(438,898)
Carrying amount at 31 December	於十二月三十一日之賬面值	29,537,844	7,778,368
Current portion included in prepayments, deposits and other receivables	流動部份，包括在 預付款項、按金及其他 應收賬款內	(959,576)	(446,008)
Non-current portion	非流動部份	28,578,268	7,332,360

The leasehold land is held under a medium term lease and is situated in the PRC.

該租賃土地乃按短期租約持有並位於中國。

* During the year ended 31 December 2004, a deposit of HK\$21,698,113 was paid by Hangzhou Sealand for the purchase of a land use right in the PRC (note 23). The land use right, which has a lease term of 42 years, had been used for the construction of a generation plant during the year. As of the date of this report, the directors are in the process of obtaining from the relevant authority the land use right certificate which, in the opinion of the directors, will be issued in due course.

* 於截至二零零四年十二月三十一日年度，杭州海聯因購入一項在中國之土地使用權而支付一筆定金21,698,113港元(附註23)。該土地使用權之租賃期為42年，已於年內用於建造發電廠。於本報告日，董事正向有關當局領取土地使用權證，董事認為該土地使用權證將可於適當時候獲發。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

16. GOODWILL

16. 商譽

Group – 31 December 2005

本集團 – 二零零五年

十二月三十一日

HK\$

港元

At 1 January 2005:	於二零零五年一月一日：	
Cost as previously reported	原值如前呈報	72,189,560
Effect of adopting HKFRS 3 (note 2.2(d))	採納HKFRS 3之影響 (附註2.2(d))	(34,073,058)
Cost as restated	原值重列	38,116,502
Accumulated amortisation and impairment as previously reported	累積攤銷及減值如前呈報	34,073,058
Effect of adopting HKFRS 3 (note 2.2(d))	採納HKFRS 3之影響 (附註2.2(d))	(34,073,058)
Accumulated amortisation and impairment as restated	累積攤銷及減值重列	–
Net carrying amount	賬面淨值	38,116,502
Cost and carrying amount at 31 December 2005	於二零零五年十二月三十一日 之原值及賬面值	38,116,502

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

16. GOODWILL (continued)

16. 商譽 (續)

Group – 31 December 2004

本集團 – 二零零四年

十二月三十一日

HK\$

港元

At 1 January 2004:	於二零零四年一月一日：	
Cost	原值	72,189,560
Accumulated amortisation and impairment	累積攤銷及減值	(31,690,777)
Net carrying amount	賬面淨值	40,498,783
Cost at 1 January 2004, net of accumulated amortisation and impairment	於二零零四年一月一日之原值，扣除累計攤銷及減值	40,498,783
Amortisation provided during the year	年內攤銷撥備	(2,382,281)
At 31 December 2004	於二零零四年十二月三十一日	38,116,502
At 31 December 2004:	於二零零四年十二月三十一日：	
Cost	原值	72,189,560
Accumulated amortisation and impairment	累積攤銷及減值	(34,073,058)
Net carrying amount	賬面淨值	38,116,502

In 2004, goodwill not previously eliminated against the consolidated reserves was amortised on the straight-line basis over its estimate useful life of 20 years.

於二零零四年，以往沒有在綜合儲備抵銷之商譽乃以直線法按其估計使用期限之20年攤銷。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

16. GOODWILL (*continued*)

Impairment testing of goodwill with indefinite lives

Goodwill arising from the acquisition of Hangzhou Sealand has been allocated to the electric and steam power supply cash-generating unit, one of the reporting segments of the Group, for impairment testing.

The recoverable amount of the electric and steam power supply cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five-year period. The discount rate applied to cash flow projections is 10% (2004: 12%) and cash flows beyond the first five-year period are extrapolated using a zero growth rate.

Key assumptions used in its cash flow projections to undertake impairment testing of goodwill are as follows:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year, increased for expected efficiency improvements.

Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units.

16. 商譽 (續)

無確實期限之商譽之減值測試

收購杭州海聯所產生之商譽已分配至電力及蒸汽供應之現金產生單元(乃本集團其中一個呈報分類)作減值測試。

電力及蒸汽供應之現金產生單元之可收回數額乃按其使用價值計算，該使用價值按現金流量預測推算，而這些預測是根據已獲高級管理層審批的五年期財務預算而作。所應用之折現率為10%(二零零四年：12%)。超逾五年期的現金流量按零增長率推斷。

進行商譽減值測試之現金流量預測所使用之主要假設如下：

預算毛利率—預算毛利率之數值乃根據預算年度前一年所實現的平均毛利率計算，並因應預期效能改善而增加。

折現率—所採用之折現率乃於稅前並反映有關個別單元之特定風險。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES

17. 附屬公司權益

		Company 本公司	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Unlisted shares, at cost	非上市股份，原值	277,877,800	43,659,910
Due from subsidiaries	附屬公司欠款	332,319,066	498,352,327
Due to subsidiaries	欠附屬公司款項	(13,000,000)	—
		597,196,866	542,012,237
Less: Provision for impairment and amounts due from subsidiaries	減：減值及附屬公司 欠款撥備	(243,376,497)	(243,376,497)
		353,820,369	298,635,740

During the year, an amount due from a subsidiary of HK\$234,217,890 was capitalised as the Company's investment cost of that subsidiary.

The balances with the subsidiaries are unsecured, interest-free and are not expected to be repaid within one year. The carrying amounts of these amount due from/to subsidiaries approximate to their fair values.

年內，附屬公司欠款234,217,890港元已資本化作為對該附屬公司之投資成本。

與附屬公司有關之款項餘額為無抵押、免息及無須於一年內償還。附屬公司欠款／欠附屬公司款項之面值與其公平值相若。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
FEA Holdings Limited	Cayman Islands/ Hong Kong 開曼群島/香港	US\$18,880,000 18,880,000美元	100	–	Investment holding 投資控股
Far East Aluminium (Asia) Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100美元	–	100	Investment holding 投資控股
Far East Aluminium (B.V.I.) Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$6,000 6,000美元	–	100	Investment holding 投資控股
FEA Engineering Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$100 100美元	–	100	Investment holding 投資控股
FEA Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	–	100	Investment holding 投資控股
Polyson Investment Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$1 1美元	100	–	Investment holding 投資控股
CATIC Navigation Technology Limited	British Virgin Islands/ Hong Kong 英屬處女群島/香港	US\$2 2美元	100	–	Investment holding 投資控股

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財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Far East Aluminium Works Company Limited ("Far East Aluminium") 遠東鋁質工程有限公司 (「遠東鋁質」)	Hong Kong 香港	HK\$90,500,000 90,500,000港元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝玻璃 幕牆、鋁窗及其他 相關產品
Seniford Engineering Limited 先利富工程有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝玻璃 幕牆、鋁窗及其他 相關產品
Far East Aluminium Works (Singapore) Pte. Ltd.	Singapore 新加坡	SGD50,000 50,000坡元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝玻璃 幕牆、鋁窗及其他 相關產品

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財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES
(continued)

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Netfortune Engineering (FEA) Macau Limited	Macau 澳門	MOP25,000 25,000元葡幣	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other other related products 設計、製造及安裝 玻璃幕牆、鋁窗 及其他相關產品
Heng Fai International Ltd.	British Virgin Islands/ Mainland China 英屬處女群島/國內	HK\$1,000 1,000港元	-	100	Manufacture of curtain walls, aluminium windows and other related products 製造玻璃幕牆、鋁窗及 其他相關產品
Netfortune Limited 力進有限公司	Hong Kong/ Mainland China 香港/國內	HK\$500,000 500,000港元	-	100	Installation of curtain walls and aluminium windows 安裝玻璃幕牆及鋁窗
Netfortune (Shanghai) Aluminium Works Company Limited** 上海力進鋁質工程 有限公司**	PRC/ Mainland China 中國/國內	RMB10,000,000 10,000,000元 人民幣	-	96.25	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝 玻璃幕牆、鋁窗 及其他相關產品

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

17. INTERESTS IN SUBSIDIARIES (continued)

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

Name 名稱	Place of incorporation/ registration and operations 註冊成立/ 註冊及營業地點	Nominal value of issued and fully paid-up ordinary/ registered share capital 已發行及繳足 普通股本/註冊 股本之面值	Percentage of equity attributable to the Company 本公司應佔股本 權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Hangzhou Sealand*** 杭州海聯***	PRC/Mainland China 中國/國內	RMB68,000,000 68,000,000元 人民幣	-	70	Generation and sale of electric and steam power 生產及銷售電力及蒸汽
Far East Aluminum Works (U.S.) Corporation#	United States of America 美國	US\$200,000 200,000美元	-	100	Design, manufacture and installation of curtain walls, aluminium windows and other related products 設計、製造及安裝玻璃 幕牆、鋁窗及其他 相關產品
*	CATIC Helicopter Development (Shenzhen) Limited is registered as a wholly-foreign-owned enterprise under the PRC law.		*	中航技直升機技術服務(深圳)有限公司根據中國法例註冊為全外資企業。	
**	Netfortune (Shanghai) Aluminium Works Company Limited is registered as a co-operative joint venture under the PRC law.		**	上海力進鋁質工程有限公司根據中國法例註冊為合資經營企業。	
***	Hangzhou Sealand is registered as a foreign investment enterprise under the PRC law.		***	杭州海聯根據中國法例註冊為外資企業。	
#	These companies were formed during the year.		#	此等公司於年內成立。	

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

17. 附屬公司權益 (續)

於結算日之主要附屬公司詳情如下：(續)

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

18. INTERESTS IN ASSOCIATES

18. 聯營公司權益

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Share of net assets	分佔資產淨值	110,692,346	32,563,423
Goodwill on acquisition	收購商譽	2,936,264	2,936,264
		113,628,610	35,499,687

Particulars of the associates are as follows:

聯營公司詳情如下：

Name 名稱	Particulars of issued shares/ registered share capital 已發行股本/ 註冊資本	Place of incorporation/ registration 註冊成立/ 註冊地點	Percentage of equity interest attributable to the Group 本集團應佔股本 權益百分比		Principal activities 主要業務
			2005 二零零五年	2004 二零零四年	
China Nav-Info* 北京四維*	Registered share capital of RMB63,400,000 註冊資本 63,400,000元 人民幣	PRC/Mainland China 中國/國內	28.71	28.71	Manufacture of location-based navigation products and provision of related services 生產定位導航產品及 提供相關服務
CATIC Siwei* 四維遙感*	Registered share capital of RMB56,758,150 註冊資本 56,758,150元 人民幣	PRC/Mainland China 中國/國內	40	40	Provision of aero-photographic services 提供航空攝影服務
Sino Gas* 中油潔能*	Ordinary shares of HK\$0.02 each 普通股每股 0.02港元	Hong Kong 香港	26.42	-	Trading of conversion parts and gas station equipment and the operation of natural gas stations 買賣轉換零件及 加油站設備及 經營天然氣加油站

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

* 並非由安永香港或其他安永國際之成員審核。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

18. INTERESTS IN ASSOCIATES (continued)

In December 2004, Billirich, a wholly-owned subsidiary of the Group, entered into separate agreements with two independent third parties to acquire for a total of 885,000,000 ordinary shares of Sino Gas (formerly known as Millennium), representing an aggregate of approximately 26.42% of the then issued share capital of Sino Gas, for an aggregate cash consideration of HK\$30,975,000 (note 38). The acquisition was completed in January 2005 and the investment in Sino Gas has been accounted for as an associate of the Group thereafter.

In August 2005, the Group subscribed for an additional 1,770,000,000 ordinary shares of Sino Gas for a cash consideration of HK\$35,400,000 and the Group's equity interest in Sino Gas remained at 26.42% after the said subscription.

The total consideration paid by the Group for the above acquisitions together with the direct professional fee amounted to HK\$67,678,604 and the related excess over cost of acquisition of this associate of HK\$6,069,856 was recognised as income in the consolidated income statement during the year accordingly.

The following table illustrates the summarised financial information of the Group's associates:

18. 聯營公司權益 (續)

於二零零四年十二月，本集團一家全資附屬公司Billirich與二名獨立第三者訂立各自之協議，以現金總代價30,975,000港元(附註38)從其收購合共885,000,000股中油潔能(前為「豐泰」)之股份，佔中油潔能已發行股本合共約26.42%。該收購已於二零零五年一月完成，而中油潔能之投資乃作為本集團之聯營公司。

於二零零五年八月，本集團額外認購1,770,000,000股中油潔能普通股，現金代價為35,400,000港元。交易以上認購後，本集團於中油潔能之股本權益維持於26.42%。

本集團就以上收購之總代價連同直接專業費用為67,678,604港元，超越收購聯營公司成本之部份為6,069,856港元，因此於年內在綜合利潤表確認為收入。

下表列出本集團聯營公司之財務資料概要：

		China Nav-Info 北京四維		CATIC Siwei 四維遙感		Sino Gas 中油潔能	
		2005	2004	2005	2004	2005	2004
		二零零五年	二零零四年	二零零五年	二零零四年	二零零五年	二零零四年
		HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
		港元	港元	港元	港元	港元	港元
Assets	資產	81,198,484	60,336,902	72,052,950	81,611,150	479,956,000	-
Liabilities	負債	(19,029,662)	(6,261,114)	(14,123,819)	(17,452,763)	147,635,000	-
Revenue	收益	84,098,650	25,048,528	21,661,175	31,739,431	119,688,000	-
Profit/(loss)	溢利/(虧損)	7,561,957	(4,148,439)	1,042,801	(3,220,097)	13,184,000	-

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

19. FINANCIAL ASSET UNDER PROJECT EC120

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

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

As the investment represents a contractual right to receive cash in the future from another enterprise, the investment has been classified as a non-current available-for-sale financial asset and stated at fair value, by using discounted cash flow analysis.

During the year, having considered the future cash flow and profit forecasts of Project EC120, the directors made a provision for impairment of HK\$3,000,000 (2004: HK\$4,000,000) which was charged to the income statement in the current year.

19. 項目EC120之財務資產

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

中航技總公司來自項目EC120之淨收入，限於中航技總公司自其在項目EC120權益所產生之應佔以下項目之收入(減所有開支)：(i)銷售及生產直升機零部件，及中航技總公司自全球銷售直升機之應計溢利；(ii)收回中航技總公司應計之非經常成本；(iii)就中航技總公司於中國國內銷售直升機之中航技總公司應計佣金收入；及(iv)中航技總公司於項目EC120營運之應計管理收入。

由於該項投資指日後從另一家企業收取現金之合約權利，故此該投資已分類為非流動可供出售的財務資產，並且按採用折現現金流量分析得出之公平值列賬。

年內，經考慮項目EC120之未來現金流量及溢利預測後，董事已就於年內自利潤表扣除之減值3,000,000港元(二零零四年：4,000,000港元)作出撥備。

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財務報表附註 二零零五年十二月三十一日

19. FINANCIAL ASSET UNDER PROJECT EC120 (continued)

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

19. 項目EC120之財務資產 (續)

原值減財務資產累積減值虧損之分析如下：

		Group
		本集團
		<i>HK\$</i>
		港元
Cost:	原值：	
At 1 January 2005 and 31 December 2005	於二零零五年一月一日及 二零零五年十二月三十一日	39,759,462
Accumulated impairment:	累積減值：	
At 1 January 2005	於二零零五年一月一日	6,000,000
Impairment during the year	年內減值	3,000,000
At 31 December 2005	於二零零五年十二月三十一日	9,000,000
Fair value:	公平值：	
At 31 December 2005	於二零零五年十二月三十一日	30,759,462
At 31 December 2004	於二零零四年十二月三十一日	33,759,462

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財務報表附註 二零零五年十二月三十一日

20. AVAILABLE-FOR-SALE INVESTMENTS/
LONG TERM INVESTMENTS20. 可供出售的投資／長期
投資

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
		Notes 附註	
<i>Available-for-sale investments/ long term investments</i>	可供出售的投資／ 長期投資		
Unlisted investments, at fair value:	非上市投資， 按公平值：		
Club debentures	會所債券	960,000	960,000
Guaranteed funds and certificates of deposits	保本基金及存款證	9,106,600	16,820,478
		(i)	
FEA Design & Engineering N.V. ("FEA Design")	FEA Design & Engineering N.V. ("FEA Design")	(ii)	-
Pimpernel Resources Limited ("Pimpernel")	Pimpernel Resources Limited ("Pimpernel")	(ii)	-
			10,066,600
			17,780,478
<i>Available-for-sale investments</i>	可供出售的投資		
Unlisted investments, at fair value:	非上市投資， 按公平值：		
Guaranteed funds and certificates of deposits	保本基金及 存款證	11,702,100	-
		(i)	

Notes:

- (i) Certain of the Group's guaranteed funds and certificates of deposits amounting to HK\$20,808,700 (2004: HK\$14,818,100) have been pledged to banks to secure certain banking facilities granted to the Group (note 31(a)(iii)).
- (ii) The Group holds a 20% equity interest in FEA Design and a 23.5% equity interest in Pimpernel. As the Group does not exercise any influence over the operations of FEA Design or Pimpernel and has no obligation to continue financing these entities' operations, these interests have been classified under long term investments. Full provision was made against the investment costs in the prior year.

附註：

- (i) 本集團若干合共價值20,808,700港元(二零零四年：14,818,100港元)之保本基金及存款證已抵押予銀行，作為本集團獲授若干銀行融資之抵押(附註31(a)(iii))。
- (ii) 本集團持有FEA Design 20%股權，亦持有Pimpernel 23.5%股權。由於本集團並無對FEA Design或Pimpernel之營運行使任何影響力，及無責任須為其營運提供融資，因此該等權益已列入長期投資項目。往年度已就該等投資成本作出全數撥備。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

20. AVAILABLE-FOR-SALE INVESTMENTS/ LONG TERM INVESTMENTS (continued)

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets on 1 January 2005 and have no fixed maturity date or coupon rate.

The fair values of unlisted available-for-sale equity investments have been estimated using a valuation technique based on assumptions that are not supported by observable market prices or rates. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated balance sheet are reasonable, and that they are the most appropriate values at the balance sheet date.

21. DEFERRED TAX

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

Deferred tax assets

		可用作抵銷未來 應課稅溢利之虧損	Others 其他	Total 合計
		HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2005	於二零零五年一月一日	6,410,862	495,527	6,906,389
Deferred tax charged to the income statement during the year*	年內在利潤表扣除之 遞延稅項*	(2,300,000)	-	(2,300,000)
Gross deferred tax assets at 31 December 2005	於二零零五年十二月三十一日 之遞延稅項資產總額	4,110,862	495,527	4,606,389

20. 可供出售的投資／長期 投資 (續)

以上投資包括股本證券的投資，於二零零五年一月一日已指定為可供出售的投資。該等投資並無固定到期日或票息率。

非上市可供出售的投資之公平值乃利用估價技術基於假設估計出來，而該等假設並無已發表之市場價格可供支持。董事相信由該估價技術所計算出之估計公平值(記錄於綜合資產負債表)是合理的，並且是結算日當天最適合之價值。

21. 遞延稅項

本集團遞延稅項資產與負債於年內之變動如下：

遞延稅項資產

Group – 2005

本集團 – 二零零五年

Losses available for offset against future taxable profit	Others	Total
可用作抵銷未來 應課稅溢利之虧損	其他	合計
HK\$ 港元	HK\$ 港元	HK\$ 港元

At 1 January 2005	於二零零五年一月一日	6,410,862	495,527	6,906,389
Deferred tax charged to the income statement during the year*	年內在利潤表扣除之 遞延稅項*	(2,300,000)	-	(2,300,000)
Gross deferred tax assets at 31 December 2005	於二零零五年十二月三十一日 之遞延稅項資產總額	4,110,862	495,527	4,606,389

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

21. DEFERRED TAX (continued)

Deferred tax liabilities

		21. 遞延稅項 (續)		
		遞延稅項負債		
		Group – 2005		
		本集團 – 二零零五年		
		Revaluation of property, plant and equipment		
		重估物業、 廠房和設備	Others 其他	Total 合計
		HK\$	HK\$	HK\$
		港元	港元	港元
At 1 January 2005	於二零零五年一月一日	5,905,032	(311,322)	5,593,710
Deferred tax charged to the income statement during the year*	年內在利潤表扣除之 遞延稅項*	496,342	–	496,342
Exchange realignment	匯兌調整	–	(5,987)	(5,987)
Gross deferred tax liabilities at 31 December 2005	於二零零五年十二月三十一日 之遞延稅項負債總額	6,401,374	(317,309)	6,084,065
Net deferred tax liabilities		遞延稅項負債淨額		
		Group 本集團 HK\$ 港元		
At 31 December 2005	於二零零五年十二月三十一日	1,477,676		

* Total deferred tax charged to the income statement during the year ended 31 December 2005 was HK\$2,796,342 (note 10).

* 截至二零零五年十二月三十一日止年度在利潤表扣除之遞延稅項總額為2,796,342港元(附註10)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

21. DEFERRED TAX (continued)

Deferred tax assets

		遞延稅項資產		
		Group – 2004 本集團 – 二零零四年		
		Losses available for offset against future taxable profit		
		可用作抵銷未來 應課稅溢利之虧損	Others 其他	Total 合計
		HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2004	於二零零四年一月一日	8,614,500	591,889	9,206,389
Deferred tax charged to the income statement during the year*	年內在利潤表扣除之 遞延稅項*	(2,203,638)	(96,362)	(2,300,000)
Gross deferred tax assets at 31 December 2004	於二零零四年十二月三十一日 之遞延稅項資產總額	6,410,862	495,527	6,906,389

Deferred tax liabilities

		遞延稅項負債		
		Group – 2004 本集團 – 二零零四年		
		Revaluation of property, plant and equipment		
		重估物業、 廠房和設備	Others 其他	Total 合計
		HK\$ 港元	HK\$ 港元	HK\$ 港元
At 1 January 2004	於二零零四年一月一日	6,840,957	(311,322)	6,529,635
Deferred tax credited to the income statement during the year*	年內在利潤表入賬之 遞延稅項*	(935,925)	–	(935,925)
Gross deferred tax liabilities at 31 December 2004	於二零零四年十二月三十一日 之遞延稅項負債總額	5,905,032	(311,322)	5,593,710

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

21. DEFERRED TAX (continued)

Net deferred tax assets

At 31 December 2004

於二零零四年十二月三十一日

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

At 31 December 2005, the Group had tax losses arising in Hong Kong of HK\$23,491,000 (2004: HK\$36,633,000) that are available indefinitely for offsetting against future taxable profits of a subsidiary in which the losses arose. As the Group expects that the subsidiary will have sufficient taxable profits generated in the future to utilise these tax losses, a deferred tax asset has been created. In addition, a deferred tax liability arising from taxable temporary difference from assets carried at fair value revalued at the balance sheet date has also been recognised.

At 31 December 2005, the Group also had tax losses arising in Hong Kong of HK\$12,486,000 (2004: HK\$15,456,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

At 31 December 2005, there was no significant unrecognised deferred tax liability (2004: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associates as the Group has no liability to additional tax should such amounts be remitted.

21. 遞延稅項 (續)

遞延稅項資產淨額

Group
本集團
HK\$
港元

1,312,679

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

於二零零五年十二月三十一日，本集團在香港產生之稅項虧損為23,491,000港元(二零零四年：36,633,000港元)，可用作抵銷出現虧損之一家附屬公司之未來應課稅溢利。由於本集團預期該附屬公司在日後將有足夠應課稅溢利動用該等稅項虧損，故此遞延稅項資產因應而產生。此外，於結算日重估以賬面值入賬之資產之應課稅暫時差額亦確認入賬。

於二零零五年十二月三十一日，本集團在香港產生之稅項虧損為12,486,000港元(二零零四年：15,456,000港元)，可用作抵銷出現虧損公司之未來應課稅溢利。由於該等虧損來自長時期出現虧損之附屬公司，故此並無確認遞延稅項資產。

於二零零五年十二月三十一日，並無就本集團若干附屬公司或聯營公司之未匯出盈利而應付之稅項有重大未確認遞延稅項負債(二零零四年：無)，此乃由於本集團在匯出有關金額時並無任何額外稅項負債。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

21. DEFERRED TAX (continued)

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

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

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

The amount relates to a payment of US\$5,000,000 (equivalent to approximately HK\$39,000,000) (the "Prepayment") made by the Company and the Group to a third party pursuant to an agreement for the exclusive distributorship of 20 helicopter engines to be produced and sold until 31 December 2006.

Pursuant to the agreement, a discount of US\$300,000 will be made by the third party to the Group for each of the first 20 helicopter engines sold by the Group such that the Group will at least recover a total of US\$6,000,000 from the third party for sale under the exclusive distributorship. Besides, the third party also agreed that the average annualised return to the Group on the Prepayment shall not be less than 8% per annum or effectively US\$1,200,000 in aggregate for the three years ending 31 December 2006. An amount of US\$400,000 (equivalent to approximately HK\$3,119,995) (2004: US\$400,000 (equivalent to approximately HK\$3,120,000)) (note 5), which represents the minimum return of 8% per annum on the Prepayment for the year, was recorded as other income for the year pursuant to the agreement. The receivable in respect of exclusive distributorship of certain helicopters engines of HK\$38,219,995 as at 31 December 2005 (2004: HK\$42,120,000) represented the Prepayment of HK\$39,000,000 and accumulated accrued income of HK\$6,239,995 (2004: HK\$3,120,000), less cash receipts during the year of HK\$7,020,000 (2004: Nil) received from CATIC who was designated by the third party to receive on behalf of the Company.

21. 遞延稅項 (續)

於結算日，本公司並無未就遞延稅項資產／負債撥備之任何重大暫時差額。

本公司向股東派發股息並無附帶任何利得稅後果。

22. 獨家分銷權預付款項及相關之應收款項

此金額乃關於本公司及本集團根據有關20台於二零零六年十二月三十一日前生產及出售之直升機引擎之獨家分銷權之協議而支付予一獨立第三者之款項5,000,000美元(約相等於39,000,000港元)(「已付款項」)。

根據該協議，該第三者同意就本集團出售之第一批20台直升機引擎提供每台300,000美元之折扣給予本集團，據此，本集團根據獨家分銷權進行之銷售將可從該第三者至少收回合共6,000,000美元。此外，該第三者亦同意，本集團在截至二零零六年十二月三十一日止三年按已付款項之基礎計算平均每年回報應不少於年利率八厘，或三年合共總金額1,200,000美元。根據該協議，年內按已付款項年利率八厘計算之最少回報400,000美元(約相等於3,119,995港元(二零零四年：400,000美元(約相等於3,120,000港元)) (附註5)之款項已計入該年度其他收入中。於二零零五年十二月三十一日有關若干直升機引擎之獨家分銷權之應收款項為38,219,995港元(二零零四年：42,120,000港元)，乃已付款項39,000,000港元及累積應計收入6,239,995港元(二零零四年：3,120,000港元)，減年內由中航技總公司(該第三者指定其代本公司收款)收取現金7,020,000港元(二零零四年：無)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

23. DEPOSIT PAID FOR A LAND USE RIGHT

As at 31 December 2004, a deposit was paid by Hangzhou Sealand for the purchase of a land use right in the Mainland China. The related land use right, which has a lease term of 42 years, had been used for the construction of a generation plant during the year and accordingly, was reclassified to prepaid land premium (note 15) as at 31 December 2005.

24. INVENTORIES**23. 土地使用權之已付定金**

於二零零四年十二月三十一日，杭州海聯因購入一項在中國內地之土地使用權而支付一筆定金。該有關之土地使用權之租賃期為42年，年內已用於建造發電廠，因此，於二零零五年十二月三十一日重新分類為預付土地款（附註15）。

24. 存貨

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Raw materials	原料	11,604,022	6,527,615
Sub-materials	副原料	1,619,070	1,620,252
		13,223,092	8,147,867
Less: Provision for obsolescence	減：陳舊撥備	(1,617,727)	(1,617,727)
		11,605,365	6,530,140

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

25. AMOUNTS DUE FROM/(TO)
CONTRACT CUSTOMERS25. 合約客戶欠款／(欠合約
客戶款項)

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Gross amounts due from contract customers	合約客戶欠款總額	72,904,015	27,587,875
Gross amounts due to contract customers	欠合約客戶款項總額	(103,165,723)	(126,757,579)
		(30,261,708)	(99,169,704)
Contract costs incurred to date on long term construction contracts plus attributable profits, less foreseeable losses	長期建築合約至今已發生之支出加應佔溢利減可預見之虧損	2,753,915,461	2,632,551,593
Less: Progress payments received and receivable	減：已收及應收進度款	(2,784,177,169)	(2,731,721,297)
		(30,261,708)	(99,169,704)

26. ACCOUNTS AND RETENTIONS
RECEIVABLE

26. 應收賬款及保固金

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Accounts receivable	應收賬款	140,270,687	80,107,626
Retentions receivable	應收保固金	90,461,111	100,004,849
		230,731,798	180,112,475
Less: Provision for doubtful debts	減：呆賬撥備	(17,929,588)	(16,343,495)
		212,802,210	163,768,980

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

26. ACCOUNTS AND RETENTIONS RECEIVABLE (continued)

An aged analysis of accounts receivable as at the balance sheet date, based on invoice date, is as follows:

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Current	即期	112,643,036	70,483,661
31-60 days	31-60日	21,522,318	5,195,055
61-90 days	61-90日	1,277,929	27,991
Over 90 days	90日以上	4,827,404	4,400,919
		140,270,687	80,107,626
Less: Provision for doubtful debts	減：呆賬撥備	(3,983,507)	(4,305,506)
		136,287,180	75,802,120

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

26. 應收賬款及保固金 (續)

於結算日，應收賬款按發票日期之賬齡分析如下：

		Group 本集團	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Current	即期	112,643,036	70,483,661
31-60 days	31-60日	21,522,318	5,195,055
61-90 days	61-90日	1,277,929	27,991
Over 90 days	90日以上	4,827,404	4,400,919
		140,270,687	80,107,626
Less: Provision for doubtful debts	減：呆賬撥備	(3,983,507)	(4,305,506)
		136,287,180	75,802,120

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

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

26. ACCOUNTS AND RETENTIONS RECEIVABLE *(continued)*

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

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

Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's accounts receivable relate to a large number of diversified customers, there is no significant concentration of credit risk. Accounts receivable are non-interest-bearing.

26. 應收賬款及保固金 (續)

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

銷售電力及蒸汽之應收款項之信貸期一般為60日。

每位客戶均設有最大信貸限額。本集團務求對未清還之應收款項維持嚴格監管，並擁有一信貸監管部門，把信貸風險降至最低。高級管理層定期檢討逾期結餘。鑒於以上所述及本集團之應收賬款乃來自大量分散之客戶的事實，因此並無重大信貸集中風險。應收賬款並無計算利息。

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財務報表附註 二零零五年十二月三十一日

27. CASH AND CASH EQUIVALENTS
AND PLEDGED DEPOSITS27. 現金及現金等值與已抵
押存款

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Time deposits	定期存款	97,440,091	128,043,054	-	-
Less: Pledged long term time deposits (note 31(a)(iv))	減：已抵押長期定期存款 (附註31(a)(iv))	(10,000,000)	(10,000,000)	-	-
Pledged short term time deposits (note 31(a)(iv))	已抵押短期定期存款 (附註31(a)(iv))	(44,811,621)	(51,026,000)	-	-
		42,628,470	67,017,054	-	-
Cash and bank balances	現金及銀行結存	42,638,314	76,997,520	5,202,494	28,790,228
Cash and cash equivalents	現金及現金等值	85,266,784	144,014,574	5,202,494	28,790,228

At the balance sheet date, the cash and bank balances and the time deposits of the Group denominated in Renminbi ("RMB") amounted to HK\$69,989,668 (2004: HK\$82,084,678). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirement of the Group, and earn interest at the respective short term time deposit rates. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

於結算日，本集團以人民幣結算之現金及銀行結餘為69,989,668港元（二零零四年：82,084,678港元）。人民幣不可自由轉換為其他貨幣，然而根據中國內地之外匯管理條例及結匯、售匯及付匯管理規定，本集團可透過獲授權進行外幣兌換之銀行將人民幣兌換為其他貨幣。

銀行存款按根據每日銀行存款利率計算的浮動利率計息。視乎本集團的即時現金需求，存作介乎一日至三個月等不同期間的短期定期存款，並按有關短期定期存款利率計息。現金及現金等值以及已抵押存款的賬面值與其公平值相若。

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財務報表附註 二零零五年十二月三十一日

28. ACCOUNTS AND BILLS PAYABLE

An aged analysis of accounts and bills payable, as at the balance sheet date, based on the invoice date, is as follows:

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Current	即期	94,738,570	51,882,761
31-60 days	31-60日	1,028,196	3,063,928
61-90 days	61-90日	198,465	114,600
Over 90 days	90日以上	2,481,959	2,308,119
		98,447,190	57,369,408

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

該些貿易應付款項乃不計息，並一般按90日期限清還。

29. WARRANTY PROVISION

At beginning of year	年初	12,368,283
Provision for the year (note 6)	本年度撥備 (附註6)	435,200
Amount utilised during the year	年內動用之金額	(2,573,359)
At 31 December 2005	於二零零五年 十二月三十一日	10,230,124

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

28. 應付賬款及票據

於結算日，應付賬款及票據按發票日期之賬齡分析如下：

29. 保證撥備

Group
本集團
HK\$
港元

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

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30. OTHER PAYABLES AND ACCRUALS

Other payables are non-interest-bearing and have an average term of three months.

30. 其他應付款項及應計費用

其他應付款項乃不計息，平均期限為三個月。

31. INTEREST-BEARING BANK BORROWINGS

31. 計息銀行貸款

	Effective interest rate 實質利率 %	Maturity 到期日	Group 本集團		Company 本公司	
			2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Import loans – secured 進口貸款 – 有抵押	Prime-0.5 最優惠利率-0.5	Within one year or on demand 一年內或於要求時	37,784,356	5,979,834	-	-
Bank loans – secured 銀行貸款 – 有抵押	6.24	Within one year or on demand 一年內或於要求時	118,557,692	70,754,717	35,000,000	-
			156,342,048	76,734,551	35,000,000	-

(a) The Group's banking facilities are secured by:

- (i) pledges of certain of the Group's land and buildings with an aggregate net book value of approximately HK\$32,825,835 (2004: HK\$20,236,045) (note 14);
- (ii) pledges of certain of the Group's generation plant and related structure with an aggregate net book value of HK\$7,595,569 (2004: HK\$7,456,181) (note 14);

(a) 本集團之銀行信貸乃以下列各項作為擔保：

- (i) 抵押本集團賬面淨值總額約32,825,835港元(二零零四年：20,236,045港元)之若干土地及樓宇(附註14)；
- (ii) 抵押本集團賬面淨值總額7,595,569港元(二零零四年：7,456,181港元)之若干發電廠房及有關設施(附註14)；

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財務報表附註 二零零五年十二月三十一日

31. INTEREST-BEARING BANK BORROWINGS *(continued)*

- (iii) pledges of certain of the Group's available-for-sale investments amounting to HK\$20,808,700 (2004: HK\$14,818,100) *(note 20(i))*;
- (iv) pledges of certain of the Group's long term and short term time deposits amounting to HK\$10,000,000 (2004: HK\$10,000,000) and HK\$44,811,621 (2004: HK\$51,026,000) *(note 27)*, respectively;
- (v) pledges of the Group's investment property with carrying value of HK\$14,900,000 (2004: Nil) *(note 13)*;
- (vi) corporate guarantees amounting to an aggregate of HK\$185,000,000 (2004: HK\$196,000,000) executed by the Company *(note 39)*; and

31. 計息銀行貸款 (續)

- (iii) 抵押本集團為數20,808,700港元(二零零四年: 14,818,100港元)之若干可供出售的投資(附註20(i)) ;
- (iv) 抵押本集團為數分別10,000,000港元(二零零四年: 10,000,000港元)及44,811,621港元(二零零四年: 51,026,000港元)之若干長期及短期定期存款(附註27) ;
- (v) 抵押本集團賬面值14,900,000港元(二零零四年: 無)之投資物業(附註13) ;
- (vi) 本公司出具合共185,000,000港元(二零零四年: 196,000,000港元)之公司擔保(附註39) ; 及

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財務報表附註 二零零五年十二月三十一日

31. INTEREST-BEARING BANK BORROWINGS (continued)

(vii) the Group's short term bank loans of RMB76,500,000 (equivalent to approximately HK\$73,557,692) were guaranteed by 浙江寶泉實業有限公司，杭州奧坦斯布藝有限公司，杭州崇鋼集團有限公司，杭州恒生印染有限公司，海寧市寶峰熱電有限公司，浙江省華通絨毛製品有限公司 and 浙江華隆服裝印染有限公司, independent third parties (2004: short term bank loans of RMB52,000,000 (equivalent to approximately HK\$49,056,604) were guaranteed by 杭州康博石油有限公司，杭州佳埔貿易有限公司，杭州遠東房地產開發有限公司，浙江寶泉實業有限公司 and 杭州恒生印染有限公司, independent third parties).

(b) Except for the secured bank loan of RMB76,500,000 (equivalent to HK\$73,557,692) which is denominated in RMB, all other bank borrowings are in Hong Kong dollars.

31. 計息銀行貸款 (續)

(vii) 本集團之短期銀行貸款 76,500,000 元人民幣 (約相等於 73,557,692 港元) 由獨立第三者浙江寶泉實業有限公司、杭州奧坦斯布藝有限公司、杭州崇鋼集團有限公司、杭州恒生印染有限公司、海寧市寶峰熱電有限公司、浙江省華通絨毛製品有限公司及浙江華隆服裝印染有限公司提供擔保 (二零零四年：短期銀行貸款 52,000,000 元人民幣 (約相等於 49,056,604 港元) 由獨立第三者杭州康博石油有限公司、杭州佳埔貿易有限公司、杭州遠東房地產開發有限公司、浙江寶泉實業有限公司及杭州恒生印染有限公司提供擔保)。

(b) 除了有抵押銀行貸款 76,500,000 元人民幣 (相等於 73,557,692 港元) 以人民幣結算外，其餘之貸款均以港元結算。

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財務報表附註 二零零五年十二月三十一日

31. INTEREST-BEARING BANK BORROWINGS (continued)

Other interest rate information:

31. 計息銀行貸款 (續)

其他利率資料：

	Group 本集團			
	2005 二零零五年		2004 二零零四年	
	Fixed rate 固定利率	Floating rate 浮動利率	Fixed rate 固定利率	Floating rate 浮動利率
	HK\$	HK\$	HK\$	HK\$
	港元	港元	港元	港元
Import loans – secured 進口貸款 – 有抵押	–	37,784,356	–	5,979,834
Bank loans – secured 銀行貸款 – 有抵押	73,557,692	45,000,000	70,754,717	–

	Company 本公司			
	2005 二零零五年		2004 二零零四年	
	Fixed rate 固定利率	Floating rate 浮動利率	Fixed rate 固定利率	Floating rate 浮動利率
	HK\$	HK\$	HK\$	HK\$
	港元	港元	港元	港元
Bank loans – secured 銀行貸款 – 有抵押	–	35,000,000	–	–

The carrying amounts of the Group's and the Company's current borrowings approximate their fair values.

本集團及本公司現時之貸款之賬面值與其公平值相若。

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財務報表附註 二零零五年十二月三十一日

32. FINANCE LEASE PAYABLES

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

At 31 December 2005, the total future minimum lease payments under the finance lease and their present values were as follows:

Group		Minimum lease payments 最低租金 2005 二零零五年 HK\$ 港元	Minimum lease payments 最低租金 2004 二零零四年 HK\$ 港元	Present value of minimum lease payments 最低租金之現值 2005 二零零五年 HK\$ 港元	Present value of minimum lease payments 最低租金之現值 2004 二零零四年 HK\$ 港元
Amounts payable:	應付款項：				
Within one year	一年內	233,808	233,808	208,857	196,090
In the second year	第二年	233,808	233,808	222,456	208,857
In the third to fifth years, inclusive	第三至五年，包括首尾兩年	58,452	292,260	57,841	280,297
Total minimum finance lease payments	最低融資租賃付款總額	526,068	759,876	489,154	685,244
Future finance charges	未來財務開支	(36,914)	(74,632)		
Total net finance lease payables	淨融資租賃應付款項之總額	489,154	685,244		
Portion classified as current liabilities	列作流動負債之部份	(208,857)	(196,090)		
Non-current portion	非流動部份	280,297	489,154		

The Group's hire purchase arrangement bears interest at fixed rate and its carrying amount approximates to its fair value.

32. 融資租賃應付款項

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

於二零零五年十二月三十一日，根據財務租約之未來最低租金總額及現值如下：

本集團之租購合約安排乃按固定利率計息，而其賬面值與其公平值相若。

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財務報表附註 二零零五年十二月三十一日

33. SHARE CAPITAL

33. 股本

		Company 本公司	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Authorised:	法定：		
6,000,000,000 ordinary shares of HK\$0.10 each	6,000,000,000股每股 面值0.10港元之普通股	600,000,000	600,000,000
Issued and fully paid:	已發行及繳足：		
3,741,481,000 (2004: 3,741,481,000) ordinary shares of HK\$0.10 each	3,741,481,000股 (二零零四年： 3,741,481,000股) 每股 面值0.10港元之普通股	374,148,100	374,148,100

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

本公司於年內已發行股本之變動概要如下：

		Number of shares in issue 已發行股份數目	Issued share capital 已發行股本 HK\$ 港元	Share premium account 股份溢價賬 HK\$ 港元	Total 合計 HK\$ 港元
At 1 January 2004	於二零零四年 一月一日	3,720,681,000	372,068,100	1,348,500	373,416,600
Share options exercised	購股權獲行使	20,800,000	2,080,000	624,000	2,704,000
At 31 December 2004, 1 January 2005 and 31 December 2005	於二零零四年 十二月三十一日、 二零零五年 一月一日及 二零零五年 十二月三十一日	3,741,481,000	374,148,100	1,972,500	376,120,600

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33. SHARE CAPITAL (continued)

During the year ended 31 December 2004, the subscription rights attaching to options in respect of 20,800,000 shares were exercised at an exercise price of HK\$0.13 per share, resulting in the issue of 20,800,000 shares of HK\$0.10 each for a total cash consideration of HK\$2,704,000, represented by increases in issued share capital and share premium of HK\$2,080,000 and HK\$624,000, respectively.

34. SHARE OPTION SCHEMES

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

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

Major terms of the Existing Scheme include:

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

33. 股本 (續)

於截至二零零四年十二月三十一日止年度內，有關20,800,000股股份之購股權按行使價每股0.13港元之價格獲行使，導致發行20,800,000股每股面值0.10港元之股份，總現金代價2,704,000港元，使已發行股本及股份溢價分別增加2,080,000港元及624,000港元。

34. 購股權計劃

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

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

現有計劃之主要條款包括：

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

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財務報表附註 二零零五年十二月三十一日

34. SHARE OPTION SCHEMES
(continued)

3. The total number of shares which may be issued upon exercise of all options to be granted under the Existing Scheme, the 2001 Scheme and the 1991 Scheme (collectively the "Schemes") must not in aggregate exceed 10% of the share capital of the Company in issue as at the date of approval of the Existing Scheme. The Company may refresh this 10% limit at any time subject to prior approval by its shareholders in a general meeting. The overall limit on the total number of shares which may be issued upon exercise of all outstanding options and yet to be exercised under the Schemes must not exceed 30% of the issued share capital of the Company at any time. No options may be granted if this will result in such limit being exceeded. The total number of shares available for issue under the Existing Scheme is 367,573,100 (2004: 367,573,100) shares which represented 9.82% (2004: 9.82%) of the issued share capital of the Company as at the balance sheet date.
4. The total number of shares issued and to be issued upon exercise of all options (whether exercised, cancelled or outstanding) granted under the Schemes in any 12-month period immediately preceding any proposed date of grant of option to each participant must not exceed 1% of the share capital of the company in issue as at the proposed grant date.
5. Options may be exercised at any time during a period of 10 years commencing on the date falling three to six months after the date of grant.
6. A grant of an option must be accepted within 28 days from the date of grant together with a non-refundable payment of HK\$1.00.

34. 購股權計劃 (續)

3. 因行使根據現有計劃、2001計劃及1991計劃(合稱「計劃」)所授全部購股權而發行之股份總數，合共不得超過本公司於通過現有計劃當日之已發行股本10%。本公司可隨時更新該10%上限，惟須獲股東於股東大會上事先批准。因行使根據計劃所授全部尚未行使購股權而發行之股份總數整體上限，不得超過本公司任何時間已發行股本30%。倘授出購股權會導致超過有關上限，則不會授出購股權。根據現有計劃可發行之股份總數為367,573,100股(二零零四年：367,573,100股)，相等於結算日本公司已發行股本9.82%(二零零四年：9.82%)
4. 在任何建議授出購股權日期前十二個月期間因行使根據計劃所授全部購股權(不論已行使、已註銷或尚未行使)而向各參與者發行及將發行之股份總數，不得超過本公司於建議授出日期之已發行股本1%。
5. 購股權可於授出日期後三至六個月起計十年內隨時行使。
6. 購股權須於授出日期後28日內接納，並須支付不可退還款項1.00港元。

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34. SHARE OPTION SCHEMES (continued)

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

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

34. 購股權計劃 (續)

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

購股權並無賦予持有人享有股息或於股東大會上投票之權利。

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財務報表附註 二零零五年十二月三十一日

34. SHARE OPTION SCHEMES
(continued)

Notwithstanding the termination of the 1991 Scheme and the 2001 Scheme, the relevant provisions thereof remain in full force and effect to the extent necessary to give effect to the exercise of any outstanding share options granted thereunder prior to their respective terminations. Details of share options, granted under the 1991 Scheme and the 2001 Scheme prior to their respective terminations and outstanding as at 31 December 2005, were as follows:

34. 購股權計劃 (續)

儘管1991計劃及2001計劃已被終止，但於有關計劃被終止前已授出而尚未行使之購股權仍可有效按所屬計劃之規定行使。分別就1991計劃及2001計劃被終止前已授出而於二零零五年十二月三十一日尚未行使之購股權之資料如下：

Eligible person 合資格人士	Number of share options 購股權數目				Outstanding at 31 December 2005	Date of grant 授出日期	Exercise period (iii) 行使期 (iii)	Exercise price per share (iv) 每股行使價(iv) HK\$ 港元
	Outstanding at 1 January 2005 於二零零五年 一月一日尚未行使	Granted during the year 年內已授出	Exercised during the year 年內已行使	Cancelled/ lapsed during the year 年內註銷/失效	於二零零五年 十二月三十一日 尚未行使			
1991 Scheme								
1991計劃								
Directors								
董事								
Yang Chunshu (resigned as director during the year) 楊春澍 (已於年內辭任董事一職)	8,160,000	-	-	(i) (8,160,000)	-	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日 至二零零五年 七月二十七日	0.17
Yu Li (resigned as director during the year) 于莉 (已於年內辭任董事一職)	5,400,000	-	-	(i) (5,400,000)	-	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日 至二零零五年 七月二十七日	0.17
	13,560,000	-	-	(13,560,000)	-			
Other employees 其他僱員	912,000	-	-	(ii) (912,000)	-	28/1/2000 二零零零年 一月二十八日	28/7/2000 to 27/7/2005 二零零零年 七月二十八日 至二零零五年 七月二十七日	0.17
	14,472,000	-	-	(14,472,000)	-			

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財務報表附註 二零零五年十二月三十一日

34. SHARE OPTION SCHEMES
(continued)

34. 購股權計劃 (續)

Eligible person 合資格人士	Number of share options 購股權數目				Outstanding at 31 December 2005 於二零零五年 十二月三十一日 尚未行使	Date of grant 授出日期	Exercise period (iii) 行使期 (iii)	Exercise price per share (iv) 每股行使價 (iv) HK\$ 港元
	Outstanding at 1 January 2005 於二零零五年 一月一日尚未行使	Granted during the year 年內已授出	Exercised during the year 年內已行使	Cancelled/ lapsed during the year 年內註銷/失效				
2001 Scheme 2001計劃								
Directors 董事								
Ji Guirong 季貴榮	20,000,000	-	-	-	20,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日 至二零零八年 八月二十四日	0.13
Yang Chunshu (resigned as director during the year) 楊春澍 (已於年內辭任董事一職)	20,000,000	-	-	(i) (20,000,000)	-	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日 至二零零八年 八月二十四日	0.13
Yu Li (resigned as director during the year) 于莉 (已於年內辭任董事一職)	20,000,000	-	-	(i) (20,000,000)	-	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日 至二零零八年 八月二十四日	0.13
	60,000,000	-	-	(40,000,000)	20,000,000			
Other employees 其他僱員	22,000,000	-	-	-	22,000,000	25/2/2003 二零零三年 二月二十五日	25/8/2003 to 24/8/2008 二零零三年 八月二十五日 至二零零八年 八月二十四日	0.13
	82,000,000	-	-	(40,000,000)	42,000,000			

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

34. SHARE OPTION SCHEMES
(continued)

- (i) Yang Chunshu and Yu Li resigned as directors of the Company during the year and accordingly their share options were cancelled.
- (ii) These share options were lapsed after 27 July 2005.
- (iii) Share options must be held for a minimum of six months before exercise. Exercise period shall not exceed a period of five years commencing on the expiry of a period of not less than six months after the date the option is accepted.
- (iv) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

At the balance sheet date, the Company had 42,000,000 share options outstanding under the Schemes. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 42,000,000 additional ordinary shares of the Company and additional share capital and share premium, before issue expenses, of HK\$4,200,000 and HK\$1,260,000, respectively.

At the date of approval these financial statements, the Company had 42,000,000 share options outstanding under the Schemes, which represented approximately 1.1% of the Company's shares in issue as at that date.

34. 購股權計劃 (續)

- (i) 楊春樹及于莉於年內辭任本公司董事，因此彼等之購股權已註銷。
- (ii) 此等購股權於二零零五年七月二十七日後已失效。
- (iii) 必須持有至少六個月方可行使購股權；行使期由購股權獲接納當日滿六個月起計不超過五年為準。
- (iv) 購股權之行使價須就供股或派發紅股或本公司股本發生其他類似變動時作出調整。

於結算日，在購股權計劃下本公司共有42,000,000股購股權尚未行使。在本公司現有股本架構下，悉數行使剩餘之購股權將導致本公司額外發行42,000,000股普通股股份，而股本及股份溢價(未計發行費用)將分別增加4,200,000港元及1,260,000港元。

於批准此等財務報表當日，在購股權計劃下本公司共有42,000,000股購股權尚未行使，約佔當日本公司已發行股份之1.1%。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 38 of the financial statements.

(b) Company

			Shares premium account 股份溢價賬 HK\$ 港元	Contributed surplus 繳入盈餘 HK\$ 港元	Retained profits 留存溢利 HK\$ 港元	Total 合計 HK\$ 港元
		Notes 附註				
At 1 January 2004	於二零零四年 一月一日		1,348,500	5,243,300	16,094,086	22,685,886
Issue of shares	發行股份	31(a)	624,000	-	-	624,000
Net loss for the year	本年度虧損淨額		-	-	(359,486)	(359,486)
At 31 December 2004 and 1 January 2005	於二零零四年 十二月三十一日 及二零零五年 一月一日		1,972,500	5,243,300	15,734,600	22,950,400
Net loss for the year	本年度虧損淨額		-	-	(6,828,069)	(6,828,069)
At 31 December 2005	於二零零五年 十二月三十一日		1,972,500	5,243,300	8,906,531	16,122,331

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

The Company's share premium account of HK\$1,972,500 as at 31 December 2005 and 2004 may be distributed in the form of fully paid bonus shares.

35. 儲備

(a) 本集團

本集團本年度及以往年度之儲備額及儲備變動載於本財務報表第38頁之綜合權益變動表內。

(b) 本公司

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

本公司於二零零五年及二零零四年十二月三十一日之股份溢價賬1,972,500港元可以繳足紅股方式分派。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**(a) Major non-cash transactions**

During the year, the Group capitalised depreciation charges amounting to HK\$4,004,234 (2004: HK\$3,284,766) (note 6) and interest expense of HK\$909,081 (2004: HK\$1,052,687) in long term construction contracts (note 7).

(b) Restricted cash and cash equivalent balances

Certain of the Group's time deposits are pledged to banks to secure banking facilities granted to the Group, as further explained in note 31(a)(iv).

Certain of the Group's cash and cash equivalent balances are not freely convertible into Hong Kong dollars (note 27).

36. 綜合現金流轉表附註**(a) 重大非現金交易**

年內，本集團將折舊開支4,004,234港元（二零零四年：3,284,766港元）（附註6）及利息開支909,081港元（二零零四年：1,052,687港元）撥入長期建築合約成本（附註7）。

(b) 有限制現金及現金等值結餘

本集團之若干定期存款已抵押予銀行，以擔保本集團獲授之銀行信貸，進一步解釋載於附註31(a)(iv)。

本集團之若干現金及現金等值結餘不可自由兌換成港元（附註27）。

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財務報表附註 二零零五年十二月三十一日

37. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group and the Company lease its investment property under operating lease arrangement with lease negotiated for a term of two years.

At 31 December 2005, the Group and the Company had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Within one year	一年內	587,760	–	587,760	–
In the second to fifth years, inclusive	第二年至第五年內， 包括首尾兩年	587,760	–	587,760	–
		1,175,520	–	1,175,520	–

37. 經營租約安排

(a) 作為出租人

本集團及本公司根據租期議定為兩年之經營租約安排出租投資物業。

於二零零五年十二月三十一日，本集團及本公司根據與租戶訂立介乎以下年期到期之不可撤銷經營租約享有日後租約最低應收租金總額載列如下：

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

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

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

At 31 December 2005, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

37. 經營租約安排 (續)**(b) 作為承租人**

本集團及本公司與業主訂立不可撤銷經營租約安排，租期介乎一至五年之間。

於二零零五年十二月三十一日，根據介乎以下年期到期之不可撤銷經營租約，本集團及本公司持有日後租約最低應付租金總額載列如下：

		Group 本集團		Company 本公司	
		2005 二零零五年	2004 二零零四年	2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元	HK\$ 港元	HK\$ 港元
Within one year	一年內	766,090	837,619	504,850	476,133
In the second to fifth years, inclusive	第二年至第五年內， 包括首尾兩年	686,798	-	-	-
		1,452,888	837,619	504,850	476,133

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

38. COMMITMENTS

In addition to the operating lease commitments in note 37(b) above, the Group had the following commitments at the balance sheet date:

38. 承擔

除上文附註37(b)之經營租約承擔外，本集團於結算日有以下承擔：

		Group 本集團	
		2005 二零零五年	2004 二零零四年
		HK\$ 港元	HK\$ 港元
Contracted, but not provided for:	已訂約但尚未撥備：		
Acquisition of plant and machinery	收購廠房及機器	14,332,692	14,663,962
Acquisition of an associate (note 18)	收購聯營公司(附註18)	-	30,975,000
		14,332,692	45,638,962
Authorised, but not contracted for:	已授權但尚未訂約：		
Establishment of a joint venture (note 42(a))	成立合營公司(附註42(a))	38,461,538	-
		52,794,230	45,638,962

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

39. CONTINGENT LIABILITIES

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

39. 或然負債

於結算日，本集團及本公司之或然負債如下：

		Group 本集團		Company 本公司	
		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元	2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Corporate guarantees for banking facilities granted to a subsidiary (note 31(a)(vi))*	就銀行給予一間附屬公司之銀行信貸作出之公司擔保 (附註31(a)(vi))*	-	-	185,000,000	196,000,000
Guarantees under performance bonds for construction contracts	建築合約之履約保證書之擔保	58,815,035	142,051,436	-	-
Guarantees for banking facilities granted to major suppliers	就銀行給予主要供應商之銀行信貸作出之擔保	44,230,769	-	-	-

* As at 31 December 2005, the banking facilities granted to the subsidiary subject to guarantees given to the banks by the Company were utilised as follows:

* 於二零零五年十二月三十一日，附屬公司因本公司所作出之擔保而獲授之銀行信貸已用於以下用途：

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Import loans	進口貸款	37,784,356	5,979,834
Guarantees under performance bonds for construction contracts	建築合約之履約保證書之擔保	58,815,035	122,232,436
		96,599,391	128,212,270

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

39. CONTINGENT LIABILITIES (continued)

The securities for the banking facilities are set out in note 31(a) to the financial statements.

The Group also has a contingent liability in respect of possible future long service payments to employees under the Hong Kong Employment Ordinance, with a maximum possible amount of HK\$493,000 (2004: HK\$715,000) as at 31 December 2005, as further explained in note 2.5 to the financial statements. The contingent liability has arisen because, at the balance sheet date, a number of current employees have achieved the required number of years of service to the Group in order to be eligible for long service payments under the Employment Ordinance if their employment is terminated under certain circumstances. A provision has not been recognised in respect of such possible payments, as it is not considered probable that the situation will result in a material future outflow of resources from the Group.

40. RELATED PARTY TRANSACTIONS

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

			2005 二零零五年	2004 二零零四年
		Notes 附註	HK\$ 港元	HK\$ 港元
Rental expenses paid to a fellow subsidiary	付予同系附屬公司之租金支出	(i)	-	(468,000)
Recovery of a receivable (note 5)	收回應收款項(附註5)	(ii)	-	8,563,370
Rental income received from a shareholder	收取股東租金收入	(iii)	550,000	-
Interest received from an associate	收取聯營公司利息收入	(iv)	62,999	-
Net income from Project EC120	來自項目EC120之淨收入	(v)	3,408,211	497,909

39. 或然負債 (續)

該等銀行信貸之擔保載列於財務報表附註31(a)。

本集團亦因按照香港僱傭條例未來可能須向僱員支付長期服務金而有或然負債，該等或然負債於二零零五年十二月三十一日之最高可能數額為493,000港元(二零零四年：715,000港元)，詳情載於財務報表附註2.5。或然負債是由於截至結算日已有不少現有僱員達到所需於本集團之服務年期，倘彼等之僱傭關係在若干情況下被終止將有資格根據僱傭條例獲發長期服務金。由於認為此種情況不大可能導致本集團未來出現重大資源流出，所以並未就該等可能須支付之款項確認撥備。

40. 關連人士交易

(a) 除財務報告另有所述之交易及結餘外，本集團於年內曾進行以下重大關連人士交易：

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

40. RELATED PARTY TRANSACTIONS (continued)

Notes:

- (i) On 5 November 2003, the Company entered into a tenancy agreement with Karlane Investment Limited ("Karlane"), a wholly-owned subsidiary of CATIC, for a term of one year commencing on 5 November 2003 at a total monthly rental of HK\$39,000 (exclusive of rates, management fees and air-conditioning charges). The premises were used as the office of the Company. No formal renewal of the tenancy agreement was made upon the expiry of the agreement on 4 November 2004 but both parties verbally agreed to extend the rental agreement to 31 December 2004. The monthly rentals paid were determined with reference to open market rentals.
- (ii) During the year ended 31 December 2004, an amount of RMB9,077,171 (equivalent to HK\$8,563,370) was received from CATIC as settlement for the receivable from 香港合聯, an ex-shareholder of Hangzhou Sealand, a 70%-owned subsidiary of the Group. Further details are set out in note 5 to the financial statements.
- (iii) During the year, the Company entered into a tenancy agreement with CATIC (H.K.), a deemed shareholder of the Company, to lease the Company's investment property to CATIC (H.K.) for a term of one year commencing on 1 January 2005 at an annual rental of HK\$550,000 (exclusive of rates, management fees and air-conditioning charges). The rental was determined with reference to open market rentals.

40. 關連人士交易 (續)

附註：

- (i) 於二零零三年十一月五日，本公司與中航技總公司之全資附屬公司嘉領投資有限公司（「嘉領」）訂立租賃協議，月租總額為39,000港元（不包括差餉、管理費及空調費），租期由二零零三年十一月五日起計，為期一年。該物業用作本公司辦公室。所付月租乃參考公開市場租金釐定。於二零零四年十一月四日協議期滿之日並無正式租約續期，但雙方口頭協定將租賃協議延期至二零零四年十二月三十一日。
- (ii) 於截至二零零四年十二月三十一日止年度內，自中航技總公司收到9,077,171元人民幣（相當於8,563,370港元），作為結付本集團佔70%股權之附屬公司杭州海聯之前股東香港合聯欠負之應收款項。詳情載於財務報表附註5。
- (iii) 年內，本公司與視為本公司股東之中航技（香港）訂立一份租賃協議，把本公司之投資物業出租予中航技（香港），租期由二零零五年一月一日起計，為期一年，一年租金為550,000港元（不包括差餉、管理費及空調費）。所收租金乃參考公開市場租金釐定。

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財務報表附註 二零零五年十二月三十一日

40. RELATED PARTY TRANSACTIONS
(continued)

Notes: (continued)

- (iv) During the year, the Company granted loans in aggregate of HK\$5,350,000 (2004: Nil) to Sino Gas. The loans bore interest at 2.5% over 3-month Hong Kong Interbank Offered Rate ("HIBOR") per annum, which was either equal to or above the costs of fund of the Company. The loans and the related interest expenses were fully settled during the year.
- (v) Balance represented net cash proceeds received or receivable from CATIC generated from Project EC120. Further details are set out in note 19 to the financial statements.
- (vi) During the year, the Group had granted a loan of RMB3,000,000 (2004: Nil) to 北京中油潔能保科技有限責任公司, a subsidiary of Sino Gas registered in the PRC. The loan was interest-free and was fully repaid during the year.

40. 關連人士交易 (續)

附註：(續)

- (iv) 年內，本公司共借5,350,000港元(二零零四年：無)給中油潔能，借款利息是根據三個月香港同業拆息(「HIBOR」)加2.5%計算，乃等於或高於本公司的資金成本。該借款及有關之利息費用已在年內收回。
- (v) 結餘乃就項目EC120從中航技總公司收到或應收之現金款項淨額。進一步詳情載於財務報表附註19。
- (vi) 年內，本集團借予中油潔能於中國註冊的附屬公司北京中油潔能保科技有限責任公司3,000,000元人民幣(二零零四年：無)。該借款並不收取任何利息及已於年內收回。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

40. RELATED PARTY TRANSACTIONS
(continued)

(b) Other related party transactions include:

On 29 March 2004, Florex, a wholly-owned subsidiary of the Company, entered into the Agreement with CATIC (H.K.), a substantial shareholder of the Company, to acquire from CATIC (H.K.) (i) its 45% Shares in CISL, an exclusive overseas agent of CATIC, the Company's ultimate holding Company, for distribution and trading of aircraft components and the provision of related services; and (ii) its 45% interest in the Loan, with an aggregate sum of HK\$50,000,000, to be advanced by CATIC (H.K.) to CISL. Pursuant to the Agreement, the aggregate consideration for the acquisition, which was limited to a maximum of HK\$100,000,000, was to be determined on the basis of a price-earning ratio of 6.7 times of 45% of the average audited net income of CISL for the two years ending 31 December 2006.

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

The Agreement was conditional upon (i) the Loan being firstly advanced by CATIC (H.K.) to CISL; and (ii) the approval by the independent shareholders of the Company at a special general meeting.

40. 關連人士交易 (續)

(b) 其他關連人士交易包括：

於二零零四年三月二十九日，本公司一家全資附屬公司Florex與本公司之主要股東中航技(香港)訂立協議，向中航技(香港)收購(i)其於CISL之45%股權，而CISL為本公司之最終控股公司中航技總公司的飛機配件分銷及貿易以及提供有關服務之獨家海外代理，及(ii)貸款之45%權益。根據協議，收購總代價為100,000,000港元或截至二零零六年十二月三十一日止兩個年度CISL平均經審核之淨溢利乘以市盈率6.7再乘以45%之積兩者之較低者。

按協議，中航技(香港)已向Florex授予一項認沽期權，據此，由交易完成日期起至完成日期五週年止期間，Florex可隨時有權自行決定將股權及貸款售回予中航技(香港)。

該協議的先決條件為(i)中航技(香港)先向CISL墊付貸款；及(ii)獨立股東須於股東特別大會上通過。

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財務報表附註 二零零五年十二月三十一日

40. RELATED PARTY TRANSACTIONS
(continued)

The Agreement was lapsed during the year and both parties were released from their respective rights and obligation under the Agreement.

- (c) Compensation of key management personnel of the Group:

		2005 二零零五年 HK\$ 港元	2004 二零零四年 HK\$ 港元
Short term employee benefits	短期僱員福利	7,820,567	8,909,033
Post-employment benefits	僱傭後福利	464,280	464,280
		8,284,847	9,373,313

The related party transactions in respect of items (a)(i) to (a)(vi) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

40. 關連人士交易 (續)

年內，買賣協議失效，雙方解除彼等於買賣協議項下之權利及義務。

- (c) 本集團關鍵管理人員的報酬：

以上項目(a)(i)至(a)(vi)之關連人士交易亦構成關連交易或持續關連交易(定義見上市規則第14A章)。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise bank loans, finance leases, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, foreign currency risk, credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Group's borrowings from banks during the year will either mature within one year or are repayable on demand and all the bank borrowings bear interest at interest rates with reference to the HIBOR or the prime rate. In view of the Group's short term bank borrowings and the fact that the prime rate in Hong Kong basically changes in line with the HIBOR, the Group's exposure to the risk of changes in market interest rates is minimal.

Foreign currency risk

The Group's foreign currency exposures primarily arising from certain sales or purchases by operating units in currencies other than the units' functional currency, which are mainly denominated in US dollars. In view of the fact that the Hong Kong dollar is pegged with the US dollar and that the Group tried to match its assets and liabilities with the same currency, the Group's exposure to foreign currency risk is minimal.

41. 財務風險管理目標及政策

本集團之主要金融工具包括銀行貨款、融資租賃、及現金及短期存款。此等金融工具之主要用途是為本集團之營運提供財源。本集團亦有各樣的其他財務資產及負債，例如應收賬款及應付賬款，乃直接由其營運而產生。

在回顧年度內，本集團的政策一直是不進行金融工具之買賣。

本集團之金融工具所產生之主要風險是現金流轉利率風險、外幣風險、信貸風險及流動性風險。董事會檢討及協議政策以管理此等風險，概述如下。

現金流轉利率風險

年內本集團由銀行取得之借貨乃於一年內到期或於要求時清還。所有銀行借貨均計息，息率乃參考HIBOR或最優惠利率而定。鑒於本集團之銀行借貨為短期，以及香港最優惠利率之變動基本上與HIBOR一致之事實，因此本集團所承受的市場利率變動之風險很低。

外匯風險

本集團之外匯風險主要產生自營運單位之若干以該單位功能貨幣以外之其他貨幣進行之銷售及採購，主要以美元結算。鑒於港元與美元掛鈎之事實以及本集團致力把相同貨幣之資產及負債配合，因此本集團所承受的外匯風險很低。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*(continued)***Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and available-for-sale financial assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and finance leases. The Group's policy is to minimise borrowings.

41. 財務風險管理目標及政策 (續)**信貸風險**

本集團只與認識及信譽良好之第三者進行交易。本集團之政策是所有有意進行信貸交易之客戶均需通過信貸驗證措施。再者，本集團持續監察應收款項之結餘，因此壞賬之風險並不重大。

本集團其他財務資產(包括現金及現金等值及可供出售的財務資產)之信貸風險，乃由對手方未能履行承諾而產生，有關風險以該些工具之賬面值為限。

由於本集團只與認識及信譽良好之第三者進行交易，因此並無收取抵押品之需要。

流動性風險

本集團的目標乃是透過利用銀行貸款及融資租賃而就資金來源的持續性和彈性取得平衡。本集團的政策是把借貸減至最低。

Notes to Financial Statements 31 December 2005

財務報表附註 二零零五年十二月三十一日

42. POST BALANCE SHEET EVENTS

- (a) On 4 January 2006, Sino-Aviation Investments, a wholly-owned subsidiary of the Company, entered into a JV Agreement with Chengdu Aircraft and CATIC for the establishment of a joint venture to engage in the research and development, design and manufacture of, and provision of technical services for, parts and components for commercial aircraft. According to the JV Agreement, the total registered capital of the joint venture will be RMB100 million (equivalent to approximately HK\$96 million), of which 40%, 45% and 15% will be contributed by Sino-Aviation Investments, Chengdu Aircraft and CATIC respectively. The JV Agreement will be effective conditional upon, (i) internal approval obtained by each of the three parties; and (ii) the obtaining of the relevant approvals from the relevant PRC authorities. Further details of the transactions are set out in the circular of the Company dated 26 January 2006.
- (b) On 15 March 2006, Billirich, a wholly-owned subsidiary of the Company, entered into (i) a placing agreement with Sino Gas and an independent third party in relation to a placement of 100,000,000 ordinary shares of Sino Gas currently held by Billirich at a placing price of HK\$0.52 per share to that independent party; and (ii) a subscription agreement with Sino Gas in relation to a subscription of 100,000,000 new ordinary shares of Sino Gas at a subscription price of HK\$0.52 per share by Billirich. Upon completion of the aforesaid placement and subscription, the Group's interests in Sino Gas have been reduced from 26.42% to 24.03%.
- (c) On 4 April 2006, 268,500,000 ordinary shares of HK\$0.1 each were issued to an existing shareholder for cash at a subscription price of HK\$0.115 per share for a total cash consideration, before issue expenses, of HK\$30,877,500.

42. 結算日後事項

- (a) 於二零零六年一月四日，本公司之全資附屬公司Sino-Aviation Investments與成都飛機及中航技總公司訂立合營協議，以成立一家合營公司，從事商用飛機零部件之研發、設計及製造及提供技術服務。根據合營協議，合營公司之總註冊資本將為100,000,000元人民幣（相等於約96,000,000港元），其中Sino-Aviation Investments、成都飛機及中航技總公司將分別注資40%、45%及15%。合營協議須待以下條件達成後，方告生效，其中包括(i)三方各自獲得內部批准；及(ii)獲得有關中國機構之有關批准。有關是項交易之詳情已載於本公司二零零六年一月二十六日之通函內。
- (b) 於二零零六年三月十五日，本公司全資附屬公司Billirich與(i)中油潔能及一名獨立第三方訂立配售協議，內容關於Billirich按配售價每股0.52港元配售100,000,000股現時由Billirich持有之中油潔能普通股予該獨立方；及(ii)中油潔能訂立認購協議，內容關於按認購價每股0.52港元認購100,000,000股中油潔能新普通股。完成上述配售及認購時，本集團佔中油潔能之權益已由26.42%減至24.03%。
- (c) 於二零零六年四月四日，發行了268,500,000股普通股予現存股東，每股認購價為0.115港元，現金代價總額為30,877,500港元（未計發行費用）。

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財務報表附註 二零零五年十二月三十一日

43. COMPARATIVE AMOUNTS

As further explained in note 2.2 and 2.4 to the financial statements, due to the adoption of new HKFRSs during the current year, the accounting treatment and presentation of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified and restated to conform with the current year's presentation and accounting treatment.

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 25 April 2006.

43. 比較數字

誠如財務報表附註2.2及2.4所詳述，由於年內採納新的HKFRS，故此財務報表內若干項目及結餘的會計處理方法及呈列方式已作修改，以符合新規定。因此，若干比較數字已重新分類及重列以符合本年度之呈列方式及會計處理方法。

44. 財務報表之批准

財務報表已於二零零六年四月二十五日獲董事會批准及授權發放。