

1. Principal activities

The Hong Kong Aircraft Engineering Company Limited Group is primarily engaged in the business of commercial aircraft overhaul and maintenance in Hong Kong. The principal activities of the Group's subsidiary and jointly controlled companies are set out on page 55.

Since the Group is primarily engaged in the business of maintenance, modification and repair of commercial aircraft in Hong Kong and overseas, no further business segmental information has been reported. A geographical segment analysis of the Group's financial information is provided under note 3. Financial summaries of the jointly controlled companies are provided under note 13.

2. Statement of principal accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with the accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements set out in the Listing Rules of the Stock Exchange. There have been no major changes to the principal accounting policies for 2004.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

(b) Basis of consolidation

The consolidated accounts incorporate the accounts of Hong Kong Aircraft Engineering Company Limited and its subsidiary companies made up to 31st December.

Turnover and the results of the subsidiary companies are included in the consolidated profit and loss account and the minority interests therein are deducted from the consolidated profit after taxation. Results attributable to subsidiary company interests acquired or disposed of during the year are included from the date of acquisition or to the date of disposal as applicable.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation.

Minority interests in the balance sheet comprise the outside shareholders' proportion of the net assets of subsidiary companies.

(c) Subsidiary companies

Subsidiary companies are those companies in which the Group has an interest of more than half the voting powers or otherwise has the power to govern the financial and operating policies.

1. 主要業務

香港飛機工程有限公司主要在香港從事商用飛機大修及維修業務。本集團之附屬及控股公司之主要業務見第五十五頁。

由於本集團主要在香港及海外從事商用飛機維修、改裝及修理業務，因此並無報告進一步之業績分項資料。集團財務資料之地區分項分析於附註3列述，控股公司之財務概要則於附註13列述。

2. 主要會計政策說明

(a) 編製原則

賬目乃按照香港普遍接納之會計原則編製，並符合香港會計師公會頒佈之會計準則及聯合交易所之上市規則開列之披露要求。二零零四年在主要會計政策方面並無重大改變。

香港會計師公會已頒佈多項新訂或修訂之香港財務匯報準則及香港會計準則(「新財務匯報準則」)，於二零零五年一月一日或以後開始之會計期生效。本集團並未在截至二零零四年十二月三十一日止年度之財務報表提前採用此等新財務匯報準則。本集團已開始就此等新財務匯報準則之影響作出評估，惟目前仍未能說明此等新財務匯報準則會否對業績及財政狀況造成重大影響。

(b) 綜合原則

綜合賬目包括香港飛機工程有限公司及其附屬公司結算至十二月三十一日之賬目。

附屬公司之營業總額及其業績已包括於綜合損益賬內，其中少數股東權益則自除稅後綜合溢利中扣除。年內購入或出售之附屬公司權益，應佔業績自購入之日起或出售之日包括在賬目之內。

集團旗下公司間之交易、結存及交易之未變現利益，均於合併時沖銷。

在資產負債表中之少數股東權益指集團以外之股東所佔附屬公司之資產淨值。

(c) 附屬公司

附屬公司乃指本集團持有逾半數投票權之權益或有權管治其財務及營業政策之公司。

In the Company's balance sheet investments in subsidiary companies are stated at cost less provision for any impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

(d) *Jointly controlled companies*

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity of the entity.

The consolidated profit and loss account includes the Group's share of results of jointly controlled companies. In the consolidated balance sheet, the investment in jointly controlled companies represents the Group's share of net assets. In the Company's balance sheet, investments in jointly controlled companies are stated at cost less provision for any impairment losses.

(e) *Goodwill*

Goodwill arising on consolidation represents the excess of cost of acquisition of subsidiary and jointly controlled companies over the Group's share of the fair value ascribed to the separable net assets at the date of acquisition. All goodwill arising before 1st January 2001 was eliminated against revenue reserve. Goodwill incurred after 1st January 2001 is capitalised in the balance sheet and is amortised to the profit and loss account on a straight-line basis over its estimated useful economic life.

Any impairment arising on goodwill is recognised in the profit and loss account immediately.

(f) *Foreign currencies*

Foreign currency denominated monetary assets and liabilities and the balance sheets are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are translated at the market exchange rates ruling at the transaction dates. Exchange differences are reflected in the profit and loss account except for unrealised differences on net investments in foreign subsidiary and jointly controlled companies which are taken directly to revenue reserve.

The balance sheets of foreign subsidiary and jointly controlled companies denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at the weighted average exchange rates during the year.

(g) *Assets under operating leases*

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases.

Payments made and due under operating lease agreements are aggregated and charged to operating profit evenly over the periods of the respective leases.

(h) *Fixed assets and depreciation*

Fixed assets are carried at cost less accumulated depreciation and accumulated impairment losses.

在本公司之資產負債表內，附屬公司之投資按成本扣除任何減值虧損準備入賬。附屬公司業績在本公司賬目中按已收及應收股息入賬。

(d) *共控公司*

合資聯營乃一項合約安排，由集團及其他夥伴進行一項經濟活動，而該項經濟活動為共同控制，沒有一名參與之夥伴能對該實體之經濟活動進行單方面控制。

綜合損益賬包括本集團應佔共控公司之業績。在綜合資產負債表上，在共控公司之投資相等於本集團應佔資產淨值。在本公司資產負債表內，在共控公司之投資按成本扣除減值虧損列賬。

(e) *商譽值*

綜合賬目所產生之商譽值，即購入附屬公司及共控公司之成本超過在購入當天本集團在可分資產淨值中應佔之公平價值。所有於二零零一年一月一日前產生之商譽值已於收益儲備中撇銷。二零零一年一月一日後產生之商譽值均需於資產負債表內資本化，及根據其估計之有效期以直線攤銷法計入損益賬中。

任何於商譽值產生之減值即時於損益賬中確認。

(f) *外幣*

以外幣為單位之貨幣資產及負債及資產負債表，經按資產負債表結算日之兌換率化為港元。年內之外幣交易以交易日之市場匯兌率換算。兌換盈虧已列入損益賬，但於外國附屬及共控公司之投資淨額之未變現差額則除外，該等差額直接計入收益儲備內。

於年內，以外幣計值之外國附屬及共控公司之資產負債表以資產負債表結算日之兌換率折算，而損益賬則以加權平均匯率折算。

(g) *營業租賃資產*

當絕大部分資產之回報及風險擁有權為租賃公司所持有，租賃當作營業租賃入賬。

按營業租賃協議支付或應付之租賃費用，經合併計算按租賃期平均列入營業溢利賬中支銷。

(h) *固定資產及折舊*

固定資產按成本減累積折舊及累積減值虧損列賬。

Rates of depreciation are calculated to write off the cost of fixed assets over the estimated useful lives of the assets.

Depreciation rates in use for fixed assets are as follows:

Leasehold land and associated costs	Lease period
Buildings and facilities	2.5% to 5%
Equipment, plant and machinery	9% to 33%
Motor vehicles, computer software	18% to 20%
Rotable spares	7%
Plant and buildings under construction	Nil

Where the carrying amount of an asset is greater than its estimated recoverable amount, an impairment loss is recognised to reduce the asset to its recoverable amount.

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

(i) *Stocks and work in progress*

Stocks and work in progress are stated at the lower of cost, calculated on a weighted average basis, and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(j) *Accounts receivable*

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(k) *Cash and cash equivalents*

Deposits and bank balances are carried in the balance sheet at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, amounts repayable on demand from banks and financial institutions and short-term liquid investments which were within three months of maturity when acquired, less bank overdrafts.

(l) *Deferred taxation*

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

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.

Deferred taxation is provided on temporary differences arising on investments in subsidiary and jointly controlled companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

折舊率按固定資產之估計可供使用年期撇銷其成本計算。

固定資產使用之折舊率如下:

租賃土地及相關成本	租賃期
樓宇及設施	2.5%至5%
設備、廠房及機器	9%至33%
汽車、電腦軟件	18%至20%
可修護備件	7%
興建中之廠房及樓宇	無

如資產之賬面值高於其估計可收回值，則列算一項資本虧損以將資產值減至其可收回值。

出售固定資產損益乃指出售淨收入與資產賬面值之差額，並已列入損益賬中。

(i) *存貨及未完工程*

存貨及未完工程按以加權平均基準計算之成本與可變現淨值兩者中之較低者入賬。可變現淨值乃按預期出售收入減估計銷售開支而釐定。

(j) *應收款項*

對被視為呆賬之應收款項予以準備。資產負債表內之應收款項已扣除此準備。

(k) *現金及現金等價物*

存款及銀行結存已按成本記入資產負債表中。

為編製現金流量表，現金及現金等價物包括庫存現金、銀行及財務機構催繳時須清還之款項及於購入時三個月內期滿之短期流動投資，減銀行透支。

(l) *遞延稅項*

遞延稅項乃採用負債法就資產及負債之評稅基準與其在賬目中之帳面值引起之暫時差異作出全數準備。遞延稅項採用在資產負債表結算日前已頒佈或實質頒佈之稅率釐定。

遞延稅項資產乃就有可能將未來應課稅溢利與可運用之暫時差異抵銷而確認。

遞延稅項乃就附屬及共控公司投資產生之暫時差異而作出準備，但如可以控制暫時差異之撥回時間，並有可能在可預見將來不會撥回則除外。

(m) *Turnover and revenue recognition*

Turnover is the aggregate of amounts invoiced to customers. Invoices are raised either on completion or on stage completion depending on the terms of individual contracts. For incomplete contract work, revenue recognised represents cost of work incurred which is valued on the same basis as work in progress (note i). Total revenue recognised for the completed contract is equal to the aggregate of amounts invoiced for the contract. Finance income is recognised on an accrual basis. Dividend income is recognised when the right to receive payment is established.

(n) *Staff benefits*

(i) Retirement benefits

The Company offers either the Mandatory Provident Fund ("MPF") or one of two defined benefit retirement schemes to staff. The latter schemes are held under trust arrangements and actuarially valued as required on a regular basis using a prospective actuarial valuation method. They are funded in accordance with the actuarial recommendation.

The Company's contributions to the MPF are charged to the profit and loss account as incurred. For the two defined benefit schemes, retirement benefit costs, which are assessed using the projected unit credit method, are charged to the profit and loss account. Under this method, plan assets are measured at fair value; retirement benefit obligations are measured as the present value of the estimated future cash flows by reference to market yields on Exchange Fund Notes, which have terms to maturity approximating the terms of the related liability. Actuarial gains and losses to the extent of the amount in excess of 10% of the greater of the present value of the plan obligations and the fair value of plan assets are recognised in the consolidated profit and loss account over the expected average remaining service lives of the participating employees.

The above calculations are performed annually by an actuary or the administration manager of the schemes.

Taikoo (Xiamen) Aircraft Engineering Company Limited ("TAECO") pays contributions to the required statutory retirement scheme for its local employees. The scheme is operated by the Mainland China government. Contribution to the scheme is expensed as incurred.

(ii) Staff leave entitlements

Costs related to staff annual leave are recognised as the leave accrues to staff.

(o) *Related parties*

Related parties are individuals and companies, including subsidiary and jointly controlled companies, where the individual, company, or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the party in making financial and operating decisions.

(m) 營業總額及收益認算

營業總額為開給顧客發票之總額。發票根據個別合約條款於工程完畢後或按完成階段開出。未完工程之認算收入相等於按該工程估值基準計算之工程成本 (附註i)。完成工程之總認算收入為就該合約開出發票總額。財務收入按應計基準認算。股息收入於確定有權接受款項後認算。

(n) 僱員福利

(i) 退休福利

本公司讓其僱員選擇參加強制性公積金 (「強積金」) 或兩項界定退休福利計劃其中一項。兩項界定退休福利計劃以信託協議持有，定期要求精算師以預期精算之估值方法予以估值。此等計劃乃根據精算建議供款。

本公司之強積金供款如數記入損益賬內。而兩項界定退休福利計劃則用預計單位貸記法估量之退休福利費用入賬。按照此法，計劃資產按公平值衡量，而退休福利責任則參考期限與外匯基金票據之相若負債之市場孳息率，以預計其未來現金流量，再折算為現值。精算盈虧以計劃責任現值或計劃資產公平值兩者之間較大者百分之十為限，超過此上限之金額將按參與之僱員之預期平均餘下服務年期間，在綜合損益賬中認算。

以上之計算每年由精算公司或計劃之管理經理進行。

廈門太古飛機工程有限公司 (「廈門太古飛機工程公司」) 為其當地僱員向所需之法定退休計劃供款。該計劃由中國內地政府管理。向該計劃所作之供款在須作供款時支付。

(ii) 僱員可享有之假期

與僱員年假相關之費用獲認算為僱員應計假期。

(o) 有關連人士

有關連人士指個人及公司，包括附屬公司及共控公司，其個人、公司或集團有能力直接或間接控制另一方，或可在財務及營運決策上對另一方行使重大影響力。

3. Segment information

Reporting by geographical segment for the year ended 31st December:

	Operating principally in Hong Kong 主要於香港營運		Operating in Mainland China 於中國內地營運		Inter-segment elimination 分項之間抵銷		Total 總計		
	2004	2003	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Turnover	1,988	1,987	172	–	(7)	–	2,153	1,987	營業總額
Operating profit	201	108	21	–			222	108	營業溢利
Net finance (charges)/income	(4)	(4)	1	–			(3)	(4)	財務(支出)/收入淨額
Share of results of jointly controlled companies	210	213	91	94			301	307	共控公司應佔業績
Profit before taxation	407	317	113	94			520	411	除稅前溢利
Profit attributable to shareholders	342	257	96	88			438	345	股東應佔溢利
Capital expenditure	83	47	33	–			116	47	資本開支
Depreciation	128	129	16	–			144	129	折舊

Analysis of total assets and total liabilities of the Group by geographical segment at 31st December:

十二月三十一日結算集團按地區分項資產總額及負債總額之分析：

	Operating principally in Hong Kong 主要於香港營運		Operating in Mainland China 於中國內地營運		Inter-segment elimination 分項之間抵銷		Total 總計		
	2004	2003	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Segment assets	2,475	2,454	1,189	–	(27)	–	3,637	2,454	分項資產
Jointly controlled companies	668	627	50	495	–	–	718	1,122	共控公司
Segment liabilities	(550)	(488)	(132)	–	27	–	(655)	(488)	分項負債
Long term loan	(96)	(100)	–	–	–	–	(96)	(100)	長期借款
Minority interests	(5)	(5)	(490)	–	–	–	(495)	(5)	少數股東權益
Net assets	2,492	2,488	617	495	–	–	3,109	2,983	資產淨額

4. Staff remuneration

Total staff remuneration, which includes pension scheme contributions, salaries, allowances and benefits in kind for 2004 amounted to HK\$1,082 million (2003: HK\$1,045 million). Of the five highest paid employees, four (2003: four) were Directors and details of their remuneration are given in note 5; remuneration details for the other one (2003: one) employee are:

4. 職員薪酬

二零零四年包括退休金計劃供款、薪金、津貼及實物利益之職員薪酬合共港幣十億八千二百萬元(二零零三年為港幣十億四千五百萬元)。五名最高薪職員中，四名(二零零三年為四名)為董事，其酬金於附註5列述；餘下一名(二零零三年為一名)之薪酬詳述如下：

	Group 集團				Total 總計	
	2004		2003			
	Basic salary 基本薪金	Bonus 花紅	Allowances & other benefits 津貼及其他福利	Total 總計	Total 總計	
<i>(in HK\$ Thousand)</i>						<i>(港幣千元)</i>
John Chi Tin Mong	1,356	496	670	2,522	2,920	遲天孟

5. Directors' remuneration

Total number of Directors who served during the year was thirteen (2003: twelve). Their remuneration was as follows:

	Group 集團					2003	
	2004				Total 總計		
	Directors' fees* 董事袍金*	Basic salary 基本薪金	Bonus# 花紅#	Allowances & other benefits 津貼及其他福利			
<i>(in HK\$ Thousand)</i>							<i>(港幣千元)</i>
Executive Directors:							常務董事：
David Turnbull	–	528	492	393	1,413	1,361	唐寶麟
Chan Ping Kit	–	2,640	2,225	1,372	6,237	6,521	陳炳傑
Charles Bremridge	–	367	–	690	1,057	–	彭勵志
Marven Bowles	–	1,380	1,288	1,222	3,890	5,099	馬文博
Mark Hayman	–	1,483	667	1,032	3,182	3,312	馬海文
John Paterson	–	–	1,393	45	1,438	5,915	鮑天頌
	–	6,398	6,065	4,754	17,217	22,208	
Non-Executive Directors:							非常務董事：
Derek Cridland	–	–	–	–	–	–	梁德基
Davy Ho Cho Ying	–	–	–	–	–	–	何祖英
Peter Johansen	–	–	–	–	–	–	容漢新
Tony Tyler	–	–	–	–	–	–	湯彥麟
	–	–	–	–	–	–	
Independent Non-Executive Directors:							獨立非常務董事：
Bob Adams	20	–	–	–	20	–	羅安達
Dinty Dickson Leach	160	–	–	–	160	115	李德信
Lincoln Leong Kwok Kuen	122	–	–	–	122	80	梁國權
Dr. Alex Wu Shu Chih	118	–	–	–	118	85	吳樹熾博士
	420	–	–	–	420	280	
	420	6,398	6,065	4,754	17,637	22,488	

* Annual Directors' fees are determined by the Board and for 2004 comprised Director's fee HK\$80,000, fee for serving on Audit Committee HK\$50,000 and fee for serving on Remuneration Committee HK\$30,000 respectively.

Bonus paid to the Executive Directors in the year is based on previous year's results. John Paterson resigned in 2003, but received a bonus in 2004 based on 2003 results.

5. 董事酬金

年內在任董事數目總計為十三人(二零零三年為十二人)。其酬金如下：

* 每年之董事袍金由董事局決定，二零零四年包括董事袍金港幣八萬元，出任審核委員會酬金港幣五萬元，及出任薪酬委員會酬金港幣三萬元。

年內支付予常務董事之花紅乃根據上年度之業績而定。鮑天頌於二零零三年離任，但根據二零零三年度業績於二零零四年收取花紅。

6. Net finance charges

	Group 集團		
	2004	2003	
<i>(in HK\$ Million)</i>			
<i>(港幣百萬元)</i>			
Finance income	5	5	財務收入
Interest on long term loan not wholly repayable within five years (note 20)	(8)	(9)	毋須於五年內全部清還之 長期借款利息 (附註20)
	(3)	(4)	

6. 財務支出淨額

7. Taxation

	Group 集團	
	2004	2003
<i>(in HK\$ Million)</i>		
The taxation charge comprises:		
The Company and its subsidiary companies:		
Current taxation – overseas	(1)	–
Deferred taxation (note 15)	(23)	(22)
	(24)	(22)
Share of taxation attributable to jointly controlled companies:		
Hong Kong profits tax	(37)	(38)
Overseas tax	(8)	(6)
	(45)	(44)
	(69)	(66)

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

Reconciliation between the tax charge and tax at the applicable tax rate:

	Group 集團	
	2004	2003
<i>(in HK\$ Million)</i>		
Profit before taxation	520	411
Nominal amount at Hong Kong profits tax rate of 17.5% (2003: 17.5%)	(91)	(72)
Effect of different tax rates in overseas jurisdictions	15	9
Non-taxable items	7	9
Utilisation of previously unrecognised tax losses	–	1
Over provisions in prior years	–	1
Effect of changes in tax rates	–	(14)
Total tax charge per accounts	(69)	(66)

7. 稅項

	Group 集團	
	2004	2003
<i>(港幣百萬元)</i>		
稅項支出包括：		
本公司及其附屬公司：		
本期稅項 – 海外	(1)	–
遞延稅項 (附註15)	(23)	(22)
	(24)	(22)
應佔共控公司之稅項：		
香港利得稅	(37)	(38)
海外稅項	(8)	(6)
	(45)	(44)
	(69)	(66)

本公司因應課稅溢利已完全為前期稅項虧損所抵銷，所以未有為本年度香港利得稅作出準備。香港利得稅乃以本年度之估計應課稅溢利按稅率百分之十七點五計算(二零零三年為百分之十七點五)。海外稅項則按各司法管轄區所採用之稅率計算。

稅務支出與適用稅率之稅項對賬：

	Group 集團	
	2004	2003
<i>(港幣百萬元)</i>		
除稅前溢利	520	411
按香港利得稅率百分之十七點五 (二零零三年為百分之十七點五) 計算之面額	(91)	(72)
海外司法管轄區不同稅率之影響	15	9
無須課稅之項目	7	9
運用過往年度未確認之稅務虧損	–	1
過往年度準備撥回過多	–	1
稅率改變之影響	–	(14)
按賬目之稅務支出總計	(69)	(66)

8. Profit attributable to shareholders

Of the profit attributable to shareholders, HK\$271 million (2003: HK\$115 million) is dealt with in the accounts of the Company.

9. Dividends

	Company 公司	
	2004	2003
<i>(in HK\$ Million)</i>		
Interim, paid on 27th September 2004, of HK\$0.32 per share (2003: HK\$0.28 per share)	53	47
Final, proposed, of HK\$0.77 per share (2003: HK\$0.56 per share)	128	93
Special, of nil per share (2003: HK\$1.00 per share)	–	166
	181	306

At a Board meeting held on 8th March 2005, Directors recommended a final dividend of HK\$0.77 per share. The proposed dividend is not reflected as dividend payable in these accounts, but will be accounted for as an appropriation of the revenue reserve for the year ending 31st December 2005.

10. Earnings per share

Earnings per share are calculated by reference to the profit attributable to shareholders of HK\$438 million (2003: HK\$345 million) and to the weighted average of 166,324,850 (2003: 166,324,850) ordinary shares in issue.

8. 股東應佔溢利

股東應佔溢利中，已計算於本公司賬項內為港幣二億七千一百萬元(二零零三年為港幣一億一千五百萬元)。

9. 股息

(港幣百萬元)
於二零零四年九月二十七日已派發之中期股息，每股港幣0.32元(二零零三年為每股港幣0.28元)
擬派末期股息每股港幣0.77元
(二零零三年為每股港幣0.56元)
特別股息每股港幣零元(二零零三年為每股港幣1.00元)

董事局於二零零五年三月八日舉行之董事局大會上，建議派發末期股息為每股港幣0.77元。擬派股息不在此等賬目中反映為應付股息，但將列為截至二零零五年十二月三十一日止年度之收益儲備提撥。

10. 每股盈利

每股盈利乃根據股東應佔溢利港幣四億三千八百萬元(二零零三年為港幣三億四千五百萬元)及已發行之加權平均股份數目166,324,850股(二零零三年為166,324,850股)普通股計算。

11. Fixed assets

11. 固定資產

	Group 集團							
	Leasehold land 租賃土地	Buildings 樓宇	Plant, machinery and tools 廠房、機器及工具	Vehicles, equipment and furniture 汽車、設備及傢俬	Rotable spares 可修護備件	Plant and buildings under construction 興建中之廠房及樓宇	Total 總額	
(in HK\$ Million)								(港幣百萬元)
Cost								原價
At 31st December 2003	21	1,067	952	182	73	9	2,304	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	206	656	278	33	–	54	1,227	購入附屬公司
Additions and transfers	–	–	41	14	44	17	116	增置及轉撥
Disposals	–	–	(25)	(27)	(3)	–	(55)	出售
At 31st December 2004	227	1,723	1,246	202	114	80	3,592	二零零四年十二月三十一日結算
Depreciation								折舊
At 31st December 2003	2	201	423	160	5	–	791	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	26	209	147	22	–	–	404	購入附屬公司
Charge for the year	2	62	61	13	6	–	144	本年度折舊
Disposals	–	–	(21)	(26)	–	–	(47)	出售
At 31st December 2004	30	472	610	169	11	–	1,292	二零零四年十二月三十一日結算
Net book value								賬面淨值
At 31st December 2004	197	1,251	636	33	103	80	2,300	二零零四年十二月三十一日結算
At 31st December 2003	19	866	529	22	68	9	1,513	二零零三年十二月三十一日結算
	Company 公司							
	Leasehold land 租賃土地	Buildings 樓宇	Plant, machinery and tools 廠房、機器及工具	Vehicles, equipment and furniture 汽車、設備及傢俬	Rotable spares 可修護備件	Plant and buildings under construction 興建中之廠房及樓宇	Total 總額	
(in HK\$ Million)								(港幣百萬元)
Cost								原價
At 31st December 2003	21	1,067	952	182	73	9	2,304	二零零三年十二月三十一日結算
Additions and transfers	–	–	30	13	44	(4)	83	增置及轉撥
Disposals	–	–	(21)	(25)	(3)	–	(49)	出售
At 31st December 2004	21	1,067	961	170	114	5	2,338	二零零四年十二月三十一日結算
Depreciation								折舊
At 31st December 2003	2	201	423	160	5	–	791	二零零三年十二月三十一日結算
Charge for the year	1	54	54	13	6	–	128	本年度折舊
Disposals	–	–	(18)	(24)	–	–	(42)	出售
At 31st December 2004	3	255	459	149	11	–	877	二零零四年十二月三十一日結算
Net book value								賬面淨值
At 31st December 2004	18	812	502	21	103	5	1,461	二零零四年十二月三十一日結算
At 31st December 2003	19	866	529	22	68	9	1,513	二零零三年十二月三十一日結算

Of the leasehold land with the total net book value of HK\$197 million (2003: HK\$19 million), HK\$18 million is held in Hong Kong by the Company (2003: HK\$19 million) while HK\$179 million is held in Mainland China through TAECO (2003: nil). Both leasehold land are on medium-term leases.

賬面淨值總額為港幣一億九千七百萬元(二零零三年為港幣一千九百萬元)之租賃土地中，港幣一千八百萬元由本公司於香港持有(二零零三年為港幣一千九百萬元)，而港幣一億七千九百萬元則透過廈門太古飛機工程公司於中國內地持有(二零零三年為零)。兩者皆為中期租約租賃土地。

12. Subsidiary companies

	Company 公司	
	2004	2003
(in HK\$ Million)		
Unlisted shares at cost	268	–

The principal subsidiary companies are shown on page 55.

12. 附屬公司

	Company 公司	
	2004	2003
(港幣百萬元)		
非上市原股值	268	–

主要附屬公司列於第五十五頁。

13. Jointly controlled companies

	Group 集團		Company 公司	
	2004	2003	2004	2003
(in HK\$ Million)				
Unlisted shares at cost	60	237	35	237
Attributable post-acquisition profits	642	829	–	–
	702	1,066	35	237
Goodwill	–	(29)		
Share of net assets	702	1,037		
Loans due from jointly controlled companies	17	86	17	86
Loan due to a jointly controlled company	(1)	(1)	(1)	(1)
	718	1,122	51	322
Dividends received and receivable from jointly controlled companies			70	33

The principal jointly controlled companies are shown on page 55.

13. 共控公司

	Group 集團		Company 公司	
	2004	2003	2004	2003
(港幣百萬元)				
非上市原股值	60	237	35	237
購入後應佔溢利	642	829	–	–
	702	1,066	35	237
商譽值	–	(29)		
應佔資產淨值	702	1,037		
共控公司未還貸款	17	86	17	86
未還共控公司借款	(1)	(1)	(1)	(1)
	718	1,122	51	322
已收及應收共控公司股息			70	33

主要共控公司列於第五十五頁。

13. Jointly controlled companies (cont'd)

The financial results and positions of the jointly controlled companies for the year ended and at 31st December are as follows:

	HAESL 香港航空發動機 維修服務公司		TAECO 廈門太古 飛機工程公司		Others 其他		Total 總計		
	2004	2003	2004	2003	2004	2003	2004	2003	
(in HK\$ Million)									(港幣百萬元)
Turnover	4,000	3,636	762	607	393	316	5,155	4,559	營業總額
Operating profit	416	437	170	149	69	73	655	659	營業溢利
Profit on disposal of a jointly controlled company [#]	-	-	-	25	-	-	-	25	出售共控公司溢利 [#]
Net finance income/(charges)	2	(7)	3	1	(1)	(1)	4	(7)	財務收入/(支出)淨額
Share of results of jointly controlled companies	4	1	14	-	-	-	18	1	應佔共控公司業績
Profit before taxation	422	431	187	175	68	72	677	678	除稅前溢利
Taxation	(73)	(80)	(11)	(12)	(9)	(8)	(93)	(100)	稅項
Profit attributable to shareholders	349	351	176	163	59	64	584	578	股東應佔溢利
Dividends	(117)	-	(55)	(37)	(36)	(29)	(208)	(66)	股息
Profits retained for the year	232	351	121	126	23	35	376	512	本年度保留溢利
Funds employed:									資金運用：
Long term assets	836	857	873	841	179	177	1,888	1,875	長期資產
Current assets	1,150	1,157	351	206	182	170	1,683	1,533	流動資產
	1,986	2,014	1,224	1,047	361	347	3,571	3,408	
Less: current liabilities	499	622	143	77	154	151	796	850	減：流動負債
	1,487	1,392	1,081	970	207	196	2,775	2,558	
Financed by:									資本來源：
Shareholders' equity and loans	1,415	1,320	1,081	956	199	177	2,695	2,453	股東股權及借款
Long term liabilities	72	72	-	14	8	19	80	105	長期負債
	1,487	1,392	1,081	970	207	196	2,775	2,558	
Group's shareholding at year end	45.0%	45.0%	N/A*	49.6%					集團於年終之權益
Group's attributable pre-tax profits									集團應佔除稅前溢利
As jointly controlled companies	190	194	83	87	28	26	301	307	作為共控公司
As a subsidiary company	-	-	16	-	-	-	16	-	作為附屬公司
	190	194	99	87	28	26	317	307	
Less: share of taxation thereon									減：其應佔之稅項
As jointly controlled companies	(33)	(36)	(7)	(6)	(5)	(2)	(45)	(44)	作為共控公司
As a subsidiary company	-	-	(1)	-	-	-	(1)	-	作為附屬公司
	(33)	(36)	(8)	(6)	(5)	(2)	(46)	(44)	
Group's share of profit attributable to shareholders	157	158	91	81	23	24	271	263	集團應佔股東溢利
Group's share of funds employed at 31st December	637	594	-	474	81	54	718	1,122	十二月三十一日結算 集團應佔資金運用

* On 15th October 2004, the Group's shareholding in TAECO increased from 49.6% to 54.6% as a result of acquiring SIA Engineering Company Pte. Limited's remaining 5% shareholding in TAECO. TAECO has been accounted for as a subsidiary company thereafter.

[#] The profit on disposal of a jointly controlled company in 2003 was in respect of the sale of TAECO's entire shareholding in GE Engine Services (Xiamen) Company Limited.

13. 共控公司 (續)

共控公司截至十二月三十一日止年度及結算之財務業績及財務狀況如下：

* 在二零零四年十月十五日，本集團在收購新航工程有限公司餘下持有之廈門太古飛機工程公司百分之五股份後，持有後者之股份由百分之四十九點六增加至百分之五十四點六，廈門太古飛機工程公司因而成為本集團之附屬公司。

[#] 二零零三年出售共控公司溢利乃指關於出售廈門太古飛機工程公司持有通用電氣發動機服務(廈門)有限公司之全部股份所得之溢利。

14. Retirement benefits

(a) Overall

Staff employed by the Company before 1st December 2000 were offered a choice between Hong Kong's Mandatory Provident Fund ("MPF") and the defined benefits retirement schemes as described below. Since 1st December 2000, all new staff employed unless specially approved by the Company have been enrolled in the MPF scheme in which both the Company and staff are required to contribute 5% of the staff's relevant income (capped at HK\$1,000 per month).

The Hong Kong Aircraft Engineering Company Local Staff Retirement Benefits Scheme provides resignation and retirement benefits to its members upon their cessation of service with the Company. The Company meets the full cost of all benefits due by the Scheme to members, who are not required to contribute to the Scheme.

Similarly, the Hong Kong Aircraft Engineering Company Staff Retirement Benefits Scheme is for staff employed on expatriate terms. However, both members and the Company contribute to the Scheme.

TAECO's local staff are covered by a statutory scheme in Mainland China.

The retirement benefits costs were recognised in the profit and loss account as described in note 2(n) and were as follows:

	Group 集團		
	2004	2003	
<i>(in HK\$ Million)</i>			<i>(港幣百萬元)</i>
Local Staff Retirement Benefits Scheme	54	90	本地僱員退休福利計劃
Expatriate Staff Retirement Benefits Scheme	2	4	海外僱員退休福利計劃
MPF/statutory schemes	4	3	強積金計劃 / 法定計劃
	60	97	

14. 退休福利

(a) 總述

於二零零零年十二月一日前獲本公司聘用之僱員，可選擇參加香港之強制性公積金(「強積金」)計劃或下述之界定退休福利計劃。自二零零零年十二月一日起，所有新入職僱員除非獲本公司特別批准，否則已加入強積金計劃。根據該計劃，本公司及僱員均須以僱員有關收入之百分之五供款(上限為每月港幣一千元)。

香港飛機工程有限公司之本地僱員退休福利計劃，為其計劃成員離職時提供離職及退休福利。公司承擔成員根據該計劃所享有之一切福利之全部費用，成員毋須向該計劃供款。

同樣地，香港飛機工程有限公司僱員退休福利計劃乃為按海外僱傭條款聘請之僱員而設。不過，其成員及公司均須向該計劃供款。

廈門太古飛機工程公司之當地僱員受中國內地法定計劃保障。

退休福利費用如附註2(n)所述於損益賬中確認如下：

14. Retirement benefits (cont'd)

(b) Defined benefits retirement schemes

The amount recognised in the profit and loss account was made up as follows:

	Group 集團						
	Local Scheme 本地僱員計劃		Expatriate Scheme 海外僱員計劃		Total 總計		
	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>							<i>(港幣百萬元)</i>
Current service cost	82	80	6	6	88	86	本期服務費用
Interest cost	77	72	5	4	82	76	利息費用
Expected return on plan assets	(105)	(75)	(9)	(7)	(114)	(82)	計劃資產預期回報
Net actuarial losses recognised in current year	-	13	-	1	-	14	本年確認之精算虧損淨額
Total	54	90	2	4	56	94	總額
Actual gain on plan assets	240	400	22	36	262	436	計劃資產之實際收益

The amount recognised in the balance sheet was determined as follows:

	Group and Company 集團及公司						
	Local Scheme 本地僱員計劃		Expatriate Scheme 海外僱員計劃		Total 總計		
	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>							<i>(港幣百萬元)</i>
At 31st December:							十二月三十一日結算：
Present value of obligations	1,820	1,574	109	104	1,929	1,678	責任之現值
Fair value of plan assets	(1,979)	(1,756)	(160)	(150)	(2,139)	(1,906)	計劃資產之公平值
Net assets	(159)	(182)	(51)	(46)	(210)	(228)	資產淨額
Unrecognised actuarial (losses)/gains	(3)	24	14	8	11	32	未確認精算(虧損)/收益
Assets recognised in the balance sheet	(162)	(158)	(37)	(38)	(199)	(196)	已於資產負債表中確認之資產

Movement in the assets recognised in the balance sheet:

	Group and Company 集團及公司						
	Local Scheme 本地僱員計劃		Expatriate Scheme 海外僱員計劃		Total 總計		
	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>							<i>(港幣百萬元)</i>
Assets at 1st January	(158)	(117)	(38)	(39)	(196)	(156)	一月一日結算資產
(Increase)/decrease due to:							(增加)/減少原因：
Total expense - as shown above	54	90	2	4	56	94	總開支 - 如上列
Contributions paid	(58)	(131)	(1)	(3)	(59)	(134)	已付供款
Assets at 31st December	(162)	(158)	(37)	(38)	(199)	(196)	十二月三十一日結算資產

Principal actuarial assumptions for the year:

	2004	2003	
Discount rate	4.25%	5%	貼現率
Assumed rate of return on plan assets	6%	6%	假設計劃資產回報率
Assumed rate of future salary increases	4%	4%	假設未來增薪率

15. Deferred taxation

The movements on the net deferred tax liabilities account are as follows:

	Group 集團				Net deferred tax liabilities/ (assets) 遞延稅項負債/(資產)淨額	
	Deferred tax liabilities 遞延稅項負債		Others 其他	Deferred tax assets 遞延稅項資產		
	Accelerated tax depreciation 加速稅項折舊	Retirement benefit assets 退休金資產		Tax losses 稅務虧損		
(in HK\$ Million)					(港幣百萬元)	
At 1st January 2003	147	25	(3)	(51)	118	二零零三年一月一日結算
Charged/(credited) to profit and loss account	8	9	(6)	11	22	於損益賬中支銷/(記賬)
At 31st December 2003	155	34	(9)	(40)	140	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	–	–	–	(5)	(5)	購入附屬公司
Charged/(credited) to profit and loss account	(2)	1	1	23	23	於損益賬中支銷/(記賬)
At 31st December 2004	153	35	(8)	(22)	158	二零零四年十二月三十一日結算

	Company 公司				Net deferred tax liabilities 遞延稅項負債淨額	
	Deferred tax liabilities 遞延稅項負債		Others 其他	Deferred tax asset 遞延稅項資產		
	Accelerated tax depreciation 加速稅項折舊	Retirement benefit assets 退休金資產		Tax losses 稅務虧損		
(in HK\$ Million)					(港幣百萬元)	
At 1st January 2003	147	25	(3)	(51)	118	二零零三年一月一日結算
Charged/(credited) to profit and loss account	8	9	(6)	11	22	於損益賬中支銷/(記賬)
At 31st December 2003	155	34	(9)	(40)	140	二零零三年十二月三十一日結算
Charged/(credited) to profit and loss account	(2)	1	1	29	29	於損益賬中支銷/(記賬)
At 31st December 2004	153	35	(8)	(11)	169	二零零四年十二月三十一日結算

Deferred tax is calculated in full on temporary differences under the liability method. The tax rate used in respect of Hong Kong deferred tax is 17.5% (2003: 17.5%). Overseas deferred tax is calculated using tax rates prevailing in the respective jurisdictions.

15. 遞延稅項

遞延稅項負債淨額賬目之變動如下：

遞延稅項乃採用負債法就暫時差異全數計算。香港有關遞延稅項採用之稅率為百分之十七點五(二零零三年為百分之十七點五)，海外遞延稅項則按各司法管轄區所採用之稅率計算。

16. Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, calculated on a weighted average basis, and net realisable value.

	Group 集團		Company 公司	
	2004	2003	2004	2003
(in HK\$ Million)				
Carrying amounts at net realisable value:				
Stocks	63	28	26	28
Work in progress	1	2	1	2

The remaining balances are carried at cost.

17. Debtors and creditors

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

The aged analysis of debtors and creditors under six months was as follows:

	Group 集團		Company 公司	
	2004	2003	2004	2003
Debtors	98%	98%	99%	98%
Creditors	98%	98%	95%	98%

18. Share capital

	Company 公司			
	2004		2003	
	Number of shares 股份數目	in HK\$ Million 港幣百萬元	Number of shares 股份數目	in HK\$ Million 港幣百萬元
Authorised:				
Ordinary shares of HK\$1.00 each				
At 31st December	210,000,000	210	210,000,000	210
Issued and fully paid:				
Ordinary shares of HK\$1.00 each				
At 31st December	166,324,850	166	166,324,850	166

During the year under review, no purchase, sale or redemption of the shares of the Company has been effected by the Company on the Hong Kong Stock Exchange.

16. 存貨及未完工程

存貨及未完工程按以加權平均基準計算之成本與可變現淨值兩者中之較低者入賬。

(港幣百萬元)

以可變現淨值估值之賬面值：

存貨
未完工程

餘下結餘則以成本入賬。

17. 應收及應付賬項

給予顧客的信貨條件各不相同，一般視乎其個別之財務實力而定。本公司定期對債務人作信用評估，以盡量減低與應收款項有關的信貨風險。

賬齡低於六個月之應收賬項及應付賬項之分析如下：

18. 股本

法定股本：
每股面值港幣1.00元普通股
十二月三十一日結算

發行及繳足股本：
每股面值港幣1.00元普通股
十二月三十一日結算

在回顧之年度內，本公司並無在香港聯合交易所購回、售出或贖回本公司任何股份。

19. Reserves

19. 儲備

	Revenue reserve 收益儲備		Capital redemption reserve 資本贖回儲備		Total 總計		
	2004	2003	2004	2003	2004	2003	
<i>(in HK\$ Million)</i>							<i>(港幣百萬元)</i>
Group							集團
At 1st January	2,798	2,992	19	19	2,817	3,011	一月一日結算
Profit attributable to shareholders	438	345	–	–	438	345	股東應佔溢利
Previous year's final dividend paid	(93)	(76)	–	–	(93)	(76)	已付上年度末期股息
Previous year's special dividend paid	(166)	(416)	–	–	(166)	(416)	已付上年度特別股息
Current year's interim dividend paid	(53)	(47)	–	–	(53)	(47)	已付本年度中期股息
At 31st December	2,924	2,798	19	19	2,943	2,817	十二月三十一日結算
The Company	1,917	1,961	19	19	1,936	1,980	本公司
Subsidiary companies	365	8	–	–	365	8	附屬公司
Jointly controlled companies	642	829	–	–	642	829	共控公司
	2,924	2,798	19	19	2,943	2,817	
Company							公司
At 1st January	1,994	2,418	19	19	2,013	2,437	一月一日結算
Profit attributable to shareholders	271	115	–	–	271	115	股東應佔溢利
Previous year's final dividend paid	(93)	(76)	–	–	(93)	(76)	已付上年度末期股息
Previous year's special dividend paid	(166)	(416)	–	–	(166)	(416)	已付上年度特別股息
Current year's interim dividend paid	(53)	(47)	–	–	(53)	(47)	已付本年度中期股息
At 31st December	1,953	1,994	19	19	1,972	2,013	十二月三十一日結算

Distributable reserves of the Company at 31st December 2004, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$1,953 million (2003: HK\$1,994 million).

根據香港公司條例第79B條計算，本公司於二零零四年十二月三十一日可分配之儲備為港幣十九億五千三百萬元（二零零三年為港幣十九億九千四百萬元）。

The revenue reserve includes HK\$128 million (2003: HK\$259 million) representing the recommended final dividend for the year under review (note 9).

收益儲備包括本年度建議之末期股息(附註9)港幣一億二千八百萬元(二零零三年為港幣二億五千九百萬元)。

20. Long term loan

	Group and Company 集團及公司	
	2004	2003
<i>(in HK\$ Million)</i>		
At 1st January	104	107
Repayment during the year	(4)	(3)
At 31st December	100	104
Maturity profile:		
Repayable within one year	4	4
Repayable between one and two years	4	4
Repayable between two and five years	16	15
Repayable after five years	76	81
	100	104
Amount due within one year included under current liabilities	(4)	(4)
	96	100

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

20. 長期借款

	(港幣百萬元)
At 1st January	一月一日結算
Repayment during the year	於本年內償還
At 31st December	十二月三十一日結算
Maturity profile:	還款期限：
Repayable within one year	於一年內償還
Repayable between one and two years	於一年至兩年內償還
Repayable between two and five years	於兩年至五年內償還
Repayable after five years	於五年後償還
Amount due within one year included under current liabilities	列入流動負債項下須於一年內償還款項

該項借款由國泰航空有限公司之一家附屬公司提供，並無抵押，年利率為百分之八點三五，至二零一八年六月以相等之半年期款額償還。

21. Notes to the consolidated cash flow statement

(a) Reconciliation of operating profit to cash generated from operations

	Group 集團	
	2004	2003
<i>(in HK\$ Million)</i>		
Operating profit	222	108
Depreciation	144	129
Loss on disposal of fixed assets	5	–
Decrease in promissory note	–	2
Increase in retirement benefit assets	(3)	(40)
Decrease in stocks and work in progress	12	34
(Increase)/decrease in debtors and prepayments	(97)	74
Increase/(decrease) in creditors and accruals	34	(54)
Cash generated from operations	317	253

(b) Analysis of changes in financing

	Group 集團		
	Long term loan 長期借款	Minority interests 少數股東權益	Total 總計
<i>(in HK\$ Million)</i>			
At 31st December 2002	107	5	112
Repayment of term loan	(3)	–	(3)
At 31st December 2003	104	5	109
Acquisition of a subsidiary company	–	502	502
Dividends paid to minority interests	–	(25)	(25)
Minority interests' share of profits	–	13	13
Repayment of term loan	(4)	–	(4)
At 31st December 2004	100	495	595

(c) Analysis of deposits and bank balances at 31st December

	Group 集團	
	2004	2003
<i>(in HK\$ Million)</i>		
Cash and cash equivalents		
– Short term deposits and bank balances	527	408
Deposits maturing after three months	49	12
	576	420

(d) The net assets acquired and the net cash inflow in respect of the purchase of the 5% interest in TAECO is analysed as follows:

As at 15th October 2004
二零零四年十月十五日結算

<i>(in HK\$ Million)</i>	
Net assets acquired:	
Long term assets	855
Current assets	366
	1,221
Less: current liabilities	(115)
	1,106
Satisfied by:	
Cash	58
Analysis of net cash and cash equivalents on acquisition:	
Cash consideration	58
Deposits and bank balances in subsidiary acquired	(222)
Less: deposits maturing after three months	22
Net cash inflow on acquisition	(142)

21. 綜合現金流量表附註

(a) 營業溢利與營業產生之現金對賬

	Group 集團	
	2004	2003
<i>(港幣百萬元)</i>		
營業溢利	222	108
折舊	144	129
出售固定資產虧損	5	–
期票減少	–	2
退休福利資產增加	(3)	(40)
存貨及未完工程減少	12	34
應收及預付賬項(增加)/減少	(97)	74
應付及應計賬項增加/(減少)	34	(54)
營業產生之現金	317	253

(b) 融資變動分析

	Group 集團		
	Long term loan 長期借款	Minority interests 少數股東權益	Total 總計
<i>(港幣百萬元)</i>			
二零零二年十二月三十一日結算	107	5	112
償還長期借款	(3)	–	(3)
二零零三年十二月三十一日結算	104	5	109
購入附屬公司	–	502	502
付予少數股東權益之股息	–	(25)	(25)
少數股東權益之應佔溢利	–	13	13
償還長期借款	(4)	–	(4)
二零零四年十二月三十一日結算	100	495	595

(c) 十二月三十一日結算之存款及銀行結存分析

	Group 集團	
	2004	2003
<i>(港幣百萬元)</i>		
現金及現金等價物		
– 短期存款及銀行結存	527	408
逾三個月定期存款	49	12
	576	420

(d) 就購入廈門太古飛機工程公司百分之五權益之購入資產淨值及現金流入淨額分析如下：

<i>(港幣百萬元)</i>	
購入資產淨值：	
長期資產	855
流動資產	366
	1,221
減：流動負債	(115)
	1,106
收入方式：	
現金	58
購入之現金及現金等價物淨額分析：	
現金代價	58
購入附屬公司之存款及銀行結存	(222)
減：逾三個月定期存款	22
購入之現金流入淨額	(142)

22. Capital commitments

	Group 集團		Company 公司	
	2004	2003	2004	2003
<i>(in HK\$ Million)</i>				
Contracted for but not provided in the accounts	117	21	11	21
Authorised by Directors but not contracted for	482	13	336	13
The Group's share of capital commitments of jointly controlled companies not included above:				
Contracted for but not provided in the accounts	8	13		
Authorised by Directors but not contracted for	2	5		

The Group's share of capital commitments of jointly controlled companies not included above:

- Contracted for but not provided in the accounts
- Authorised by Directors but not contracted for

22. 資本性承擔

(港幣百萬元)

經訂約但未在賬項中作準備
經董事局批准但未訂約

上述不包括本集團應佔共控公司之資本性承擔如下：

經訂約但未在賬項中作準備
經董事局批准但未訂約

23. Lease commitments

At 31st December 2004, future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	Group and Company 集團及公司	
	2004	2003
<i>(in HK\$ Million)</i>		
<i>Land and buildings:</i>		
Leases expiring:		
– Within one year	44	49
– After one year but within five years	167	193
– After five years	351	456
	562	698

23. 租賃承擔

二零零四年十二月三十一日結算，於不可撤銷營業租賃項之未來最低租賃支出總額如下：

(港幣百萬元)

土地及樓宇：

租約期滿時間：

- 一年內
- 一年後五年內
- 五年後

24. Related party transactions

The Group has a number of transactions with its related parties. All trading transactions are conducted on normal commercial terms in the ordinary and usual course of business. The aggregated transactions and balances which are material to the Group and which have not been disclosed elsewhere in the annual report are summarised below:

	Note 附註	Jointly controlled companies 共控公司		Other related parties 其他有關連人士		Total 總計		
		2004	2003	2004	2003	2004	2003	
(in HK\$ Million)								(港幣百萬元)
Revenue from provision of services:								提供服務所得之收入：
*Line maintenance and total care package charges for AHK Air Hong Kong Limited		-	-	5	1	5	1	*向香港華民航空有限公司收取之外勤維修費及全責維護全套服務費
Other revenue	a	145	234	1,145	1,033	1,290	1,267	其他收入
		145	234	1,150	1,034	1,295	1,268	
Purchases	b	3	1	43	49	46	50	購買
Debtors at 31st December	c			206	163			十二月三十一日結算應收賬項
Creditors at 31st December	c			18	10			十二月三十一日結算應付賬項

Note:

a. Revenue from jointly controlled companies mainly came from services to HAESL and TAECO (before 15th October 2004). Services to HAESL included engine component repairs and the provision of certain administrative services charged at cost based on the agreement with Rolls-Royce plc concerning the formation of HAESL. Services to TAECO related principally to the stationing of a working team of average 148 people in TAECO and the provision of management services.

Revenue from other related parties comprised mainly maintenance, inventory management and logistics support charges for Cathay Pacific Airways Limited and Hong Kong Dragon Airlines Limited.

b. Purchases from jointly controlled companies comprised mainly aircraft component overhaul charges by HAESL.

Purchases from other related parties related to:

(in HK\$ Million)	2004	2003
Costs payable to John Swire & Sons (H.K.) Limited ("JSSHK") on services agreement:		
- Service fees	7	3
- Share of administrative services	3	1
- Expenses reimbursed at cost	12	12
	22	16
* Property insurance placed through SPACIOM, a captive insurance company wholly owned by Swire Pacific Limited	4	3
Spares purchases from Cathay Pacific Airways Limited	17	30
	43	49

c. These outstandings are reflected in "debtors and prepayments" and "creditors and accruals" respectively in the consolidated and company balance sheets.

*These transactions fall under the definition of "connected transactions" or "continuing connected transactions" in Chapter 14A of the Listing Rules and the Company has complied with the disclosure requirements in accordance therewith. The other transactions including those under the Old Agreement with JSSHK are not connected transactions or continuing connected transactions which give rise to any disclosure or other obligations under Chapter 14A of the Listing Rules. Details of the transactions are in the report of the Directors on pages 23 to 29.

25. Subsequent event

In January 2005, the Company has signed an agreement with the Airport Authority Hong Kong to build a new hangar at Hong Kong International Airport and to extend the existing franchise agreement to July 2031. The hangar construction is expected to be completed before the end of the first quarter of 2007. The lease extension results in an increase of the estimated useful life of the Company's existing facilities at Hong Kong International Airport, which will reduce the annual depreciation charges on those facilities for 2005 and beyond by approximately HK\$24 million.

24. 有關連人士交易

本集團有若干有關連人士交易。所有交易均按照一般商業條件以及在正常業務程序下進行。本集團之重大及未有在此年報其他章節披露之交易總值及年終結餘摘要如下：

附註：

a. 向共控公司提供服務所得之收入主要來自為香港航空發動機維修服務公司及廈門太古飛機工程公司(二零零四年十月十五日前)提供之服務。為香港航空發動機維修服務公司提供之服務包括發動機部件修理，及根據與勞斯萊斯公司就成立香港航空發動機維修服務公司所訂之協議按成本收費提供之若干行政服務。為廈門太古飛機工程公司提供之服務主要為在廈門太古飛機工程公司派駐一個平均一百四十八人之工作小組之費用及提供管理服務。

向其他有關連人士提供服務所得之收入主要為向國泰航空有限公司及港龍航空有限公司收取之維修費、庫存管理費及後勤支援費。

b. 自共控公司購買之服務主要為向香港航空發動機維修服務公司支付之飛機部件大修費用。
向其他有關連人士購買之服務為：

(港幣百萬元)
就服務協議向香港太古集團有限公司(「香港太古集團」)支付之費用：
- 服務費
- 共享行政服務
- 按成本代支費用
* 向一家由太古股份有限公司全資擁有之專屬自保保險公司SPACIOM投保之財產保險
向國泰航空有限公司購買備件

c. 此交易已分別於「綜合資產負債表」及「公司資產負債表」之「應收及預付賬項」及「應付及應計賬項」內反映。

* 此等交易歸入上市規則第14A章「關連交易」或「持續關連交易」之定義類別，本公司已據此遵從披露規定。包括根據與香港太古集團所訂協議進行之交易在內之其他交易，並非根據上市規則第14A章內須予披露或履行其他責任之關連交易或持續關連交易。有關交易之詳情刊載於第二十三頁至第二十九頁之董事局報告。

25. 期後事件

本公司與香港機場管理局於二零零五年一月簽訂協議，於香港國際機場興建一個新機庫，及就現有之專營權協議延長至二零三一年七月。機庫之建造工程預期於二零零七年首季季末竣工。鑒於專營權協議已予延長，本公司於香港國際機場之現有設施之估計可供使用年期亦有所增加，二零零五年及之後該等設施之全年折舊費將因而減少約港幣二千四百萬元。