

NOTES TO THE ACCOUNTS | 賬目附註

1. Principal activities

The Hong Kong Aircraft Engineering Company Limited Group is primarily engaged in the business of commercial aircraft overhaul, modification and maintenance in Hong Kong and Mainland China. It does not have other significant activity so no further business segmental information has been reported. A geographical segment analysis of the Group's financial information is provided under note 5.

The principal activities of the Group's subsidiary and jointly controlled companies are set out on page 63. Financial summaries of the jointly controlled companies are provided under note 15.

2. Principal accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements set out in the Listing Rules of the Hong Kong Stock Exchange. The accounts have been prepared under the historical cost convention.

The preparation of accounts in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the accounts, are disclosed in note 3.

In 2005, the Group adopted the following new or revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 15	Operating Leases – Incentives
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts

1. 主要業務

香港飛機工程有限公司集團主要在香港及中國內地從事商用飛機大修、改裝及維修業務。由於並無其他主要業務，因此並無報告進一步的商業分項資料。集團財務資料的地區分項分析於附註5列述。

集團的附屬及共控公司的主要業務於第六十三頁列述。共控公司的財務概要則於附註15列述。

2. 主要會計政策

(a) 編製原則

賬目乃按照香港財務報告準則編製，並符合香港聯合交易所上市規則開列的披露要求。賬目乃依據歷史成本常規法編製。

遵照香港財務報告準則編製賬目，需要作出若干重要的會計估計，亦需要管理層在應用集團的會計政策過程中行使判斷。涉及較高判斷或較複雜程度的範疇，或所作假設及估計對賬目有重大影響的範疇，於附註3披露。

在二零零五年，集團採納以下新訂或經修訂的香港財務報告準則及詮釋，該等準則及詮釋與其營運業務有關。二零零四年的比較數字已按照有關要求視乎需要作出修訂。

香港會計準則第一號	財務報表之呈報
香港會計準則第二號	存貨
香港會計準則第七號	現金流量表
香港會計準則第八號	會計政策、會計估算更改及錯誤更正
香港會計準則第十號	結算日後事項
香港會計準則第十六號	物業、廠房及設備
香港會計準則第十七號	租賃
香港會計準則第二十一號	匯率變更之影響
香港會計準則第二十三號	借貸成本
香港會計準則第二十四號	關聯方披露
香港會計準則第二十七號	綜合及獨立財務報表
香港會計準則第二十八號	聯營公司投資
香港會計準則第三十一號	合營企業權益
香港會計準則第三十二號	金融工具：披露及呈報
香港會計準則第三十三號	每股盈利
香港會計準則第三十六號	資產減值
香港會計準則第三十八號	無形資產
香港會計準則第三十九號	金融工具：確認及計量
香港會計準則詮釋第四號	租賃 – 確定有關香港土地租賃的租賃期長短
香港會計準則詮釋第十五號	營運租賃 – 優惠
香港財務報告準則第三號	企業合併
香港財務報告準則第四號	保險合約

Apart from certain presentational changes as set out below, the adoption of the above new HKFRS standards and interpretations does not have any material effect on the accounts.

- (i) HKAS 1 "Presentation of financial statements" has affected the presentation of minority interests, share of net after-tax results of jointly controlled companies and other disclosures.
- (ii) The adoption of revised HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior years, the leasehold land and land use rights were accounted for at cost less accumulated depreciation and accumulated impairment.
- (iii) Turnover represents the aggregated amounts invoiced to customers and changes in work in progress. In prior years, turnover included the aggregated amount invoiced to customers only.
- (iv) Certain comparative amounts have been reclassified to conform to the current year's presentation. The change relates to a more meaningful reclassification among operating expense categories.

The Group has not early adopted the following new standards or interpretations that have been issued but are not yet effective. The adoption of such standards or interpretations would not result in substantial changes to the Group's accounting policies.

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKFRS 7	Financial Instruments: Disclosures
HKFRS-Int 4	Determining whether an Arrangement contains a Lease

(b) *Basis of consolidation*

The consolidated accounts incorporate the accounts of the Company and its subsidiary companies made up to 31st December.

Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiary companies by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary company acquired, the difference is recognised directly in the profit and loss account.

除下述若干呈列方式有所改變外，採納以上新訂香港財務報告準則及詮釋對賬目並無任何重大影響。

- (i) 香港會計準則第一號「財務報表之呈報」對少數股東權益、應佔共控公司除稅後業績及其他披露事項的呈列方式有所影響。
- (ii) 採納經修訂的香港會計準則第十七號「租賃」令會計政策有所改變，有關租賃土地及土地使用權由物業、廠房及設備重新歸類為營業租賃。為租賃土地及土地使用權所支付的預付款項乃按租賃期限以直線法於損益賬支銷，或如有減值，減值虧損則於損益賬中支銷。在過往年度，租賃土地及土地使用權乃以原值減累積折舊及累積減值入賬。
- (iii) 營業總額代表開給客戶發票的金額總數以及未完工程變動。在過往年度，營業總額只包括開給客戶發票的金額總數。
- (iv) 若干比較數字已予重列，以符合本年度的陳述方式。此變動是將營業開支類別更有意義地重新分類。

集團並無提前採納以下已頒佈但未生效的新訂準則或詮釋。採納此等準則或詮釋不會對集團的會計政策造成重大改變。

香港會計準則第十九號 (修訂)	精算盈虧，集團界定福利計劃及披露
香港財務報告準則第七號	金融工具：披露
香港財務報告準則詮釋第四號	釐定一項安排是否包含租賃

(b) *綜合原則*

綜合賬目包括公司及其附屬公司結算至十二月三十一日的賬目。

附屬公司自股權控制轉移至集團之日起，其賬目已全面合併於集團賬內，並於股權控制終止之日起從集團賬中剔除合併。

集團以購買會計法為集團購入的附屬公司列賬。購買成本乃按交易當日所獲資產的公平值、所發行的權益衍生工具，以及所產生或承擔的負債，加上直接因購買交易而引起的成本計算。在商業合併過程中產生的可辨認購入資產、負債及或有負債，均於購買當日按其公平值作出初步計量，而不考慮任何程度的少數股東權益。從購買成本扣除集團應佔可辨認購入資產淨值後的餘額，以商譽列賬。如購買成本低於所購入附屬公司資產淨值的公平值，其差額將直接在損益賬中確認。

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated upon consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiary and jointly controlled companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

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, directly or indirectly, has an interest of more than half the voting powers or otherwise has the power to govern the financial and operating policies.

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. When the Group's share of losses in a jointly controlled company equals or exceeds its interest in the jointly controlled company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled company. Results reported by jointly controlled companies are changed where necessary to ensure no material inconsistency with differences from the accounting policies adopted by the Group. No such adjustment was required for the results reported in these accounts.

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

(e) *Foreign currency translation*

Items included in accounts of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated accounts are presented in Hong Kong dollars, which is the Company's functional and presentation currency.

Foreign currency denominated monetary assets and liabilities and the balance sheets are translated into Hong Kong dollars, the Group's functional currency, at the rates of exchange ruling at the balance sheet date. Foreign currency transactions during the year are translated at the market exchange

集團旗下公司間的交易、結餘及交易的未變現利益，均於合併時抵銷。未變現虧損亦予抵銷，除非交易有證據證明轉讓資產出現減值。附屬及共控公司的會計政策已在必要時作出相應更改，以確保與集團所採納的政策一致。

在資產負債表中的少數股東權益指集團以外的股東所佔附屬公司的資產淨值。

(c) *附屬公司*

附屬公司乃指集團直接或間接持有逾半數投票權的權益或有權管治其財務及營業政策的公司。

在公司的資產負債表內，附屬公司的投資按成本扣除任何減值虧損準備入賬。附屬公司業績在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，沒有任何參與的夥伴能對該公司的經濟活動進行單方面控制。

綜合損益賬包括集團應佔共控公司的業績。在綜合資產負債表中，於共控公司的投資相等於集團應佔資產淨值。如集團的應佔共控公司虧損相等於或超過其佔共控公司的權益，包括任何其他無抵押應收賬項，則集團不確認進一步的虧損，除非集團已代共控公司承擔負債或支付款項。如有需要，共控公司所報告的業績會作出更改，以確保並無與集團採納的會計政策有重大差異。本賬目所報告的業績並不需要作出此等調整。

在公司資產負債表中，於共控公司的投資按成本扣除減值虧損準備列賬。共控公司的業績以所收及應收股息計算在公司賬內。

(e) *外幣換算*

集團旗下各公司的賬目所載項目，均以該公司營運的主要經濟環境所採用的貨幣（「功能貨幣」）計算。綜合賬目乃以港幣呈列，而港幣乃公司的功能及呈列貨幣。

以外幣為單位的貨幣資產及負債以及資產負債表，經按資產負債表結算日的兌換率化為港元，即集團的功能貨

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. When foreign subsidiary or jointly controlled companies are sold, such exchange differences are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) *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.

(g) *Property, plant and equipment*

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

Rates of depreciation are calculated using the straight line method to allocate the cost of property, plant and equipment to their residual values over their estimated useful lives. Depreciation rates in use for property, plant and equipment are as follows:

Buildings and building facilities	2.5% to 10%
Equipment, plant and machinery	9% to 33%
Motor vehicles	18% to 20%
Rotable spares	7%
Plant and buildings under construction	Nil

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

幣。年內的外幣交易以交易日的市場匯兌率換算。兌換盈虧已列入損益賬，但於外國附屬及共控公司的投資淨額的未變現差額則除外，該等差額直接計入收益儲備中。

於年內，以外幣計值的外國附屬及共控公司的資產負債表以資產負債表結算日的兌換率折算，而損益賬則以加權平均匯率折算。如售出外國附屬或共控公司，該等匯兌差額則作為出售盈虧的一部分於損益賬中確認。

購入外國企業所產生的商譽及公平值調整，乃作為該外國公司的資產及負債處理，並按收市匯率折算。

(f) *營業租賃資產*

如絕大部分資產的回報及風險擁有權為租賃公司所持有，租賃作為營業租賃入賬。

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

(g) *物業、廠房及設備*

物業、廠房及設備按成本減累積折舊及累積減值虧損賬。成本包括直接因購買項目而引起的開支。

期後成本只在與該項目相關的未來經濟效益有可能歸於集團，並能可靠地計算出項目成本的情況下，始包括在資產的賬面值或確認為另立的資產(視何者適用而定)。所有其他修理及維修開支於其產生的財政期間計入損益賬中。

折舊率以直線法按物業、廠房及設備的估計可供使用年期分攤其成本至其剩餘價值計算。物業、廠房及設備使用的折舊率如下：

樓宇及樓宇設施	2.5%至10%
設備、廠房及機器	9%至33%
汽車	18%至20%
可修護備件	7%
興建中的廠房及樓宇	無

資產的剩餘價值及可供使用年期均於各資產負債表結算日進行檢討，並作出必要的調整。

如資產的賬面值高於其估計可收回值，則列算一項減值虧損以將資產值減至其可收回值。

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

(h) *Intangible assets*

(i) *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. Goodwill on acquisitions of subsidiary company is included in intangible assets. Goodwill on acquisitions of jointly controlled companies is included in investments in jointly controlled companies. Goodwill is tested annually for impairment and carried at costs less accumulated impairment losses. Any impairment arising on goodwill is recognised in the profit and loss account immediately. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(ii) *Computer software*

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the acquisition of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

Computer software costs are amortised over their estimated useful life of five years.

(i) *Impairment of assets*

Assets that have an indefinite useful life are not subject to amortisation, but are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(j) *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.

(k) *Debtors*

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

出售物業、廠房及設備損益乃指出售淨收入與資產賬面值的差額，並於損益賬中確認。

(h) *無形資產*

(i) *商譽值*

綜合賬目所產生的商譽值，即購入附屬及共控公司的成本超過在購入當天集團在可分資產淨值中應佔的公平值。購入附屬公司所產生的商譽值已包括在無形資產中。購入共控公司所產生的商譽值已包括在共控公司的投資中。商譽值每年會測試有否減值，並按成本扣除累積減值虧損入賬。任何於商譽值產生的減值即時於損益賬中確認。出售企業的損益包括與所售出企業有關商譽值的賬面值。

商譽值分配予各現金產生單位，以作減值測試用途。

(ii) *電腦軟件*

與開發或維修電腦軟件程式相關的成本已確認為費用支銷。集團控制直接購買的可識別及獨有軟件產品，並很可能產生超逾一年經濟效益的成本，已確認為無形資產。

電腦軟件成本已按其估計的五年可供使用年期攤銷。

(i) *資產減值*

無限定可使用年期的資產毋須作攤銷，但至少每年測試有否減值，並當情況或環境變化顯示賬面值或不能收回時作減值檢討。須攤銷的資產則在情況或環境變化顯示出賬面值或不能收回時作出減值檢討。如資產的賬面值超逾其可收回款額，則超逾的款額作為減值虧損確認。可收回款額為資產公平值扣除銷售成本及使用價值兩者中較高者。為評估減值，資產按可獨立識別現金流量（現金產生單位）的最小組合歸為一組。

(j) *存貨及未完工程*

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

(k) *應收賬項*

對被視為呆賬的應收賬項作出準備。資產負債表內的應收賬項已扣除此準備列賬。

(l) *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.

(m) *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(n) *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. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Taxation rates enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled 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.

(o) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(l) *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的款項及於購入時三個月內期滿的短期流動投資，減銀行透支。

(m) *借款*

借款初步按公平值扣除已產生的交易成本確認。交易成本為財務負債直接應佔的增加成本，包括向代理商、顧問、經紀及交易商支付的費用及佣金、監管代理機構及證券交易所徵收的款項，以及過戶登記稅項及稅款。借款其後按已攤銷成本列賬；所得款項（扣除交易成本）與贖回價值之間的任何差額，於借款期採用實際利率法於損益賬中確認。

除非集團有無條件權利延遲償還負債直至資產負債表結算日後最少十二個月，否則借款歸類為流動負債。

(n) *遞延稅項*

遞延稅項乃採用負債法，就資產及負債的評稅基準與其在賬目中的賬面值引起的暫時差異作出全數準備。然而，倘遞延所得稅乃因初始確認一項非業務合併的交易中的資產或負債而產生，而在進行交易時並無影響會計或應課稅溢利或虧損，則不予計算。遞延稅項乃採用在資產負債表結算日前已頒佈或實質頒佈，且預期於相關遞延所得稅資產變現或遞延所得稅負債清還時應用的稅率釐定。

遞延稅資產於有可能將未來應課稅溢利與可運用的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的暫時差異而作出準備，但如可以控制暫時差異的撥回時間，並有可能在可預見將來不會撥回則除外。

(o) *準備*

如集團因過往事件而須承擔現有的法定或推定責任，在解除該責任時極有可能引致資源流出，且流出的數額已作出可靠的估算，則需確認準備。

倘有多項類似責任，解除責任會否引致資源流出則經考慮責任的整體類別後釐定。即使相同類別責任中任何一項引致資源流出的可能性或不大，仍需確認準備。

(p) Turnover and revenue recognition

Turnover represents the aggregated amounts invoiced to customers and changes in work in progress. 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 j). Total revenue recognised for the completed contract is equal to the aggregated 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.

*(q) Staff benefits**(i) Retirement benefits*

The Company offers either 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. In addition, it operates a defined cost contribution scheme to employees who work for more than five years. Both TAECO and the employees are required to contribute 5% of the employee's relevant income. Contributions to the schemes are expensed as incurred.

(ii) Staff leave entitlements

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

(r) Dividend distribution

Final dividends are recognised as a liability on approval by the Company's shareholders. Interim dividends are recognised as a liability on approval by the Company's Board.

(p) 營業總額及收益認算

營業總額指開給客戶發票的金額總數及未完工程變動。發票根據個別合約條款於工程完畢後或按完成階段開出。未完工程的認算收入為按該工程估值基準計算的工程成本(附註j)。完成工程的總認算收入相等於就該合約開出發票的金額總數。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。

*(q) 僱員福利**(i) 退休金福利*

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的估值方法予以估值。此等計劃乃根據精算建議供款。

公司的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的退休福利費用入賬。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的相若負債的市場孳息率，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，超過此上限的金額將按參與僱員的預期平均餘下服務年期間，在綜合損益賬中認算。

以上的計算每年由精算公司或計劃的管理經理進行。

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的法定退休計劃供款。該計劃由中國內地政府運作。此外，該公司為服務超過五年的僱員提供一項界定費用供款計劃。廈門太古飛機工程公司及其僱員均須以僱員有關收入的百分之五供款。向該等計劃所作的供款在須作供款時支付。

(ii) 僱員可享有的假期

與僱員年假相關的費用獲認算為僱員應計假期。

(r) 派息

末期股息在公司股東通過後確認為負債。中期股息在公司董事局通過後確認為負債。

(s) *Related parties*

Related parties are individuals and companies, including subsidiary, fellow 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.

3. Critical accounting estimates and judgements

The Group makes estimates and assumptions as appropriate in the preparation of the accounts. These estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities include the productive life of property, plant and equipment and the determination of tax.

4. Management of financial risk factors

The Group's activities are exposed to movements of foreign currencies, fair value interest rate risk, credit risk and liquidity risk. These risks are reviewed periodically to ensure their impact on the Group's financial performance is minimised through the use of forwards, options or other appropriate derivative financial instruments. It is the Group's policy to use the above derivative instruments solely for the purpose of financial risk management.

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollar and Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the entity's functional currency.

Where appropriate the Group uses forward contracts to manage the foreign exchange risk arising from future commercial transactions and net foreign currency assets or liabilities.

(ii) Fair value interest rate risk

The Group's results and operating cash flows are substantially independent of changes in market interest rates.

(iii) Credit risk

The Group has policies in place to evaluate credit risk when accepting new business and limit its credit exposure to any individual customer.

(iv) Liquidity risk

The Group aims to maintain flexibility in funding by keeping sufficient cash or committed credit lines available.

(s) 有關連人士

有關連人士指個人及公司，包括附屬公司、同系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. 重要會計估算及判斷

集團在編製賬目的過程中於適當時作出估算及假設。此等估算乃根據過往經驗及其他因素而作出，其他因素包括在該等情況下對未來事項相信為合理的期望，而按定義對未來事項的期望很少與相關的實際結果相等。對資產及負債賬面值有重要影響的估算及假設，包括物業、廠房及設備的生產壽命及稅項的釐定。

4. 財務風險因素的管理

集團業務面臨外匯變動、公平值利率風險、信貸風險及流動資金風險。集團定期對此等風險進行檢討，以確保透過採用遠期合約、期權合約或其他適當的衍生金融工具，將風險對集團財務表現所造成的影響減至最低。集團的政策是採用以上衍生工具僅作財務風險管理用途。

(i) 外匯風險

集團面臨主要為港元及人民幣兌各種外幣所產生的外匯風險。外匯風險來自未來商業交易、確認資產與負債，及海外業務的投資淨額，以非企業的功能貨幣的貨幣計值。

集團在適當時採用遠期合約管理來自未來商業交易及外幣資產與負債淨額的外匯風險。

(ii) 公平值利率風險

集團的業績及營業現金流量實質上不受市場利率變動所影響。

(iii) 信貸風險

集團已制定政策，在接受新業務時評估信貸風險，並限制其面臨任何個別客戶的信貸風險。

(iv) 流動資金風險

集團致力透過維持足夠現金或保持可供動用的已承諾信貸額，以維持資金供應的靈活性。

5. 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		
	2005	2004	2005	2004	2005	2004	2005	2004	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Turnover	2,260	1,973	928	168	(67)	(7)	3,121	2,134	營業總額
Operating profit	300	201	201	21			501	222	營業溢利
Net finance income/(charges)	3	(4)	4	1			7	(3)	財務收入 / (支出) 淨額
Share of after-tax results of jointly controlled companies	248	173	19	83			267	256	應佔共控公司除稅後業績
Profit before taxation	551	370	224	105			775	475	除稅前溢利
Profit for the year	504	342	206	109			710	451	本年溢利
Profit attributable to the Company's shareholders	504	342	114	96			618	438	公司股東應佔溢利
Capital expenditure	205	83	341	33			546	116	資本性開支
Depreciation	108	126	87	15			195	141	折舊
Amortisation	2	2	5	1			7	3	攤銷
Impairment of stocks – reversal	(6)	(4)	–	–			(6)	(4)	存貨減值 — 轉回
Auditor's remuneration – statutory audit fees	1	1	–	–			1	1	核數師酬金 — 法定核數費用

Analysis of net assets and equity of the Group by geographical segment at 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		
	2005	2004	2005	2004	2005	2004	2005	2004	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Jointly controlled companies	599	669	72	50	–	–	671	719	共控公司
Other assets	2,962	2,475	1,439	1,200	(39)	(27)	4,362	3,648	其他資產
Long-term loan	–	(96)	–	–	–	–	–	(96)	長期借款
Other liabilities	(773)	(551)	(201)	(143)	39	27	(935)	(667)	其他負債
Net assets	2,788	2,497	1,310	1,107	–	–	4,098	3,604	資產淨值
Equity attributable to the Company's shareholders	2,783	2,492	729	617	–	–	3,512	3,109	公司股東應佔權益
Minority interests	5	5	581	490	–	–	586	495	少數股東權益
Total equity	2,788	2,497	1,310	1,107	–	–	4,098	3,604	權益總額

十二月三十一日結算集團按地區分項資產淨值及權益的分析：

6. Staff remuneration and benefits

Total staff remuneration and benefits include pension scheme contributions, salaries, allowances, benefits in kind and staff benefit administration costs for 2005 amounted to HK\$1,425 million (2004: HK\$1,151 million). Of the five highest paid employees, four (2004: four) were Directors and details of their remuneration are given in note 7; remuneration details for the other one (2004: one) employee are:

	Group 集團					
	Basic salary 基本薪金	Bonus 花紅	Allowances & other benefits 津貼及其他福利	Retirement benefits 退休金福利	Total 總計	
<i>(in HK\$ Thousand)</i>						<i>(港幣千元)</i>
John Chi Tin Mong – 2005	1,494	565	345	12	2,416	遲天孟 — 二零零五年
– 2004	1,356	496	583	87	2,522	— 二零零四年

5. 分項資料

截至十二月三十一日止年度按地區分項報告：

6. 職員薪酬及福利

二零零五年包括退休金計劃供款、薪金、津貼、實物利益及職員福利行政成本的職員薪酬及福利合共港幣十四億二千五百萬元(二零零四年為港幣十一億五千一百萬元)。五名最高薪職員中，四名(二零零四年為四名)為董事，其酬金於附註7列述；餘下一名(二零零四年為一名)的薪酬詳述如下：

7. Directors' remuneration

Total number of Directors who served during the year was fourteen (2004: thirteen). Their remuneration was as follows:

7. 董事酬金

年內在任董事數目總計為十四人(二零零四年為十三人)。其酬金如下：

	Group 集團						2004	Total 總計	
	2005					Total 總計			
	Directors' fees ^a 董事袍金 ^a	Basic salary 基本薪金	Bonus ^b 花紅 ^b	Allowances & other benefits 津貼及 其他福利	Retirement benefits 退休金福利				
<i>(in HK\$ Thousand)</i>								(港幣千元)	
Executive Directors:								常務董事：	
David Turnbull	–	398	324	286	83	1,091	1,413	唐寶麟	
Chan Ping Kit	–	2,760	2,533	2,383	143	7,819	6,237	陳炳傑	
Charles Bremridge	–	1,200	306	1,820	252	3,578	1,057	彭勵志	
Mark Hayman	–	1,536	731	1,008	–	3,275	3,182	馬海文	
J Robert Gibson ^c	–	488	–	353	–	841	–	紀必信 ^c	
Marven Bowles ^c	–	952	1,433	2,333	200	4,918	3,890	馬文博 ^c	
John Paterson	–	–	–	–	–	–	1,438	鮑天頌	
	–	7,334	5,327	8,183	678	21,522	17,217		
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	80	–	–	–	–	80	20	羅安達	
Dinty Dickson Leach	160	–	–	–	–	160	160	李德信	
Lincoln Leong Kwok Kuen	160	–	–	–	–	160	122	梁國權	
Dr. Alex Wu Shu Chih ^d	2	–	–	–	–	2	118	吳樹熾博士 ^d	
	402	–	–	–	–	402	420		
2005 total	402	7,334	5,327	8,183	678	21,924		二零零五年總計	
2004 total	420	6,398	6,065	3,925	829		17,637	二零零四年總計	

Notes:

- Annual Directors' fees are determined by the Board and for 2005 comprised Director's fee of HK\$80,000 (2004: HK\$80,000), fee for serving on Audit Committee of HK\$50,000 (2004: HK\$50,000) and fee for serving on Remuneration Committee of HK\$30,000 (2004: HK\$30,000) respectively.
- Bonus paid to the Executive Directors in the year is based on previous year's results.
- Marven Bowles retired in August 2005 and received the emoluments in respect of his services as Executive Director in 2005 and 2004. J Robert Gibson was appointed to the Board effective from September 2005.
- Dr. Alex Wu Shu Chih died on 10th January 2005. He was an Independent Non-Executive Director and received Directors' fees in 2005 and 2004.

附註：

- 每年的董事袍金由董事局決定，二零零五年包括董事袍金港幣八萬元(二零零四年為港幣八萬元)，出任審核委員會酬金港幣五萬元(二零零四年為港幣五萬元)，及出任薪酬委員會酬金港幣三萬元(二零零四年為港幣三萬元)。
- 年內支付予常務董事的花紅乃根據上年度的業績而定。
- 馬文博於二零零五年八月退任，並收取其就二零零五年及二零零四年出任常務董事所得的薪酬。紀必信獲委任加入董事局，由二零零五年九月起生效。
- 吳樹熾博士於二零零五年一月十日辭世。吳博士在二零零五年為獨立非常務董事，並收取董事袍金。

8. Net finance income/(charges)

	Group 集團	
	2005	2004
<i>(in HK\$ Million)</i>		
Finance income	14	5
Interest expenses:		
Long-term loan (note 23)	(6)	(8)
Short-term bank loans (note 24)	(1)	—
	7	(3)

8. 財務收入/(支出)淨額

	Group 集團	
	2005	2004
<i>(港幣百萬元)</i>		
財務收入	14	5
利息支出：		
長期貸款 (附註23)	(6)	(8)
短期銀行貸款 (附註24)	(1)	—
	7	(3)

9. Taxation

	Group 集團	
	2005	2004
<i>(in HK\$ Million)</i>		
Current taxation:		
Hong Kong profits tax	19	—
Overseas tax	14	1
	33	1
Deferred taxation (note 17):		
Decrease/(increase) in deferred tax assets	4	(6)
Increase in deferred tax liabilities	28	29
	65	24

9. 稅項

	Group 集團	
	2005	2004
<i>(港幣百萬元)</i>		
本期稅項：		
香港利得稅	19	—
海外稅	14	1
	33	1
遞延稅項 (附註17)：		
遞延稅項資產減少/(增加)	4	(6)
遞延稅項負債增加	28	29
	65	24

Provision for Hong Kong profits tax has been made by the Company of HK\$19 million (2004: nil). Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates prevailing in the respective jurisdictions.

公司已為香港利得稅作出準備港幣一千九百萬元 (二零零四年為零)。香港利得稅乃以本年度的估計應課稅溢利按稅率百分之十七點五計算 (二零零四年為百分之十七點五)。海外稅則按各司法管轄區所採用的稅率計算。

Share of after-tax results of jointly controlled companies is stated after taxation charge of HK\$48 million for the year (2004: HK\$45 million).

應佔共控公司除稅後業績已扣除本年的稅項支出港幣四千八百萬元列述 (二零零四年為港幣四千五百萬元)。

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

稅務支出與適用稅率的稅項對賬：

	Group 集團	
	2005	2004
<i>(in HK\$ Million)</i>		
Profit before taxation	775	475
Nominal amount at Hong Kong profits tax rate of 17.5% (2004: 17.5%)	136	83
Share of after-tax results of jointly controlled companies	(46)	(45)
Effect of different tax rates in overseas jurisdictions	(23)	(7)
Non-taxable items	(2)	(7)
Total tax charge per accounts	65	24

	Group 集團	
	2005	2004
<i>(港幣百萬元)</i>		
除稅前溢利	775	475
按香港利得稅率百分之十七點五 (二零零四年為百分之十七點五)計算的面額	136	83
應佔共控公司除稅後業績	(46)	(45)
海外司法管轄區不同稅率的影響	(23)	(7)
無須課稅的項目	(2)	(7)
按賬目的稅務支出總計	65	24

10. Profit attributable to the Company's shareholders

Of the profit attributable to the Company's shareholders, HK\$574 million (2004: HK\$271 million) is dealt with in the accounts of the Company.

11. Dividends

	Company 公司	
	2005	2004
(in HK\$ Million)		
Interim, paid on 26th September 2005, of HK\$0.50 per share (2004: HK\$0.32 per share)	83	53
Final, proposed, of HK\$1.10 per share (2004: HK\$0.77 per share)	183	128
	266	181

At a Board meeting held on 7th March 2006, Directors recommended a final dividend of HK\$1.10 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 2006.

12. Earnings per share (basic and diluted)

Earnings per share are calculated by reference to the profit attributable to the Company's shareholders of HK\$618 million (2004: HK\$438 million) and to the weighted average of 166,324,850 (2004: 166,324,850) ordinary shares in issue.

10. 公司股東應佔溢利

公司股東應佔溢利中，已計算於公司賬項內為港幣五億七千四百萬元 (二零零四年為港幣二億七千一百萬元)。

11. 股息

(港幣百萬元)

於二零零五年九月二十六日已派發的中期股息，每股港幣0.50元 (二零零四年為每股港幣0.32元)
擬派末期股息每股港幣1.10元
(二零零四年為每股港幣0.77元)

董事局於二零零六年三月七日舉行的董事局大會上，建議派發末期股息為每股港幣1.10元。擬派股息不在此等賬目中反映為應付股息，但將列為截至二零零六年十二月三十一日止年度的收益儲備提撥。

12. 每股盈利 (基本及攤薄)

每股盈利乃根據公司股東應佔溢利港幣六億一千八百萬元 (二零零四年為港幣四億三千八百萬元) 及已發行的加權平均股份數目 166,324,850 股 (二零零四年為 166,324,850 股) 普通股計算。

13. Property, plant and equipment, leasehold land and land use rights and intangible assets

13. 物業、廠房及設備、租賃土地及土地使用權及無形資產

	Group 集團					Total 總計	Leasehold land and land use rights 租賃土地及 土地使用權	Intangible assets – computer software 無形資產 – 電腦軟件	
	Property, plant and equipment 物業、廠房及設備								
	Buildings and building facilities 樓宇及 樓宇設施	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				
	(in HK\$ Million)						(港幣百萬元)		
Cost							原價		
At 31st December 2003	1,665	354	179	73	9	2,280	21	3	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	656	278	33	–	54	1,021	206	–	購入附屬公司
Additions and transfers	5	36	7	44	17	109	–	7	增置及轉撥
Disposals	–	(25)	(27)	(3)	–	(55)	–	–	出售
At 31st December 2004	2,326	643	192	114	80	3,355	227	10	二零零四年十二月三十一日結算
Exchange differences	(2)	–	–	–	–	(2)	–	–	匯兌差額
Additions and transfers	287	101	12	93	53	546	–	–	增置及轉撥
Disposals	–	(15)	(17)	–	–	(32)	–	–	出售
At 31st December 2005	2,611	729	187	207	133	3,867	227	10	二零零五年十二月三十一日結算
Depreciation and amortisation							折舊及攤銷		
At 31st December 2003	357	267	159	5	–	788	2	1	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	209	147	22	–	–	378	26	–	購入附屬公司
Charge for the year	92	31	12	6	–	141	2	1	本年度折舊
Disposals	–	(21)	(26)	–	–	(47)	–	–	出售
At 31st December 2004	658	424	167	11	–	1,260	30	2	二零零四年十二月三十一日結算
Charge for the year	106	62	11	16	–	195	5	2	本年度折舊
Disposals	–	(14)	(16)	–	–	(30)	–	–	出售
At 31st December 2005	764	472	162	27	–	1,425	35	4	二零零五年十二月三十一日結算
Net book value							賬面淨值		
At 31st December 2005	1,847	257	25	180	133	2,442	192	6	二零零五年十二月三十一日結算
At 31st December 2004	1,668	219	25	103	80	2,095	197	8	二零零四年十二月三十一日結算

13. Property, plant and equipment, leasehold land and land use rights and intangible assets (cont'd)

13. 物業、廠房及設備、租賃土地及土地使用權及無形資產(續)

Company 公司

	Property, plant and equipment 物業、廠房及設備					Total 總計	Leasehold land 租賃土地	Intangible assets – computer software 無形資產 – 電腦軟件	
	Buildings and building facilities 樓宇及 樓宇設施	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				
<i>(in HK\$ Million)</i>									
Cost									
At 31st December 2003	1,665	354	179	73	9	2,280	21	3	原價 二零零三年十二月三十一日結算
Additions and transfers	5	25	6	44	(4)	76	–	7	增置及轉撥
Disposals	–	(21)	(25)	(3)	–	(49)	–	–	出售
At 31st December 2004	1,670	358	160	114	5	2,307	21	10	二零零四年十二月三十一日結算
Additions and transfers	1	27	6	93	78	205	–	–	增置及轉撥
Disposals	–	(8)	(14)	–	–	(22)	–	–	出售
At 31st December 2005	1,671	377	152	207	83	2,490	21	10	二零零五年十二月三十一日結算
Depreciation and amortisation									
At 31st December 2003	357	267	159	5	–	788	2	1	折舊及攤銷 二零零三年十二月三十一日結算
Charge for the year	84	24	12	6	–	126	1	1	本年度折舊
Disposals	–	(18)	(24)	–	–	(42)	–	–	出售
At 31st December 2004	441	273	147	11	–	872	3	2	二零零四年十二月三十一日結算
Charge for the year	60	25	7	16	–	108	–	2	本年度折舊
Disposals	–	(8)	(14)	–	–	(22)	–	–	出售
At 31st December 2005	501	290	140	27	–	958	3	4	二零零五年十二月三十一日結算
Net book value									
At 31st December 2005	1,170	87	12	180	83	1,532	18	6	賬面淨值 二零零五年十二月三十一日結算
At 31st December 2004	1,229	85	13	103	5	1,435	18	8	二零零四年十二月三十一日結算

Plant and buildings under construction are mainly related to construction of the cargo apron office and the second hangar at the Hong Kong International Airport by the Company which are expected to open in the second half and at the end of 2006 respectively, and the fifth hangar at Xiamen, Mainland China by TAECO which is scheduled to open in the third quarter of 2007.

Of the leasehold land and land use rights with net book value of HK\$192 million (2004: HK\$197 million), HK\$18 million leasehold land is held in Hong Kong by the Company (2004: HK\$18 million) while HK\$174 million land use rights is held in Mainland China through TAECO (2004: HK\$179 million). Both leasehold land and land use rights are held on medium-term leases.

興建中的廠房及樓宇主要有關公司於香港國際機場興建的貨運停機坪辦公樓及第二個機庫，預期分別於二零零六年下半年及年底啟用，而廈門太古飛機工程公司位於中國內地廈門的第五個機庫，則預期於二零零七年第三季啟用。

賬面淨值為港幣一億九千二百萬元(二零零四年為港幣一億九千七百萬元)的租賃土地及土地使用權中，由公司於香港持有的租賃土地為港幣一千八百萬元(二零零四年為港幣一千八百萬元)，而為港幣一億七千四百萬元則透過廈門太古飛機工程公司於中國內地持有的土地使用權(二零零四年為港幣一億七千九百萬元)。租賃土地及土地使用權均以中期租約持有。

14. Subsidiary companies

	Company 公司	
	2005	2004
<i>(in HK\$ Million)</i>		
Unlisted shares at cost	268	268

The subsidiary companies are shown on page 63.

15. Jointly controlled companies

	Group 集團		Company 公司	
	2005	2004	2005	2004
<i>(in HK\$ Million)</i>				
Unlisted shares at cost	60	60	35	35
Attributable post-acquisition profits	591	642		
Share of net assets	651	702		
Loans due from jointly controlled companies	20	17	19	17
	671	719	54	52
Dividends received and receivable from jointly controlled companies			318	70

The principal jointly controlled companies are shown on page 63.

Loans due from jointly controlled companies are unsecured and carry interest rates from nil to LIBOR plus 0.60% per annum (2004: from nil to LIBOR plus 0.50% per annum). The loans either have no fixed terms of repayment or are repayable at various dates up to 2010.

14. 附屬公司

(港幣百萬元)

非上市原股值

附屬公司列於第六十三頁。

15. 共控公司

(港幣百萬元)

非上市原股值

應佔購入後溢利

應佔資產淨值

共控公司未償還借款

已收及應收共控公司股息

主要共控公司列於第六十三頁。

共控公司未償還借款並無抵押，其年利率為零至倫敦銀行同業拆息加六十個基點（二零零四年的年利率為零至倫敦銀行同業拆息加五十個基點）計息。其借款並無固定還款期或於不同日期償還至二零一零年。

15. Jointly controlled companies (cont'd)

Share of 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		
	2005	2004	2005	2004	2005	2004	2005	2004	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Turnover	2,124	1,800	N/A*	292	201	139	2,325	2,231	營業總額
Operating expenses	(1,865)	(1,613)		(216)	(159)	(111)	(2,024)	(1,940)	營業開支
Operating profit	259	187		76	42	28	301	291	營業溢利
Net finance income	5	1		1	-	-	5	2	財務收入淨額
Share of after-tax results of jointly controlled companies	9	2		6	-	-	9	8	應佔共控公司除稅後業績
Profit before taxation	273	190		83	42	28	315	301	除稅前溢利
Taxation	(44)	(33)		(7)	(4)	(5)	(48)	(45)	稅項
Profit for the year	229	157		76	38	23	267	256	本年溢利
Dividends paid	299	53		-	19	17	318	70	已付股息
Funds employed:									資金運用：
Non-current assets	361	376			95	93	456	469	非流動資產
Current assets	504	518			110	81	614	599	流動資產
	865	894			205	174	1,070	1,068	
Current liabilities	(269)	(225)			(101)	(87)	(370)	(312)	流動負債
Non-current liabilities	(29)	(32)			-	(5)	(29)	(37)	非流動負債
	567	637			104	82	671	719	
Financed by:									資本來源：
Shareholders' equity and loans	567	637			104	82	671	719	股東權益及借款

* 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. A summary of its financial results and positions for the year ended and at 31st December 2005 and 2004 are set out on page 64.

15. 共控公司 (續)

共控公司截至十二月三十一日止年度及結算的應佔財務業績及財務狀況如下：

* 於二零零四年十月十五日，集團在購入新航工程有限公司餘下持有廈門太古飛機工程公司的百分之五股份後，持有後者的股份由百分之四十九點六增至百分之五十四點六，此後廈門太古飛機工程公司作為附屬公司入賬。其截至二零零五年及二零零四年十二月三十一日止年度及結算的財務業績及財務狀況節錄於第六十四頁。

16. 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 ("Local 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 ("Expatriate 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 and a defined cost contribution scheme in Mainland China.

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

	Group 集團		
	2005	2004	
<i>(in HK\$ Million)</i>			<i>(港幣百萬元)</i>
Local Scheme	52	54	本地僱員退休福利計劃
Expatriate Scheme	1	2	海外僱員退休福利計劃
MPF, statutory and other defined contribution schemes	11	4	強積金、法定及其他界定供款計劃
	64	60	

16. 退休金福利

(a) 總述

於二零零零年十二月一日前獲公司聘用的僱員，可選擇參加香港的強制性公積金（「強積金」）計劃或下述的界定退休福利計劃。自二零零零年十二月一日起，所有新入職僱員除非獲公司特別批准，否則已加入強積金計劃。根據該計劃，公司及僱員均須以僱員有關收入的百分之五供款（上限為每月港幣一千元）。

香港飛機工程有限公司的本地僱員退休福利計劃（「本地僱員計劃」），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的一切福利的全部費用，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（「海外僱員計劃」）乃為按海外僱傭條款聘請的僱員而設。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的當地僱員受中國內地法定計劃及界定費用供款計劃保障。

如附註2(q)所述，退休福利費用於損益賬中確認如下：

16. 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	
	2005	2004	2005	2004	2005	2004
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
Current service cost	83	82	5	6	88	88
Interest cost	88	77	5	5	93	82
Expected return on plan assets	(119)	(105)	(9)	(9)	(128)	(114)
Total	52	54	1	2	53	56
Actual gain on plan assets	189	240	15	22	204	262

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	
	2005	2004	2005	2004	2005	2004
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
At 31st December:	十二月三十一日結算：					
Fair value of plan assets	2,137	1,979	178	160	2,315	2,139
Present value of obligations	(1,930)	(1,820)	(122)	(109)	(2,052)	(1,929)
Net assets	207	159	56	51	263	210
Unrecognised actuarial (gains)/losses	(66)	3	(20)	(14)	(86)	(11)
Assets recognised in the balance sheet	141	162	36	37	177	199

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	
	2005	2004	2005	2004	2005	2004
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
Assets at 1st January	162	158	37	38	199	196
Increase/(decrease) due to:	增加/(減少)原因：					
Total expense – as shown above	(52)	(54)	(1)	(2)	(53)	(56)
Contributions paid	31	58	–	1	31	59
Assets at 31st December	141	162	36	37	177	199

Principal actuarial assumptions for the year:

	2005	2004	
Discount rate	4.25%	4.25%	貼現率
Assumed rate of return on plan assets	6.00%	6.00%	假設計劃資產回報率
Assumed rate of future salary increases	4.00%	4.00%	假設未來增薪率

16. 退休金福利 (續)

(b) 界定退休福利計劃

於損益賬中確認的數額如下：

於資產負債表中確認的數額如下：

於資產負債表中確認的資產變動：

本年度主要精算假設：

17. Deferred taxation

The movements on deferred taxation are as follows:

	Group 集團	
	Provisions 準備	
(in HK\$ Million)	(港幣百萬元)	
<i>Deferred tax assets</i>	<i>遞延稅項資產</i>	
At 31st December 2003	—	二零零三年十二月三十一日結算
Acquisition of a subsidiary company	5	購入附屬公司
Credited to profit and loss account	6	於損益賬中記賬
At 31st December 2004	11	二零零四年十二月三十一日結算
Charged to profit and loss account	(4)	於損益賬中支銷
At 31st December 2005	7	二零零五年十二月三十一日結算

17. 遞延稅項

遞延稅項的變動如下：

	Group and Company 集團及公司					
	Accelerated tax depreciation 加速稅項折舊	Retirement benefit assets 退休金資產	Tax losses 稅務虧損	Others 其他	Total 總計	
(in HK\$ Million)	(港幣百萬元)					
<i>Deferred tax liabilities</i>	<i>遞延稅項負債</i>					
At 31st December 2003	155	34	(40)	(9)	140	二零零三年十二月三十一日結算
(Credited)/charged to profit and loss account	(2)	1	29	1	29	於損益賬中(記賬)/支銷
At 31st December 2004	153	35	(11)	(8)	169	二零零四年十二月三十一日結算
Charged/(credited) to profit and loss account	10	(4)	11	11	28	於損益賬中支銷/(記賬)
At 31st December 2005	163	31	—	3	197	二零零五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% (2004: 17.5%). Overseas deferred tax is calculated using tax rates prevailing in the respective jurisdictions.

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的稅率為百分之十七點五(二零零四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。

18. 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		
	2005	2004	2005	2004	
(in HK\$ Million)	(港幣百萬元)				
Carrying amounts at net realisable value:					以可變現淨值估值的賬面值：
Stocks	40	63	30	26	存貨
Work in progress	5	1	5	1	未完工程

The remaining balances are carried at cost.

餘下結餘則以成本入賬。

19. Debtors and creditors

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

	Group 集團		Company 公司		
	2005	2004	2005	2004	
(in HK\$ Million)					(港幣百萬元)
Trade debtors	302	280	213	182	應收貿易賬項
Amount due from a subsidiary company	–	–	27	18	應收附屬公司款項
Amounts due from jointly controlled companies	13	14	10	11	應收共控公司款項
Other receivables	162	118	159	115	其他應收款項
	477	412	409	326	
Trade creditors	58	44	25	33	應付貿易賬項
Amount due to a subsidiary company	–	–	12	9	應付附屬公司款項
Amounts due to jointly controlled companies	3	1	3	1	應付共控公司款項
Other payables	520	438	398	331	其他應付款項
	581	483	438	374	

The fair values of trade debtors and other receivables are not materially different from their book values. The amounts due from/to subsidiary and jointly controlled companies are unsecured, interest free and on normal trade credit terms.

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

	Group 集團		Company 公司		
	2005	2004	2005	2004	
Debtors	96%	98%	95%	99%	應收賬項
Creditors	98%	98%	97%	95%	應付賬項

20. Share capital

	Company 公司				
	2005		2004		
	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:					法定股本：
Ordinary shares of HK\$1.00 each					每股面值港幣1.00元普通股
At 31st December	210,000,000	210	210,000,000	210	十二月三十一日結算
Issued and fully paid:					發行及繳足股本：
Ordinary shares of HK\$1.00 each					每股面值港幣1.00元普通股
At 31st December	166,324,850	166	166,324,850	166	十二月三十一日結算

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

19. 應收及應付賬項

給予客戶的信貸條件不盡相同，一般乃根據其個別的財政能力而定。為應收貿易賬項定期進行信貸評估以減低任何與應收款項有關的信貸風險。

應收貿易賬項及其他應收款項與其賬面值並無重大分別。附屬及共控公司未償還款項與欠附屬及共控公司款項均為無抵押、免息及按正常貿易信貸期償還。

賬齡低於六個月的應收貿易賬項及應付貿易賬項的分析如下：

20. 股本

在回顧的年度內，公司及其附屬公司並無在香港聯合交易所購回、售出或贖回公司任何股份。

21. Reserves

21. 儲備

	Revenue reserve 收益儲備		Capital redemption reserve 資本贖回儲備		Exchange reserve 匯兌儲備		Total 總計		
	2005	2004	2005	2004	2005	2004	2005	2004	
<i>(in HK\$ Million)</i>									<i>(港幣百萬元)</i>
Group									集團
At 1st January	2,924	2,798	19	19	–	–	2,943	2,817	一月一日結算
Profit attributable to the Company's shareholders	618	438	–	–	–	–	618	438	公司股東應佔溢利
Previous year's final dividend paid	(128)	(93)	–	–	–	–	(128)	(93)	已付上年度末期股息
Previous year's special dividend paid	–	(166)	–	–	–	–	–	(166)	已付上年度特別股息
Current year's interim dividend paid	(83)	(53)	–	–	–	–	(83)	(53)	已付本年度中期股息
Exchange differences	–	–	–	–	(4)	–	(4)	–	匯兌差額
At 31st December	3,331	2,924	19	19	(4)	–	3,346	2,943	十二月三十一日結算
The Company	2,279	1,917	19	19	–	–	2,298	1,936	公司
Subsidiary companies	461	365	–	–	(4)	–	457	365	附屬公司
Jointly controlled companies	591	642	–	–	–	–	591	642	共控公司
	3,331	2,924	19	19	(4)	–	3,346	2,943	
Company									公司
At 1st January	1,953	1,994	19	19	–	–	1,972	2,013	一月一日結算
Profit attributable to the Company's shareholders	574	271	–	–	–	–	574	271	公司股東應佔溢利
Previous year's final dividend paid	(128)	(93)	–	–	–	–	(128)	(93)	已付上年度末期股息
Previous year's special dividend paid	–	(166)	–	–	–	–	–	(166)	已付上年度特別股息
Current year's interim dividend paid	(83)	(53)	–	–	–	–	(83)	(53)	已付本年度中期股息
At 31st December	2,316	1,953	19	19	–	–	2,335	1,972	十二月三十一日結算

Distributable reserves of the Company at 31st December 2005, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$2,316 million (2004: HK\$1,953 million).

The revenue reserve includes HK\$183 million (2004: HK\$128 million) representing the recommended final dividend for the year (note 11).

根據香港公司條例第79B條計算，公司於二零零五年十二月三十一日結算可分配的儲備為港幣二十三億一千六百萬元 (二零零四年為港幣十九億五千三百萬元)。

收益儲備包括本年度建議的末期股息 (附註11) 港幣一億八千三百萬元 (二零零四年為港幣一億二千八百萬元)。

22. Minority interests

22. 少數股東權益

	Group 集團		
	2005	2004	
<i>(in HK\$ Million)</i>			<i>(港幣百萬元)</i>
At 1st January	495	5	一月一日結算
Acquisition of a subsidiary company	–	502	購入附屬公司
Minority interests' share of profits	92	13	少數股東權益的應佔溢利
Dividends paid to minority interests	–	(25)	付予少數股東權益的股息
Exchange differences	(1)	–	匯兌差額
At 31st December	586	495	十二月三十一日結算

23. Long-term loan

	Group and Company 集團及公司	
	2005	2004
<i>(in HK\$ Million)</i>		
At 1st January	100	104
Repayment during the year	(100)	(4)
At 31st December	–	100

The loan was provided by a subsidiary of Cathay Pacific Airways Limited, was unsecured, interest bearing at 8.35% per annum and was repayable by equal semi-annual instalments to June 2018. During the year, the Company fully repaid the balance of the loan.

24. Short-term bank loans

Short-term bank loans denominated in US dollar amounted to HK\$15 million and HK dollar amounted to HK\$3 million. They are unsecured, bear interest at effective interest rates ranged from 4.51% to 4.71% per annum and are repayable within three months from the balance sheet date. The carrying amounts approximate their fair values.

25. Receipt in advance

Receipt in advance of HK\$133 million (2004: nil) is a prepayment from Cathay Pacific Airways Limited for storage services charges up to June 2018. At 31st December 2005, the current portion included in other payables under current liabilities is HK\$11 million while the non-current portion is HK\$122 million.

23. 長期借款

	Group and Company 集團及公司	
	2005	2004
<i>(港幣百萬元)</i>		
一月一日結算	100	104
於本年內償還	(100)	(4)
十二月三十一日結算	–	100

該項借款由國泰航空有限公司的一家附屬公司提供，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的半年期款額償還。公司於年內悉數清還借款的餘額。

24. 短期銀行貸款

以美元為單位的短期銀行貸款數額為港幣一千五百萬元，以港元為單位的數額則為港幣三百萬元。兩者皆為無抵押，按實際年息率百分之四點五一至百分之四點七一計息，須於結算日起三個月內償還。賬面款額與其公平值相若。

25. 預收款項

預收款項港幣一億三千三百萬元 (二零零四年為零) 乃國泰航空有限公司所支付作為直至二零一八年六月的儲存服務費的預付賬項。二零零五年十二月三十一日結算，包括在流動負債項下其他應付款項的流動部分為港幣一千一百萬元，而非流動部分則為港幣一億二千二百萬元。

26. Notes to the consolidated cash flow statement

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

	Group 集團	
	2005	2004
(in HK\$ Million)		
Operating profit	501	222
Depreciation and amortisation	202	144
Loss on disposal of property, plant and equipment	2	5
Operating profit before working capital changes	705	371
Decrease/(increase) in retirement benefit assets	22	(3)
(Increase)/decrease in stocks and work in progress	(16)	12
Increase in debtors and prepayments	(73)	(97)
Increase in creditors and accruals	107	34
Increase in receipt in advance	122	–
Net cash generated from operations	867	317

(b) Analysis of changes in financing

	Group 集團			
	Long-term loan 長期借款		Minority interests 少數股東權益	
	2005	2004	2005	2004
(in HK\$ Million)				
At 1st January	100	104	495	5
Acquisition of a subsidiary company	–	–	–	502
Minority interests' share of profits	–	–	92	13
Dividends paid to minority interests	–	–	–	(25)
Repayment of term loan	(100)	(4)	–	–
Exchange differences	–	–	(1)	–
At 31st December	–	100	586	495

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

	Group 集團	
	2005	2004
(in HK\$ Million)		
Cash and cash equivalents		
– Short-term deposits and bank balances	809	527
Deposits maturing after three months	86	49
	895	576

The effective interest rates on these deposits of the Group ranged from 0.08% to 4.23% per annum (2004: from 0.08% to 4.65% per annum) and of the Company ranged from 1.31% to 4.23% per annum (2004: from 0.15% to 4.65% per annum); these deposits have an average maturity of 69 days (2004: 59 days) for the Group and 42 days (2004: 15 days) for the Company.

26. 綜合現金流量表附註

(a) 營業溢利與營業產生的現金淨額對賬

	Group 集團	
	2005	2004
(港幣百萬元)		
營業溢利	501	222
折舊及攤銷	202	144
出售物業、廠房及設備虧損	2	5
營運資金變動前的營業溢利	705	371
退休金福利資產減少/(增加)	22	(3)
存貨及未完工程(增加)/減少	(16)	12
應收及預付賬項增加	(73)	(97)
應付及應計賬項增加	107	34
預收款項增加	122	–
營業產生的現金淨額	867	317

(b) 融資變動的 분석

	Group 集團			
	Long-term loan 長期借款		Minority interests 少數股東權益	
	2005	2004	2005	2004
(港幣百萬元)				
一月一日結算	100	104	495	5
購入附屬公司	–	–	–	502
少數股東權益的應佔溢利	–	–	92	13
付予少數股東權益的股息	–	–	–	(25)
償還長期借款	(100)	(4)	–	–
匯兌差額	–	–	(1)	–
十二月三十一日結算	–	100	586	495

(c) 十二月三十一日結算的存款及銀行結存分析

	Group 集團	
	2005	2004
(港幣百萬元)		
現金及現金等價物		
– 短期存款及銀行結存	809	527
逾三個月到期的存款	86	49
	895	576

集團此等存款的實際利率由每年百分之零點零八至百分之四點二三(二零零四年為由每年百分之零點零八至百分之四點六五)不等, 公司的實際利率則由每年百分之一點三一至百分之四點二三(二零零四年為由每年百分之零點一五至百分之四點六五)不等; 集團此等存款的平均期限為六十九日(二零零四年為五十九日), 公司則為四十二日(二零零四年為十五日)。

27. Capital commitments for property, plant and equipment

	Group 集團		Company 公司	
	2005	2004	2005	2004
<i>(in HK\$ Million)</i>				
Contracted but not provided for in the accounts	452	117	366	11
Authorised by Directors but not contracted for	565	482	133	336
The Group's share of capital commitments of jointly controlled companies not included above:				
Contracted but not provided for in the accounts	1	8		
Authorised by Directors but not contracted for	14	2		

Capital commitments are mainly related to construction of the cargo apron office and the second hangar at the Hong Kong International Airport by the Company, and the fifth hangar at Xiamen, Mainland China by TAECO.

28. Lease commitments

At 31st December 2005, future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	Group and Company 集團及公司	
	2005	2004
<i>(in HK\$ Million)</i>		
<i>Land and buildings:</i>		
Leases expiring:		
– Not later than one year	48	44
– Later than one year but not later than five years	219	167
– Later than five years	1,122	351
	1,389	562

27. 物業、廠房及設備的資本性承擔

	Group 集團		Company 公司	
	2005	2004	2005	2004
<i>(港幣百萬元)</i>				
經訂約但未在賬項中作準備	452	117	366	11
經董事局批准但未訂約	565	482	133	336
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	1	8		
經董事局批准但未訂約	14	2		

資本性承擔主要有關公司於香港國際機場興建的貨運停機坪辦公樓及第二個機庫，以及由廈門太古飛機工程公司於中國內地廈門興建的第五個機庫。

28. 租賃承擔

二零零五年十二月三十一日結算，於不可撤銷營業租賃項的未來最低租賃支出總額如下：

	Group and Company 集團及公司	
	2005	2004
<i>(港幣百萬元)</i>		
<i>土地及樓宇:</i>		
租約期滿時間：		
– 不多於一年	48	44
– 多於一年但不多於五年	219	167
– 多於五年	1,122	351
	1,389	562

29. Related party and continuing connected transactions

The Group has a number of transactions with its related parties and connected persons. Details of its compensation of key management are set out in notes 6 and 7. All trading transactions are conducted in the normal course of business at prices and on terms similar to those charged to/by and contracted with other third party customers/suppliers of the Group. 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:

29. 有關連人士及持續關連交易

集團有若干有關連人士交易及關連交易。集團向主要管理人員發出的補償金詳情，於附註6及7列述。所有交易均在正常業務程序下進行，其價格及條件與集團其他第三方客戶/供應商所接受/提出並訂約的價格及條件相若。集團的重大及未有在此年報其他章節披露的交易總額及結餘摘要如下：

	Note 附註	Jointly controlled companies 共控公司		Other parties 其他人士		Total 總計		
		2005	2004	2005	2004	2005	2004	
<i>(in HK\$ Million)</i>								<i>(港幣百萬元)</i>
Revenue from provision of services:								提供服務所得的收入：
Line maintenance and total care package charges for AHK Air Hong Kong Limited	a			28	5	28	5	向香港華民航空有限公司收取的外勤維修費及全責維護全套服務費
Other revenue	b	103	143	1,146	898	1,249	1,041	其他收入
		103	143	1,174	903	1,277	1,046	
Purchases:								購買項目：
Costs payable to John Swire & Sons (H.K.) Limited on services agreement								就服務協議向香港太古集團有限公司支付的費用
- Service fees paid during the year	a			12	6	12	6	— 年內所付服務費
- Expenses reimbursed at cost	a			16	14	16	14	— 按成本代支費用
Subtotal subject to reporting cap	a			28	20	28	20	在符合申報上限規定下的小計
- Change in accrual for service fees				9	1	9	1	— 服務費應計賬項變動
- Share of administrative services				2	1	2	1	— 分擔行政服務
Total				39	22	39	22	總計
Property insurance placed through SPACIOM, a captive insurance company wholly owned by Swire Pacific Limited				4	4	4	4	向一家由太古股份有限公司全資擁有的專屬自保保險公司SPACIOM投保的財產保險
Spares purchases from Cathay Pacific Airways Limited				17	17	17	17	向國泰航空有限公司購買備件
Other purchases	c	6	3	3	—	9	3	其他購買項目
		6	3	63	43	69	46	
Balance at 31st December:								十二月三十一日結餘：
Debtors and prepayments	d	13	14	137	153	150	167	應收及預付賬項
Creditors and accruals	d	3	1	29	16	32	17	應付及應計賬項

29. Related party and continuing connected transactions (cont'd)

Notes:

a. These transactions fall under the definition of "continuing connected transactions" in Chapter 14A of the Listing Rules as detailed in note e. The other transactions are not connected transactions or continuing connected transactions which give rise to any disclosure or other obligations under Chapter 14A of the Listing Rules.

b. Revenue from jointly controlled companies mainly came from services to TAECO before 15th October 2004 and HAESL. Services to HAESL included engine component repairs and provision of certain administrative services charged at cost.

Revenue from other parties comprised mainly maintenance, inventory management and logistics support charges for Cathay Pacific Airways Limited ("CX").

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

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

e. Continuing connected transactions during 2005:

The Group had the following continuing connected transactions, details of which are set out below:

(a) *AHK Air Hong Kong Limited ("AHK")*

(i) Total Care Package Contract ("TCP Contract")

Pursuant to the TCP Contract dated 9th September 2004 with AHK, the Company provides a total care package for AHK's fleet comprising initially six Airbus A300-600 freighters. The service includes acquiring an inventory of spares for leasing to AHK and providing management, logistic support and maintenance to this inventory. The term of the contract is for eight years from 10th September 2004. AHK may extend this for a first term of twelve months and thereafter for a second term of eighteen months.

(ii) Line Maintenance Contract ("LM Contract")

Pursuant to the LM Contract with AHK dated 9th September 2004, the Company provides line maintenance services for AHK's fleet at Hong Kong International Airport. The services include routine maintenance check, non-routine maintenance, actions to address inbound technical issues, ad-hoc maintenance support, ramp services, material supplies, tooling supplies, aircraft release and certification, and aircraft on ground support. The term of the LM Contract is for five years from 12th September 2004.

AHK is a connected person of the Company because it is a subsidiary of CX which is a substantial shareholder of the Company. The transactions under the TCP Contract and the LM Contract are continuing connected transactions in respect of which announcements dated 13th September 2004 and 16th February 2006 were published.

For the year ended 31st December 2005, the fees payable to the Company by AHK under the TCP Contract and the LM Contract totalled HK\$21 million and HK\$7 million respectively and exceeded the respective annual caps of HK\$17,000,000 and HK\$5,586,000. Having accumulated experience in its first full year of servicing AHK's fleet of new Airbus A300-600 freighters, the Company had a better projection of fees to be received from AHK and the exceeding of annual caps should not recur. The Company had published an announcement dated 16th February 2006 for revising the annual caps on the estimated amount of fees payable by AHK to the Company for 2006-2008 to (i) HK\$30,151,000, HK\$33,367,000 and HK\$40,000,000 respectively under the TCP Contract; and (ii) HK\$12,147,000, HK\$13,400,000 and HK\$13,400,000 respectively under the LM Contract.

(b) *John Swire & Sons (H.K.) Limited ("JSSHK")*

Pursuant to an agreement dated 1st December 2004 ("JSSHK Services Agreement") with JSSHK, JSSHK provides services to the Company and its subsidiaries. The services comprise advice and expertise of the directors and senior officers of John Swire & Sons Limited ("Swire") group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies, full or part time services of members of the staff of the Swire group, other administrative and similar services and such other services as may be agreed from time to time.

In return for these services, JSSHK receives annual service fees calculated as 2.5% of the Company's consolidated profit before taxation and minority interests after certain adjustments. The fees for each year are payable in cash in arrears in two instalments, an interim payment by the end of October and a final payment by the end of April of the following year, adjusted to take account of the interim payment. The Company also reimburses the Swire group for all the expenses incurred in the provision of the services at cost.

The term of the JSSHK Services Agreement is from 1st January 2005 to 31st December 2007 and is renewable for successive periods of three years thereafter unless either party to it gives to the other notice of termination of not less than three months expiring on any 31st December.

Swire is the holding company of Swire Pacific Limited which owns approximately 32.5% of the issued capital of the Company and JSSHK, a wholly owned subsidiary of Swire, is therefore a connected person of the Company under the Listing Rules. The transactions under the JSSHK Services Agreement are continuing connected transactions in respect of which announcements dated 1st December 2004 and 7th March 2006 were published.

For the year ended 31st December 2005, the fees paid by the Company to JSSHK under the JSSHK Services Agreement totalled HK\$12 million and expenses of HK\$16 million were reimbursed at cost.

f. Continuing connected transactions commencing 2006:

In addition, the Company and its non-wholly owned subsidiary TAECO entered into service agreements ("New Agreements") with CX on 10th November 2005 for the provision of services by the Company and TAECO to CX's aircraft fleet. The services comprise line maintenance, base maintenance, comprehensive stores and logistics support, component and avionics overhaul, material supply, engineering services and ancillary services at Hong Kong International Airport and/or Xiamen. Payment is made in cash by CX to HAECO/TAECO within thirty days upon receipt of the invoice. The term of the New Agreements is from 1st January 2006 to 31st December 2007.

CX is a substantial shareholder and therefore a connected person of the Company under the Listing Rules. The transactions under the New Agreements are continuing connected transactions in respect of which an announcement dated 10th November 2005 was published and a circular dated 22nd November 2005 was sent to shareholders.

29. 有關連人士及持續關連交易 (續)

附註:

a. 此等交易歸入上市規則第14A章「持續關連交易」的定義類別,詳情於附註e列述。其他交易乃根據上市規則第14A章並非須予披露或履行其他責任的關連交易或持續關連交易。

b. 向共控公司提供服務所得的收入主要來自香港航空發動機維修服務公司及於二零零四年十月十五日前為廈門太古飛機工程公司提供的服務。為香港航空發動機維修服務公司提供的服務包括發動機部件修理,及按成本收費提供的若干行政服務。

向其他人士提供服務所得的收入主要為向國泰航空公司(「國泰航空」)收取的維修費、庫存管理費及後勤支援費。

c. 自共控公司購買的服務主要為向香港航空發動機維修服務公司支付的飛機部件大修費用。

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

e. 二零零五年的持續關連交易

集團有以下的持續關連交易,詳情如下列述:

(a) *香港華民航空有限公司(「華民航空」)*

(i) 全責維護全套服務合約(「TCP合約」)

根據二零零四年九月九日與華民航空訂立的TCP合約,公司為華民航空機隊提供全責維護全套服務,初步包括六架空中巴士300-600型貨機。服務包括購買供華民航空租賃的備件存貨,並為存貨提供管理、物流支援及維護服務。合約年期為八年,由二零零四年九月十日起計。華民航空可延長合約年期,第一次可延長年期為十二個月,之後第二次可延長年期為十八個月。

(ii) 外勤維修合約(「LM合約」)

根據二零零四年九月九日與華民航空訂立的LM合約,公司於香港國際機場為華民航空的機隊提供外勤維修服務。服務包括常規性維修檢查、非常規性維修、處理入境班機出現的技術問題、特別維修支援、停機坪服務、物料供應、工具供應、飛機放行及驗證,以及飛機地面支援。LM合約年期為五年,由二零零四年九月十二日起計。

由於華民航空乃國泰航空的附屬公司,而國泰航空為公司的主要股東,因此華民航空乃公司的關連人士。根據TCP合約及LM合約所進行的交易為持續關連交易,公司已就此於二零零四年九月十三日及二零零六年二月十六日發出公告。

截至二零零五年十二月三十一日止年度,華民航空根據TCP合約與LM合約應付予公司的服務費總計分別為港幣二千一百萬元及港幣七百萬元,均超過年度上限分別為港幣一千七百萬元及港幣五百五十八萬六千元。公司經過首次全年為華民航空最新的空中巴士300-600型貨機提供服務後已累積經驗,對於將向華民航空收取的費用已有較佳的預算,超過年度上限的情況應不會再發生。公司已刊發一則日期為二零零六年二月十六日的公告,就二零零六年至二零零八年華民航空應付予公司的估計費用年度上限進行修訂,(i)根據TCP合約分別修訂至港幣三千零一十五萬一千元、港幣三千三百三十六萬七千元及港幣四百萬元;及(ii)根據LM合約分別修訂至港幣一千二百一十四萬七千元、港幣一千三百四十萬元及港幣一千三百四十萬元。

(b) *香港太古集團有限公司(「香港太古集團」)*

根據二零零四年十二月一日與香港太古集團簽訂的協議(「香港太古集團服務協議」),香港太古集團提供服務予公司及其附屬公司。該等服務包括提供太古集團董事及高層人員的意見與專業知識,包括(但不限於)協助與監管機構及其他政府部門或官方機構進行磋商、太古集團員工的全職或兼職服務、其他行政及同類型服務,以及其他或會不時互相協定的服務。

作為此等服務的報酬,香港太古集團收取服務年費,計算方法乃按公司扣除稅項及少數股東權益前並經若干調整後的綜合溢利百分之二點五。每年的費用分兩期於期末以現金支付,中期付款於十月底或之前支付,末期付款則在考慮過中期付款並予以調整後,於翌年四月底或之前支付。公司亦向太古集團按其成本支付於提供服務期間所產生的一切費用。

香港太古集團服務協議的期限由二零零五年一月一日至二零零七年十二月三十一日,終止後可續期,每三年為一期,除非協議任何一方給予另一方不少於三個月通知於任何年份的十二月三十一日終止該協議。

香港太古集團乃太古股份有限公司的控股公司,太古股份有限公司持有公司約百分之三十二點五的已發行股本,而因香港太古集團為太古全資附屬公司,根據上市規則,該公司因此乃公司的關連人士。在香港太古集團服務協議下進行的交易乃屬持續關連交易,公司已就此發出二零零四年十二月一日及二零零六年三月七日的公告。

截至二零零五年十二月三十一日止年度,公司根據香港太古集團服務協議付予香港太古集團的服務費總計為港幣一千二百萬元,而港幣一千六百萬費用已按成本支付。

f. 二零零六年起的持續關連交易

此外,公司及其非全資附屬公司廈門太古飛機工程公司於二零零五年十一月十日與國泰航空簽訂服務協議(「新協議」),由公司與廈門太古飛機工程公司提供服務予國泰航空的機隊。服務包括於香港國際機場及/或廈門提供外勤維修、基地維修、全面性存貨及物流支援、部件及航電大修、物料供應、工程服務及輔助服務。國泰航空於收到發票後三十天內以現金付款給港機工程/廈門太古飛機工程公司。新協議期限由二零零六年一月一日至二零零七年十二月三十一日。

國泰航空為公司的主要股東,因此根據上市規則乃公司的關連人士。根據新協議所進行的交易乃持續關連交易,公司已於二零零五年十一月十日刊發有關公告,並已將二零零五年十一月二十二日的有關通函發送各股東。

30. Principal subsidiary and jointly controlled companies at 31st December 2005

30. 主要附屬公司及共控公司 於二零零五年十二月三十一日結算

	Place of incorporation and operation 註冊成立及經營地點	Principal activities 主要業務	Issued share capital 已發行股本	Owned directly 直接擁有	Owned by subsidiary and jointly controlled companies 附屬公司及共控公司擁有	Attributable to the Group 集團佔有
Subsidiary companies:						
附屬公司：						
South China Aero Technology Limited 華南航空技術有限公司	Hong Kong 香港	Aviation products trading 航空產品貿易	Share capital of HK\$500,000 港幣500,000元股本	60%	—	60%
Taikoo (Xiamen) Aircraft Engineering Company Limited* 廈門太古飛機工程有限公司*	Xiamen 廈門	Aircraft overhaul and maintenance 飛機大修及維修服務	Registered capital of US\$41,500,000 41,500,000美元註冊資本	54.6%	—	54.6%
Jointly controlled companies:						
共控公司：						
EADS SOGERMA HAECO Services Company Limited	Hong Kong 香港	Aircraft component repair services 飛機部件修理服務	Share capital of HK\$2,000,000 港幣2,000,000元股本	50%	—	50%
Goodrich Asia-Pacific Limited	Hong Kong 香港	Carbon brake machining and wheel hub overhaul 碳質掣動片切削及輪轂大修	Share capital of HK\$9,200,000 港幣9,200,000元股本	49%	—	49%
Goodrich TAECO Aeronautical Systems (Xiamen) Company Limited* 廈門豪富太古宇航有限公司*	Xiamen 廈門	Aircraft fuel control, flight control and electrical component repairs 飛機燃油控制儀、航空控制儀及電器部件修理	Registered capital of US\$5,000,000 5,000,000美元註冊資本	—	35%	19.1%
Honeywell TAECO Aerospace (Xiamen) Company Limited* 廈門霍尼韋爾太古宇航有限公司*	Xiamen 廈門	Aircraft hydraulic, pneumatic, avionic component and other aviation equipment repairs 飛機液壓、氣壓、航電部件及其他航空設備修理服務	Registered capital of US\$5,000,000 5,000,000美元註冊資本	25%	10%	30.5%
Hong Kong Aero Engine Services Limited 香港航空發動機維修服務有限公司	Hong Kong 香港	Commercial aero engine overhaul services 商用飛機引擎大修服務	Share capital of HK\$200 港幣200元股本	45%	—	45%
IN-Services Asia Limited	Hong Kong 香港	Aircraft component trading and repair services 飛機部件貿易及修理服務	Share capital of HK\$7,800,000 港幣7,800,000元股本	35%	—	35%
Singapore Aero Engine Services Pte. Limited 新加坡航空發動機維修服務有限公司	Singapore 新加坡	Trent engine overhaul services 特倫特引擎大修服務	Registered capital of US\$54,000,000 54,000,000美元註冊資本	—	20%	9%
Taikoo (Shandong) Aircraft Engineering Company Limited* 山東太古飛機工程有限公司*	Shandong 山東	Heavy maintenance services for narrow-bodied aircraft 狹體飛機大型維修服務	Registered capital of RMB86,000,000 86,000,000人民幣註冊資本	20%	10%	25.5%

Principal subsidiary and jointly controlled companies are those which, in the opinion of the Directors, materially affect the result or assets of the Group.

董事局認為主要附屬公司及共控公司指對集團之業績及資產有重要影響的公司。

* Equity joint venture registered in Mainland China.

* 於中國內地註冊的合股式合資企業。