

# 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 4.

The principal activities of the Group's subsidiary and jointly controlled companies are set out on page 58. Financial summaries of the jointly controlled companies are provided under note 14.

### 2. 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.

### 3. 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 US dollar and Renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that 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.

### 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業績分項資料。集團財務資料的地區分項分析於附註4列述。

集團的附屬及共控公司的主要業務於第五十八頁列述。共控公司的財務概要則於附註14列述。

### 2. 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。

### 3. 財務風險因素的管理

集團業務須承受外匯變動、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

集團須承受主要為美元及人民幣兌各種外幣所產生的外匯風險。外匯風險來自以非企業功能貨幣的貨幣計值的未來商業交易、確認資產與負債，及海外業務的投資淨額。

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，並限制任何個別客戶所構成的信貸風險程度。

#### (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擔信貸額，以維持資金供應的靈活性。

#### 4. 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		
	2006	2005	2006	2005	2006	2005	2006	2005	
(in HK\$ Million)									(港幣百萬元)
Turnover	2,502	2,260	1,433	928	(91)	(67)	3,844	3,121	營業總額
Operating profit	317	300	432	201			749	501	營業溢利
Net finance income	26	3	4	4			30	7	財務收入淨額
Share of after-tax results of jointly controlled companies	303	248	27	19			330	267	應佔共控公司除稅後業績
Profit before taxation	646	551	463	224			1,109	775	除稅前溢利
Profit for the year	608	504	420	206			1,028	710	本年溢利
Profit attributable to the Company's shareholders	608	504	239	114			847	618	公司股東應佔溢利
Capital expenditure	498	205	287	341			785	546	資本性開支
Depreciation	105	108	116	87			221	195	折舊
Amortisation	3	2	5	5			8	7	攤銷
Impairment of stocks – provision/(reversal)	3	(6)	–	–			3	(6)	存貨減值 — 撥備 / (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		
	2006	2005	2006	2005	2006	2005	2006	2005	
(in HK\$ Million)									(港幣百萬元)
Jointly controlled companies	579	599	119	72	–	–	698	671	共控公司
Other assets	3,058	2,962	2,043	1,421	(133)	(39)	4,968	4,344	其他資產
Other liabilities	(899)	(773)	(553)	(183)	133	39	(1,319)	(917)	其他負債
Net assets	2,738	2,788	1,609	1,310	–	–	4,347	4,098	資產淨值
Equity attributable to the Company's shareholders	2,732	2,783	908	729	–	–	3,640	3,512	公司股東應佔權益
Minority interests	6	5	701	581	–	–	707	586	少數股東權益
Total equity	2,738	2,788	1,609	1,310	–	–	4,347	4,098	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：

#### 5. Staff remuneration and benefits

Total staff remuneration and benefits including pension scheme contributions, salaries, allowances, benefits in kind and staff benefit administration costs for 2006 amounted to HK\$1,670 million (2005: HK\$1,425 million). Of the five highest paid employees, four (2005: four) were Directors and details of their remuneration are given in note 6; remuneration details for the other one (2005: one) employee are:

Group 集團

	Cash 現金			Non Cash 非現金		Total 總計	
	Basic salary 基本薪金	Bonus 花紅	Allowances & other benefits 津貼及其他福利	Retirement schemes contributions 退休計劃供款	Housing & other benefits 房屋及其他福利		
(in HK\$ Thousand)							(港幣千元)
John Chi Tin Mong – 2006	1,531	797	797	12	1,648	4,785	遲天孟 — 二零零六年
– 2005	1,494	565	345	12	1,166	3,582	— 二零零五年

#### 4. 分項資料

截至十二月三十一日止年度按地區分項報告：

#### 5. 職員薪酬及福利

二零零六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總額達港幣十六億七千萬(二零零五年為港幣十四億二千五百萬元)。五名最高薪職員中，四名(二零零五年為四名)為董事，其酬金於附註6列述；餘下一名(二零零五年為一名)的薪酬詳述如下：

## 6. Directors' remuneration

Total number of Directors who served during the year was sixteen (2005: fourteen). Their remuneration was as follows:

## 6. 董事酬金

年內在任董事數目總計為十六人(二零零五年為十四人)。其酬金如下：

	Group 集團					Total 總計		
	Cash 現金			Non Cash 非現金		2006	2005	
	Basic salary/ Directors' fees <sup>a</sup> 基本薪金/ 董事袍金 <sup>a</sup>	Bonus <sup>b</sup> 花紅 <sup>b</sup>	Allowances and benefits 津貼及 其它福利	Retirement schemes contributions 退休計劃計 供款	Housing & other benefits 房屋及 其他福利			
<i>(in HK\$ Thousand)</i> (港幣千元)								
<b>Executive Directors:</b> 常務董事：								
Chan Ping Kit	2,952	3,196	1,140	12	11	7,311	7,819	陳炳傑
Charles Bremridge	1,260	587	470	227	2,360	4,904	3,578	彭勵志
Mark Hayman	1,574	1,011	992	–	16	3,593	3,275	馬海文
J Robert Gibson	1,536	408	1,303	–	–	3,247	841	紀必信
Marven Bowles	–	–	–	–	–	–	4,918	馬文博
Mohan Joseph Ashokumar								
Sathianathan <sup>c</sup>	887	115	347	45	7	1,401	–	沙舒雅 <sup>c</sup>
David Turnbull <sup>c</sup>	39	484	10	–	79	612	1,091	唐寶麟 <sup>c</sup>
Christopher D Pratt <sup>c</sup>	139	–	15	25	109	288	–	白紀圖 <sup>c</sup>
	<b>8,387</b>	<b>5,801</b>	<b>4,277</b>	<b>309</b>	<b>2,582</b>	<b>21,356</b>	<b>21,522</b>	
<b>Non-Executive Directors:</b> 非常務董事：								
David Turnbull <sup>c</sup>	104	–	–	–	–	104	–	唐寶麟 <sup>c</sup>
Derek Cridland	–	–	–	–	–	–	–	梁德基
Davy Ho Cho Ying	–	–	–	–	–	–	–	何祖英
Peter Johansen	–	–	–	–	–	–	–	容漢新
Tony Tyler	–	–	–	–	–	–	–	湯彥麟
	<b>104</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>104</b>	<b>–</b>	
<b>Independent Non-Executive Directors:</b> 獨立非常務董事：								
Bob Adams	100	–	–	–	–	100	80	羅安達
Dinty Dickson Leach	205	–	–	–	–	205	160	李德信
Lincoln Leong Kwok Kuen	205	–	–	–	–	205	160	梁國權
David Tong Chi Leung <sup>d</sup>	65	–	–	–	–	65	–	唐子樑 <sup>d</sup>
Albert Lam Kwong Yu <sup>d</sup>	65	–	–	–	–	65	–	林光宇 <sup>d</sup>
Dr. Alex Wu Shu Chih	–	–	–	–	–	–	2	吳樹熾博士
	<b>640</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>640</b>	<b>402</b>	
2006 total	<b>9,131</b>	<b>5,801</b>	<b>4,277</b>	<b>309</b>	<b>2,582</b>	<b>22,100</b>		二零零六年總計
2005 total	402	7,334	5,327	8,183	678		21,924	二零零五年總計

### Notes:

- Annual Directors' fees are determined by the Board and for 2006 comprised Director's fee of HK\$100,000 (2005: HK\$80,000), fee for serving on Audit Committee of HK\$75,000 (2005: HK\$50,000) and fee for serving on Remuneration Committee of HK\$30,000 (2005: HK\$30,000) respectively.
- Bonus paid to the Executive Directors in the year is based on previous year's results.
- David Turnbull was re-designated from an Executive Director to a Non-Executive Director with effect from 1st February 2006. He resigned from his office on 8th August 2006. Mohan Joseph Ashokumar Sathianathan and Christopher D Pratt were appointed to the Board effective from May and August in 2006 respectively.
- David Tong Chi Leung and Albert Lam Kwong Yu were appointed as Independent Non-Executive Directors in May 2006.

### 附註：

- 每年的董事袍金由董事局決定，二零零六年包括董事袍金港幣十萬元(二零零五年為港幣八萬元)，出任審核委員會酬金港幣七萬五千元(二零零五年為港幣五萬元)，及出任薪酬委員會酬金港幣三萬元(二零零五年為港幣三萬元)。
- 年內支付予常務董事的花紅乃根據上年度的業績而定。
- 唐寶麟由常務董事調職為非常務董事，由二零零六年二月一日起生效，後於二零零六年八月八日退任。沙舒雅及白紀圖分別自二零零六年五月及八月起獲委任加入董事局。
- 唐子樑及林光宇於二零零六年五月獲委任為獨立非常務董事。

## 7. Net finance income

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
Finance income	33	14
Interest expenses:		
Long-term loan	–	(6)
Short-term bank loans	(3)	(1)
	<b>30</b>	7

## 7. 財務收入淨額

		(港幣百萬元)
		財務收入
		利息支出：
		長期貸款
		短期銀行貸款

## 8. Taxation

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
Current taxation:		
Hong Kong profits tax	9	19
Overseas tax	48	14
	<b>57</b>	33
Deferred taxation (note 16):		
(Increase)/decrease in deferred tax assets	(5)	4
Increase in deferred tax liabilities	29	28
	<b>81</b>	65

## 8. 稅項

		(港幣百萬元)
		本期稅項：
		香港利得稅
		海外稅
		遞延稅項 (附註16)：
		遞延稅項資產(增加)/減少
		遞延稅項負債增加

Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profits for the year. Overseas tax is calculated at tax rates prevailing in the respective jurisdictions.

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(二零零五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\$61 million for the year (2005: HK\$48 million).

應佔共控公司除稅後業績已扣除本年的稅項支出港幣六千一百萬元列述(二零零五年為港幣四千八百萬元)。

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

稅項支出與適用稅率的稅項對賬：

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
Profit before taxation	1,109	775
Nominal amount at Hong Kong profits tax rate of 17.5% (2005: 17.5%)	194	136
Share of after-tax results of jointly controlled companies	(58)	(46)
Effect of different tax rates in overseas jurisdictions	(37)	(23)
Non-taxable items	(14)	(2)
Over-provisions in prior years	(5)	–
Others	1	–
Total tax charge per accounts	<b>81</b>	65

		(港幣百萬元)
		除稅前溢利
		按香港利得稅率百分之十七點五 (二零零五年為百分之十七點五)計算的面額
		應佔共控公司除稅後業績
		海外司法管轄區不同稅率的影響
		無須課稅的項目
		前期超額準備
		其他
		賬目所示稅項支出總計

## 9. Profit attributable to the Company's shareholders

Of the profit attributable to the Company's shareholders, HK\$707 million (2005: HK\$574 million) is dealt with in the accounts of the Company.

## 10. Dividends

	Company公司	
	2006	2005
(in HK\$ Million)		
Interim, paid on 26th September 2006, of HK\$0.65 per share (2005: HK\$0.50 per share)	108	83
Special, paid on 26th September 2006, of HK\$2.50 per share (2005: nil)	416	—
Final, proposed, of HK\$1.60 per share (2005: HK\$1.10 per share)	266	183
	<b>790</b>	<b>266</b>

At a Board meeting held on 6th March 2007, Directors recommended a final dividend of HK\$1.60 per share for the year ended 31st December 2006. Together with the interim dividend of HK\$0.65 per share and a special dividend of HK\$2.50 per share paid on 26th September 2006, this makes a total dividend for the year of HK\$4.75 per share. Subject to shareholders' approval of the final dividend at the Annual General Meeting on 8th May 2007, payment of the final dividend will be made on 18th May 2007 to shareholders registered at the close of business on the record date, 8th May 2007.

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.

The register of members will be closed from 2nd May 2007 to 8th May 2007, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement of the final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 30th April 2007.

## 11. Earnings per share (basic and diluted)

Earnings per share are calculated by reference to the profit attributable to the Company's shareholders of HK\$847 million (2005: HK\$618 million) and to the weighted average of 166,324,850 (2005: 166,324,850) ordinary shares in issue.

## 9. 公司股東應佔溢利

公司股東應佔溢利中，港幣七億零七百萬元（二零零五年為港幣五億七千四百萬元）已計算於公司賬項內。

## 10. 股息

(港幣百萬元)

於二零零六年九月二十六日已派發的中期股息，每股港幣0.65元（二零零五年為每股港幣0.50元）  
於二零零六年九月二十六日已派發的特別股息，每股港幣2.50元（二零零五年為零）  
擬派末期股息每股港幣1.60元  
（二零零五年為每股港幣1.10元）

董事局於二零零七年三月六日舉行的董事局大會上，建議派發截至二零零六年十二月三十一日止末期股息每股港幣1.60元，連同二零零六年九月二十六日派發的中期股息每股港幣0.65元及特別股息每股港幣2.50元，本年度共派息每股港幣4.75元。上述末期股息如獲股東於二零零七年五月八日召開的股東週年大會上通過，將於二零零七年五月十八日派發予於記錄日期，即二零零七年五月八日辦公時間結束前名列股東名冊的股東。

擬派股息不在此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。

股票過戶手續將於二零零七年五月二日至二零零七年五月八日，包括首尾兩天，暫停辦理。為符合資格享有末期股息，所有過戶表格連同有關股票最遲須於二零零七年四月三十日（星期一）下午四時三十分送達公司的股份登記處香港中央證券登記有限公司，地址為香港皇后大道東一八三號合和中心十七樓。

## 11. 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八億四千七百萬元（二零零五年為港幣六億一千八百萬元）及已發行的加權平均股份數目166,324,850股（二零零五年為166,324,850股）普通股計算。

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

## 12. 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

	Property, plant and equipment 物業、廠房及設備					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	
	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 可修周轉件	Plant and buildings under construction 興建中之廠房及樓宇				
	(in HK\$ Million)						(港幣百萬元)		
<b>Cost</b>							<b>原價</b>		
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
Exchange differences	2	1	–	–	–	3	1	–	匯兌差額
Additions and transfers	633	127	19	47	(58)	768	17	–	增置及轉撥
Disposals	–	(7)	(20)	(2)	–	(29)	–	–	出售
At 31st December 2006	<b>3,246</b>	<b>850</b>	<b>186</b>	<b>252</b>	<b>75</b>	<b>4,609</b>	<b>245</b>	<b>10</b>	二零零六年十二月三十一日結算
<b>Depreciation and amortisation</b>							<b>折舊及攤銷</b>		
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
Exchange differences	1	–	–	–	–	1	–	–	匯兌差額
Charge for the year	121	69	17	14	–	221	6	2	本年度折舊
Disposals	–	(7)	(19)	–	–	(26)	–	–	出售
At 31st December 2006	<b>886</b>	<b>534</b>	<b>160</b>	<b>41</b>	<b>–</b>	<b>1,621</b>	<b>41</b>	<b>6</b>	二零零六年十二月三十一日結算
<b>Net book value</b>							<b>賬面淨值</b>		
At 31st December 2006	<b>2,360</b>	<b>316</b>	<b>26</b>	<b>211</b>	<b>75</b>	<b>2,988</b>	<b>204</b>	<b>4</b>	二零零六年十二月三十一日結算
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

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

**12. 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									
	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 可修周轉件	Plant and buildings under construction 興建中之廠房及樓宇	Total 總計	Leasehold land 租賃土地	Intangible assets – computer software 無形資產 – 電腦軟件	
<i>(in HK\$ Million)</i>						<i>(港幣百萬元)</i>			
<b>Cost</b>						<b>原價</b>			
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
Additions and transfers	456	39	14	47	(58)	498	–	–	增置及轉撥
Disposals	–	(4)	(16)	(2)	–	(22)	–	–	出售
At 31st December 2006	<b>2,127</b>	<b>412</b>	<b>150</b>	<b>252</b>	<b>25</b>	<b>2,966</b>	<b>21</b>	<b>10</b>	二零零六年十二月三十一日結算
<b>Depreciation and amortisation</b>						<b>折舊及攤銷</b>			
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
Charge for the year	59	26	6	14	–	105	1	2	本年度折舊
Disposals	–	(3)	(16)	–	–	(19)	–	–	出售
At 31st December 2006	<b>560</b>	<b>313</b>	<b>130</b>	<b>41</b>	<b>–</b>	<b>1,044</b>	<b>4</b>	<b>6</b>	二零零六年十二月三十一日結算
<b>Net book value</b>						<b>賬面淨值</b>			
At 31st December 2006	<b>1,567</b>	<b>99</b>	<b>20</b>	<b>211</b>	<b>25</b>	<b>1,922</b>	<b>17</b>	<b>4</b>	二零零六年十二月三十一日結算
At 31st December 2005	1,170	87	12	180	83	1,532	18	6	二零零五年十二月三十一日結算

Plant and buildings under construction are mainly related to construction of the fifth hangar at Xiamen, Mainland China by TAECO which is scheduled to open in mid 2007.

興建中的廠房及樓宇主要有關廈門太古飛機工程公司於中國廈門興建的第五個機庫，預期於二零零七年中啟用。

Of the leasehold land and land use rights with net book value of HK\$204 million (2005: HK\$192 million), HK\$17 million of a leasehold land is held in Hong Kong by the Company (2005: HK\$18 million) while HK\$187 million of land use rights is held in Mainland China through TAECO (2005: HK\$174 million). Both leasehold land and land use rights are held on medium-term leases.

賬面淨值為港幣二億零四百萬元 (二零零五年為一億九千二百萬元) 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一千七百萬元 (二零零五年為港幣一千八百萬元)，而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為港幣一億八千七百萬元 (二零零五年為港幣一億七千四百萬元)。租賃土地及土地使用權均以中期租約持有。

### 13. Subsidiary companies

	Company 公司	
	2006	2005
<i>(in HK\$ Million)</i>		
Unlisted shares at cost	<b>296</b>	268

The subsidiary companies are shown on page 58.

### 14. Jointly controlled companies

	Group 集團		Company 公司	
	2006	2005	2006	2005
<i>(in HK\$ Million)</i>				
Unlisted shares at cost	<b>77</b>	60	<b>51</b>	35
Attributable post-acquisition profits	<b>610</b>	591		
Share of net assets	<b>687</b>	651		
Loans due from jointly controlled companies	<b>11</b>	20	<b>10</b>	19
	<b>698</b>	671	<b>61</b>	54
Dividends received and receivable from jointly controlled companies			<b>315</b>	318

The principal jointly controlled companies are shown on page 58.

Loans due from jointly controlled companies are unsecured and carry interest rates from LIBOR plus 0.5% to LIBOR plus 0.6% per annum (2005: from nil to LIBOR plus 0.6% per annum). The loans either have no fixed terms of repayment or are repayable at various dates up to 2010.

### 13. 附屬公司

*(港幣百萬元)*

非上市原股值

附屬公司列於第五十八頁。

### 14. 共控公司

*(港幣百萬元)*

非上市原股值

購入後應佔溢利

應佔資產淨值

共控公司未償還貸款

已收及應收共控公司股息

主要共控公司列於第五十八頁。

共控公司未償還貸款並無抵押，其年利率為倫敦銀行同業拆息加五十個基點至倫敦銀行同業拆息加六十個基點（二零零五年的年利率為零至倫敦銀行同業拆息加六十個基點）。其貸款並無固定還款期或於不同日期償還至二零一零年。

#### 14. 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:

#### 14. 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：

	HAESL 香港航空發動機 維修服務公司		Others 其他		Total 總計		
	2006	2005	2006	2005	2006	2005	
<i>(in HK\$ Million)</i>							<i>(港幣百萬元)</i>
Turnover	<b>2,385</b>	2,124	<b>256</b>	201	<b>2,641</b>	2,325	營業總額
Operating expenses	<b>(2,071)</b>	(1,865)	<b>(201)</b>	(159)	<b>(2,272)</b>	(2,024)	營業開支
Operating profit	<b>314</b>	259	<b>55</b>	42	<b>369</b>	301	營業溢利
Net finance income	<b>5</b>	5	<b>-</b>	-	<b>5</b>	5	財務收入淨額
Share of after-tax results of jointly controlled companies	<b>18</b>	9	<b>-</b>	-	<b>18</b>	9	應佔共控公司除稅後業績
Profit before taxation	<b>337</b>	273	<b>55</b>	42	<b>392</b>	315	除稅前溢利
Taxation	<b>(55)</b>	(44)	<b>(7)</b>	(4)	<b>(62)</b>	(48)	稅項
Profit for the year	<b>282</b>	229	<b>48</b>	38	<b>330</b>	267	本年溢利
Dividends paid	<b>299</b>	299	<b>16</b>	19	<b>315</b>	318	已付股息
Funds employed:							所用資金：
Non-current assets	<b>370</b>	361	<b>84</b>	95	<b>454</b>	456	非流動資產
Current assets	<b>496</b>	504	<b>146</b>	110	<b>642</b>	614	流動資產
	<b>866</b>	865	<b>230</b>	205	<b>1,096</b>	1,070	
Current liabilities	<b>(289)</b>	(269)	<b>(79)</b>	(101)	<b>(368)</b>	(370)	流動負債
Non-current liabilities	<b>(27)</b>	(29)	<b>(3)</b>	-	<b>(30)</b>	(29)	非流動負債
	<b>550</b>	567	<b>148</b>	104	<b>698</b>	671	
Financed by:							資本來源：
Shareholders' equity and loans	<b>550</b>	567	<b>148</b>	104	<b>698</b>	671	股東權益及借款

## 15. 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 17 under principal accounting policies and were as follows:

	Group 集團		
	2006	2005	
<i>(in HK\$ Million)</i>			<i>(港幣百萬元)</i>
Local Scheme	50	52	本地僱員退休福利計劃
Expatriate Scheme	—	1	海外僱員退休福利計劃
MPF, statutory and other defined contribution schemes	44	11	強積金、法定及其他界定費用供款計劃
	<b>94</b>	<b>64</b>	

## 15. 退休福利

### (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，否則均加入強積金計劃。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。

如主要會計政策第17項所述，退休福利費用於損益賬中確認如下：

## 15. 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	
	2006	2005	2006	2005	2006	2005
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
Current service cost	84	83	5	5	89	88
Interest cost	94	88	6	5	100	93
Expected return on plan assets	(128)	(119)	(11)	(9)	(139)	(128)
Total	50	52	-	1	50	53
Actual gain on plan assets	384	189	31	15	415	204

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	
	2006	2005	2006	2005	2006	2005
<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	2,477	2,137	199	178	2,676	2,315
Present value of obligations	(2,035)	(1,930)	(120)	(122)	(2,155)	(2,052)
Net assets	442	207	79	56	521	263
Unrecognised actuarial gains	(321)	(66)	(43)	(20)	(364)	(86)
Assets recognised in the balance sheet	121	141	36	36	157	177

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	
	2006	2005	2006	2005	2006	2005
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
Assets at 1st January	141	162	36	37	177	199
Increase/(decrease) due to:	增加/(減少)原因：					
Total expense – as shown above	(50)	(52)	-	(1)	(50)	(53)
Contributions paid	30	31	-	-	30	31
Assets at 31st December	121	141	36	36	157	177

Principal actuarial assumptions for the year:

	2006	2005	
Discount rate	3.85%	4.25%	貼現率
Expected rate of return on plan assets	6.00%	6.00%	預期計劃資產回報率
Expected rate of future salary increases	4.00%	4.00%	預期未來增薪率

## 15. 退休福利 (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：

## 15. Retirement benefits (cont'd)

The movement in the fair value of plan assets of the year is 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		
	2006	2005	2006	2005	2006	2005	
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>						
At 1st January	<b>2,137</b>	1,979	<b>178</b>	160	<b>2,315</b>	2,139	一月一日結算：
Employer contributions	<b>30</b>	31	–	–	<b>30</b>	31	僱主供款
Employee contributions	–	–	<b>3</b>	3	<b>3</b>	3	僱員供款
Expected return on plan assets	<b>128</b>	119	<b>11</b>	10	<b>139</b>	129	計劃資產預期回報
Benefits paid	<b>(74)</b>	(62)	<b>(13)</b>	–	<b>(87)</b>	(62)	已付福利
Actuarial gains	<b>256</b>	70	<b>20</b>	5	<b>276</b>	75	精算收益
	<b>2,477</b>	2,137	<b>199</b>	178	<b>2,676</b>	2,315	

The major categories of plan assets as a percentage of total plan assets are 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		
	2006	2005	2006	2005	
Equities	<b>72%</b>	72%	<b>72%</b>	71%	股本權益
Bonds	<b>28%</b>	28%	<b>27%</b>	27%	債券
Cash and others	–	–	<b>1%</b>	2%	現金及其他
Total	<b>100%</b>	100%	<b>100%</b>	100%	總計

Allowing for current market condition, a range of potential returns may be expected for the Schemes' invested assets. Based on the Schemes' benchmark asset allocation of 70% in equities and 30% in bonds and cash, and allowing for administration fees and other expense charged to the Schemes, the Company has decided to adopt a long term return of 6.0% per annum.

鑒於現時的市場情況，預料各計劃已作投資的資產可能出現不同的潛在回報。基於各計劃的資產分配基準是百分之七十放於股本權益上，百分之三十放於債券及現金上，而考慮到計劃須支銷行政費用及其他開支，公司決定採納每年百分之六的長期回報率。

Expected employer contributions for the year ending 31st December 2007 are HK\$29 million for Local Scheme and nil for Expatriate Scheme.

預料截至二零零七年十二月三十一日止年度，僱主就本地僱員計劃及海外僱員計劃所作的供款分別為港幣二千九百萬元及零。

Other disclosure are as follows:

其他披露資料如下：

	Group and Company 集團及公司					
	Total 總計					
	2006	2005	2004	2003	2002	
<i>(in HK\$ Million)</i>	<i>(港幣百萬元)</i>					
Fair value of plan assets	<b>2,676</b>	2,315	2,139	1,906	1,356	計劃資產公平值
Present value of obligations	<b>(2,155)</b>	(2,052)	(1,929)	(1,678)	(1,555)	責任的現值
Surplus/(deficit)	<b>521</b>	263	210	228	(199)	盈餘/(虧損)
Experience gains on scheme liabilities	<b>87</b>	This information is not reported as it is not readily available and is not required by the Accounting Standards. 由於缺乏此項資料，且會計準則並無要求提供，因此不予報告。				計劃負債過往收益
Experience gains on scheme assets	<b>276</b>	76	148	354	1	計劃資產過往收益

## 16. Deferred taxation

The movements on deferred taxation are as follows:

	Group 集團	
	Provisions 準備	
<i>(in HK\$ Million)</i>		<i>(港幣百萬元)</i>
<i>Deferred tax assets</i>		<i>遞延稅項資產</i>
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
Credited to profit and loss account	5	於損益賬中記賬
At 31st December 2006	<b>12</b>	二零零六年十二月三十一日結算

## 16. 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	
<i>(in HK\$ Million)</i>						<i>(港幣百萬元)</i>
<i>Deferred tax liabilities</i>						<i>遞延稅項負債</i>
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
Charged/(credited) to profit and loss account	37	-	-	(8)	29	於損益賬中支銷/(記賬)
At 31st December 2006	<b>200</b>	<b>31</b>	<b>-</b>	<b>(5)</b>	<b>226</b>	二零零六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% (2005: 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（二零零五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的稅率計算。

## 17. 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		
	2006	2005	2006	2005	
<i>(in HK\$ Million)</i>					<i>(港幣百萬元)</i>
Carrying amounts at net realisable value:					以可變現淨值估值的賬面值：
Stocks	<b>37</b>	40	<b>28</b>	30	存貨
Work in progress	-	5	-	5	未完工程

The remaining balances are carried at cost.

## 17. 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。

餘下結餘則以成本入賬。

## 18. 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 credit risk associated with receivables.

	Group 集團		Company 公司	
	2006	2005	2006	2005
<i>(in HK\$ Million)</i>				
Trade debtors – in HK dollars	<b>159</b>	108	<b>143</b>	108
in US dollars	<b>139</b>	193	<b>65</b>	105
in other currencies	<b>3</b>	1	–	–
Amount due from subsidiary companies	–	–	<b>44</b>	27
Amounts due from jointly controlled companies	<b>19</b>	13	<b>14</b>	10
Other receivables and prepayments	<b>185</b>	162	<b>178</b>	159
	<b>505</b>	477	<b>444</b>	409
Trade creditors – in HK dollars	<b>28</b>	15	<b>27</b>	14
in US dollars	<b>87</b>	12	<b>19</b>	9
in other currencies	<b>76</b>	31	<b>4</b>	2
Amount due to subsidiary companies	–	–	<b>1</b>	12
Amounts due to jointly controlled companies	<b>3</b>	3	<b>3</b>	3
Dividend payable to minority shareholders	<b>68</b>	–	–	–
Other payables and accruals	<b>697</b>	520	<b>545</b>	398
	<b>959</b>	581	<b>599</b>	438

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	
	2006	2005	2006	2005
Debtors	<b>99%</b>	96%	<b>99%</b>	95%
Creditors	<b>99%</b>	98%	<b>98%</b>	97%

## 18. 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。集團定期為應收貿易賬項進行信貸評估，以減低與應收款項有關的信貸風險。

*(港幣百萬元)*

應收貿易賬項 — 港元	
— 美元	
— 其他貨幣	
應收附屬公司款項	
應收共控公司款項	
其他應收款項及預付款項	
應付貿易賬項 — 港元	
— 美元	
— 其他貨幣	
應付附屬公司款項	
應付共控公司款項	
應付少數股東股息	
其他應付款項及應計賬項	

應收貿易賬項及其他應收款項的公平值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：

## 19. Share capital

## 19. 股本

	Company 公司			
	2006		2005	
	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	<b>210,000,000</b>	<b>210</b>	210,000,000	210
Issued and fully paid:				
Ordinary shares of HK\$1.00 each				
At 31st December	<b>166,324,850</b>	<b>166</b>	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 or its subsidiary companies on the Hong Kong Stock Exchange.

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。

## 20. Reserves

## 20. 儲備

	Revenue reserve 收益儲備		Capital redemption reserve 資本贖回儲備		Exchange translation reserve 匯兌儲備		Cash flow hedge reserve 現金流量對沖儲備		Total 總計	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
<i>(in HK\$ Million)</i>										
<b>Group</b>										<i>(港幣百萬元)</i> <b>集團</b>
At 1st January	<b>3,331</b>	2,924	<b>19</b>	19	<b>(4)</b>	–	–	–	<b>3,346</b>	2,943
Profit attributable to the Company's shareholders	<b>847</b>	618	–	–	–	–	–	–	<b>847</b>	618
Previous year's final dividend paid	<b>(183)</b>	(128)	–	–	–	–	–	–	<b>(183)</b>	(128)
Current year's interim dividend paid	<b>(108)</b>	(83)	–	–	–	–	–	–	<b>(108)</b>	(83)
Current year's special dividend paid	<b>(416)</b>	–	–	–	–	–	–	–	<b>(416)</b>	–
Recognised during the period	–	–	–	–	<b>11</b>	(4)	<b>2</b>	–	<b>13</b>	(4)
At 31st December	<b>3,471</b>	3,331	<b>19</b>	19	<b>7</b>	(4)	<b>2</b>	–	<b>3,499</b>	3,346
The Company	<b>2,279</b>	2,279	<b>19</b>	19	–	–	–	–	<b>2,298</b>	2,298
Subsidiary companies	<b>586</b>	461	–	–	<b>3</b>	(4)	<b>2</b>	–	<b>591</b>	457
Jointly controlled companies	<b>606</b>	591	–	–	<b>4</b>	–	–	–	<b>610</b>	591
	<b>3,471</b>	3,331	<b>19</b>	19	<b>7</b>	(4)	<b>2</b>	–	<b>3,499</b>	3,346
<b>Company</b>										<b>公司</b>
At 1st January	<b>2,316</b>	1,953	<b>19</b>	19	–	–	–	–	<b>2,335</b>	1,972
Profit attributable to the Company's shareholders	<b>707</b>	574	–	–	–	–	–	–	<b>707</b>	574
Previous year's final dividend paid	<b>(183)</b>	(128)	–	–	–	–	–	–	<b>(183)</b>	(128)
Current year's interim dividend paid	<b>(108)</b>	(83)	–	–	–	–	–	–	<b>(108)</b>	(83)
Current year's special dividend paid	<b>(416)</b>	–	–	–	–	–	–	–	<b>(416)</b>	–
At 31st December	<b>2,316</b>	2,316	<b>19</b>	19	–	–	–	–	<b>2,335</b>	2,335

Distributable reserves of the Company at 31st December 2006, calculated under section 79B of the Hong Kong Companies Ordinance, amounted to HK\$2,316 million (2005: HK\$2,316 million).

根據香港公司條例第79B條計算，公司於二零零六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 (二零零五年為港幣二十三億一千六百萬元)。

The revenue reserve includes HK\$266 million (2005: HK\$183 million) representing the recommended final dividend for the year (note 10).

收益儲備包括本年度建議的末期股息 (附註10) 港幣二億六千六百萬元 (二零零五年為港幣一億八千三百萬元)。

## 21. Minority interests

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
At 1st January	<b>586</b>	495
Additional interest in a subsidiary company	<b>(26)</b>	–
Minority interests' share of profits	<b>181</b>	92
Dividends payable to minority interests	<b>(68)</b>	–
Exchange translation reserve	<b>7</b>	(1)
Cash flow hedge reserve	<b>2</b>	–
At 31st December	<b>682</b>	586

## 22. Receipt in advance

Advanced payment was received from Cathay Pacific Airways Limited in 2005 for storage services charges up to June 2018. At 31st December 2006, the current portion included in other payables under current liabilities is HK\$11 million (2005: HK\$11 million) while the non-current portion is HK\$112 million (2005: HK\$122 million).

## 21. 少數股東權益

	Group 集團	
	2006	2005
<i>(港幣百萬元)</i>		
一月一日結算	586	495
購入附屬公司額外權益	(26)	–
少數股東權益的應佔溢利	181	92
應付予少數股東權益的股息	(68)	–
匯兌儲備	7	(1)
現金流量對沖儲備	2	–
十二月三十一日結算	682	586

## 22. 預收款項

預收款項乃國泰航空有限公司二零零五年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。二零零六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(二零零五年為港幣一千一百萬元)，而非流動部分則為港幣一億一千二百萬元(二零零五年為港幣一億二千二百萬元)。

### 23. Notes to the consolidated cash flow statement

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

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
Operating profit	749	501
Depreciation and amortisation	229	202
Loss on disposal of property, plant and equipment	1	2
Operating profit before working capital changes	979	705
Decrease in retirement benefit assets	20	22
Increase in stocks and work in progress	(94)	(16)
Decrease/(increase) in debtors and prepayments	20	(73)
Increase in creditors and accruals	174	107
(Decrease)/increase in receipt in advance	(10)	122
Cash generated from operations	1,089	867

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

	Group 集團	
	2006	2005
<i>(in HK\$ Million)</i>		
Short-term deposits and bank balances	623	809
Short-term bank loans repayable within three months	(64)	(18)
Cash and cash equivalents	559	791
Deposits maturing after three months	275	86
	834	877

The effective interest rates on these deposits of the Group ranged from 1% to 5.52% per annum (2005: from 0.08% to 4.23% per annum) and of the Company ranged from 3.5% to 5.22% per annum (2005: from 1.31% to 4.23% per annum). These deposits have an average maturity of 107 days (2005: 69 days) for the Group and 28 days (2005: 42 days) for the Company. Included in deposits and bank balances are bonds and entrusted loans denominated in Renminbi amounting to HK\$308 million (2005: HK\$68 million).

Short-term bank loans denominated in US dollars are nil (2005: HK\$15 million) and HK dollars amounted to HK\$64 million (2005: HK\$3 million). They are unsecured, bear interest at effective interest rates ranged from 4.20% to 4.52% (2005: 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.

### 23. 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	
	2006	2005
<i>(港幣百萬元)</i>		
營業溢利	749	501
折舊及攤銷	229	202
出售物業、廠房及設備虧損	1	2
未計營運資金變動的營業溢利	979	705
退休福利資產減少	20	22
存貨及未完工程增加	(94)	(16)
應收及預付賬項減少/(增加)	20	(73)
應付及應計賬項增加	174	107
預收款項(減少)/增加	(10)	122
營業產生的現金	1,089	867

(b) 十二月三十一日結算的存款及銀行結存分析

	Group 集團	
	2006	2005
<i>(港幣百萬元)</i>		
短期存款及銀行結存	623	809
須於三個月內償還的短期銀行借款	(64)	(18)
現金及現金等價物	559	791
逾三個月到期的存款	275	86
	834	877

集團此等存款的實際利率由每年1%至5.52% (二零零五年為由每年0.08%至4.23%)不等，公司的實際利率則由每年3.5%至5.22% (二零零五年為由每年1.31%至4.23%)不等。集團此等存款的平均期限為一百零七日(二零零五年為六十九日)，公司則為二十八日(二零零五年為四十二日)。存款及銀行結存包括以人民幣為單位的債券及委託貸款，金額達港幣三億零八百萬元 (二零零五年為港幣六千八百萬元)。

以美元為單位的短期銀行貸款為零 (二零零五年為港幣一千五百萬元)，而以港元為單位的短期銀行貸款則為港幣六千四百萬元 (二零零五年為港幣三百萬元)。該等貸款並無抵押，按4.20%至4.52% (二零零五年為4.51%至4.71%)的實際年利率計息，須於結算日起三個月內償還。其賬面值與公平值相若。

## 24. Capital commitments

	Group 集團		Company 公司	
	2006	2005	2006	2005
<i>(in HK\$ Million)</i>				
Contracted but not provided for in the accounts	<b>297</b>	452	<b>193</b>	366
Authorised by Directors but not contracted for	<b>1,187</b>	565	<b>567</b>	133
	<b>1,484</b>	1,017	<b>760</b>	499
The Group's share of capital commitments of jointly controlled companies not included above:				
Contracted but not provided for in the accounts	<b>32</b>	1		
Authorised by Directors but not contracted for	<b>6</b>	14		

Capital commitments are mainly related to the construction of the third hangar at the Hong Kong International Airport by the Company, the fifth and sixth hangars at Xiamen, Mainland China by TAECO and a landing gear overhaul facility in Xiamen.

The landing gear facility, Taikoo (Xiamen) Landing Gear Services Company Limited (50.2% owned by HAECO and 12.0% owned by TAECO), was formed in March 2007 and is planned to start operations in mid 2008.

## 25. Lease commitments

At 31st December 2006, future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	Group and Company 集團及公司	
	2006	2005
<i>(in HK\$ Million)</i>		
<i>Land and buildings:</i>		
Leases expiring:		
Not later than one year	<b>73</b>	48
Later than one year but not later than five years	<b>289</b>	219
Later than five years	<b>2,013</b>	1,122
	<b>2,375</b>	1,389

## 24. 資本性承擔

	Group 集團		Company 公司	
	2006	2005	2006	2005
<i>(港幣百萬元)</i>				
經訂約但未在賬項中作準備	<b>297</b>	452	<b>193</b>	366
經董事局批准但未訂約	<b>1,187</b>	565	<b>567</b>	133
	<b>1,484</b>	1,017	<b>760</b>	499
上述不包括本集團應佔共控公司的資本性承擔如下：				
經訂約但未在賬項中作準備	<b>32</b>	1		
經董事局批准但未訂約	<b>6</b>	14		

資本性承擔主要是有關公司於香港國際機場興建第三個機庫、廈門太古飛機工程公司於中國內地廈門興建第五及第六個機庫，以及於廈門興建一個起落架大修設施。

該起落架設施名為廈門太古起落架維修服務有限公司(港機工程佔50.2%股權，廈門太古飛機工程公司佔12.0%股權)，於二零零七年三月成立並計劃於二零零八年中啟用。

## 25. 租賃承擔

二零零六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：

## 26. 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 5 and 6. 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:

## 26. 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5及附註6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		
		2006	2005	2006	2005	2006	2005	
(in HK\$ Million)		(港幣百萬元)						
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	—	—	50	28	50	28	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
Aircraft maintenance, inventory management and logistics support charges for Cathay Pacific Airways Limited		—	—	1,195	1,116	1,195	1,116	向國泰航空有限公司收取的飛機維修費、庫存管理費及物流支援費
Other revenue	b	111	103	382	30	493	133	其他收入
		<b>111</b>	<b>103</b>	<b>1,627</b>	<b>1,174</b>	<b>1,738</b>	<b>1,277</b>	
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			26	12	26	12	— 年內所付服務費
- Expenses reimbursed at cost	a			15	16	15	16	— 按成本代支費用
Subtotal subject to reporting cap	a			41	28	41	28	在符合申報上限規定下的小計
- Change in accrual for service fees				2	9	2	9	— 服務費應計賬項變動
- Share of administrative services				2	2	2	2	— 分擔行政服務
Total				45	39	45	39	總計
Property insurance placed through SPACIOM, a captive insurance company wholly owned by Swire Pacific Limited				3	4	3	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	8	6	91	3	99	9	其他購買項目
		<b>8</b>	<b>6</b>	<b>156</b>	<b>63</b>	<b>164</b>	<b>69</b>	
Balance at 31st December:		十二月三十一日結餘：						
Debtors and prepayments	d	19	13	276	137	295	150	應收及預付賬項
Creditors and accruals	d	3	3	23	29	26	32	應付及應計賬項

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

Notes:

- 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.
- Revenue from jointly controlled companies mainly came from provision to HAESL of engine component repairs and facilities rental on a commercial arm's length basis and of certain administrative services charged at cost.
- Purchases from jointly controlled companies comprised mainly aircraft component overhaul charges by HAESL.
- These outstanding balances are included in "debtors and prepayments" and "creditors and accruals" respectively in the consolidated and company balance sheets.

e. Continuing connected transactions during 2006:

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 of Airbus 300-600 freighters. The service includes acquiring an inventory of spares for leasing to AHK and providing management, logistic support and maintenance to this inventory. Payment is made in cash by AHK within 45 days of receipt of invoice for services performed by the Company. 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. Payments are made in cash by AHK within 30 days of receipt of invoice for the services performed by the Company. 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, 16th February 2006 and 14th February 2007 were published.

For the year ended 31st December 2006, the fees payable to the Company by AHK were HK\$37,871,000 under the TCP Contract which exceeded this contract's cap of HK\$30,151,000 and HK\$12,078,000 under the LM Contract of which was within the cap for this contract. The cap for the TCP Contract was exceeded due to an increased volume of non-routine work requiring additional material supply under the TCP Contract. Furthermore the amount of line maintenance work is projected to increase due to further fleet and schedule growth. After considering the information now available, the Company published an announcement dated 14th February 2007 for revising the annual caps on the estimated amount of fees payable by AHK to the Company for 2007-2009 to (i) HK\$52.7 million, HK\$55.0 million and HK\$62.0 million respectively under the TCP Contract; and (ii) HK\$18.4 million, HK\$20.6 million and HK\$16.0 million respectively under the LM Contract.

(b) *Cathay Pacific Airways Limited* ("CX")

The Company and its non-wholly owned subsidiary Taikoo (Xiamen) Aircraft Engineering Company Limited ("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 the Company/TAECO within 30 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.

For the year ended 31st December 2006, the fees payable by CX to the Company and TAECO under the New Agreements totalled HK\$941 million and HK\$254 million respectively.

(c) *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 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. They also include advice and expertise of the directors and senior officers of the John Swire & Sons Limited ("Swire") group including (but not limited to) assistance in negotiating with regulatory and other governmental or official bodies.

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 32.7% 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 2006, the fees paid by the Company to JSSHK under the JSSHK Services Agreement totalled HK\$26 million and expenses of HK\$15 million were reimbursed at cost.

## 26. 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. 來自共控公司的收入主要來自向香港航空發動機維修服務公司提供的引擎部件修理服務及按一般公平商業原則的設備租務,以及按成本收費提供的若干行政服務。二零零五年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、庫存管理費及物流支援費。

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. 此等未清賬款已分別於「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. 二零零六年的持續關連交易

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,公司為華民航空的空中巴士300-600型貨機提供全責維護全套服務,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。華民航空在收到發票後四十五天內,就公司所提供的服務以現金付款。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。華民航空在收到發票後三十天內,就公司所提供的服務以現金付款。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、二零零六年二月十六日及二零零七年二月十四日發出公告。

截至二零零六年十二月三十一日止年度,華民航空根據TCP合約應付予公司的費用為港幣三千七百八十七萬一千元,超過合約規定的上限港幣三千零一十五萬一千元,而華民航空根據LM合約應付予公司的費用為港幣一千二百零七萬八千元,並未超出合約規定的上限。超過TCP合約上限,乃因非常規工作增加而需根據TCP合約增加物料供應所致。此外,由於機隊及航班進一步增長,預計外勤維修工程亦將增加。經考慮現有資料後,公司已於二零零七年二月十四日刊登公告,將二零零七至二零零九年華民航空應付予公司的估計費用年度上限予以修訂,分別為(i) TCP合約上限港幣五千二百七十萬元、港幣五千五百萬元及港幣六千二百萬元;及(ii) LM合約上限港幣一千八百四十萬元、港幣二千零六十萬元及港幣一千六百萬元。

(b) *國泰航空公司* (「國泰航空」)

公司及其非全資附屬公司廈門太古飛機工程有限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」),由公司及廈門太古飛機工程公司提供服務予國泰航空的機隊。有關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、綜合倉儲及物流支援、部件及航電大修、物料供應、工程服務及配套服務。國泰航空於收到發票後三十天內,以現金支付予公司/廈門太古飛機工程公司。新協議年期由二零零六年一月一日起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,公司已刊發二零零五年十一月十日的有關公告,並已將二零零五年十一月二十二日的有關函件送交股東。

截至二零零六年十二月三十一日止年度,國泰航空根據新協議應付予公司及廈門太古飛機工程公司的費用總額分別為港幣九億四千一百萬元及港幣二億五千四百萬元。

(c) *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。該等服務還包括提供英國太古集團有限公司(「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。

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的百分之二點五。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起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七的已發行股本,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。

截至二零零六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予香港太古集團的服務費總計為港幣二千六百萬元,而港幣一千五百萬元費用已按成本支付。

**27. Principal subsidiary and jointly controlled companies  
at 31st December 2006**

**27. 主要附屬公司及共控公司  
於二零零六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
<b>Subsidiary companies:</b>						
<b>附屬公司：</b>						
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	56.6%	—	56.6%
<b>Jointly controlled companies:</b>						
<b>共控公司：</b>						
HAECO ATEC Component Service Ltd. (formerly named EADS SOGERMA HAECO Services Company Limited) (前稱 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%	19.8%
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%	30.7%
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	Commercial aero engine overhaul services 商用飛機引擎大修服務	Registered capital of US\$4,000,000 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	30%	10%	35.7%

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

主要附屬公司及共控公司乃董事局認為對集團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。