

財務報表附註

截至 2006 年 12 月 31 日止年度

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

1. 概況

本公司之註冊地址為中華人民共和國(「中國」)重慶市九龍坡區中梁山協興村一號。本公司從事生產及銷售五十鈴輕型商用車、多功能汽車、皮卡車、重型車，其他汽車和汽車零件及部件。其附屬公司的主要業務載於附註30。

本公司於一九九四年五月十八日重組為中外合資股份有限公司。此乃國營企業慶鈴汽車(集團)有限公司(「慶鈴集團」)及中外合資企業慶鈴汽車有限公司(「慶鈴」)重組之一部份。在以下所述重組之前，慶鈴集團及慶鈴分別持有各汽車製造生產過程之有關業務、資產及負債。根據該項重組，慶鈴集團之部份業務及有關之資產及負債、及其他原慶鈴股東之其他資產，重組並注入慶鈴。慶鈴再重組並改組為一間中外合資股份有限公司(「重組」)。重組之後，慶鈴集團成為本公司之最終控股公司。

綜合財務報表以本公司功能貨幣人民幣(「人民幣」)呈列。

1. GENERAL

The Company was registered in 1 Xiexing Cun, Zhong Liang Shan, Jiu Long Po District, Chongqing, the People's Republic of China (the "PRC") and engaged in the production and sale of Isuzu light-duty trucks, multi-purposes vehicles, pick-up trucks, heavy-duty trucks, other vehicles and automobile parts and accessories. The principal activities of its subsidiaries are set out note 30.

The Company was reorganised into a Sino-foreign joint venture joint stock limited company on 18th May, 1994 as part of a reorganisation of a state-owned enterprise 慶鈴汽車(集團)有限公司 ("Qingling Group"), and 慶鈴汽車有限公司 ("Qingling"), a Sino-foreign equity joint venture company. Prior to the reorganisation, Qingling Group and Qingling separately owned the operations and the relevant assets and liabilities relating to various automobile manufacturing processes. Pursuant to the reorganisation, certain of the operations and the relevant assets and liabilities of Qingling Group and other assets of the remaining shareholders of Qingling were reorganised and injected into Qingling which was reorganised and converted into a Sino-foreign joint venture joint stock limited company (the "Reorganisation"). Qingling Group becomes the ultimate holding company of the Company subsequent to the Reorganisation.

The consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company.

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2. 採納新訂及經修訂香港財務報告準則

本年內，本集團首次採用了多項由香港會計師公會（「香港會計師公會」）頒佈的新準則、修訂及詮釋（「新香港財務報告準則」），適用於二零零五年十二月一日或二零零六年一月一日或之後開始的會計期間。新香港財務報告準則的採納對本期或以往會計期間的業績及財務狀況之編製及呈列不會產生重大影響。因此，無需進行以往期間追溯調整。

本集團並未提前採納以下已頒佈但尚未生效之新準則、修訂及詮釋。

香港會計準則第1號 (修訂)	資本披露 ¹
香港財務報告準則 第7號	金融工具：披露 ¹
香港財務報告準則 第8號	經營分類 ²
香港經(國際財務 報告準則) — 詮釋第7號	採用香港會計準則 第29號在高通貨膨脹 經濟體系中進行財務 報告的重新列賬法 ³
香港(國際財務報告 準則) — 詮釋第8號	香港財務報告準則第2號 的範圍 ⁴
香港(國際財務報告 準則) — 詮釋第9號	重估嵌入式衍生工具 ⁵
香港(國際財務報告 準則) — 詮釋第10號	中期財務報告及減值 ⁶
香港(國際財務報告 準則) — 詮釋第11號	香港財務報告準則第2號 — 集團及庫存股份 交易 ⁷
香港(國際財務報告 準則) — 詮釋第12號	服務經營權安排 ⁸

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretation (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are either effective for accounting periods beginning on or after 1st December 2005 or 1st January 2006. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment had been required.

The Group has not early applied the following new standards, amendment and interpretations that have been issued but are not yet effective.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK (IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ³
HK (IFRIC) – Int 8	Scope of HKFRS 2 ⁴
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives ⁵
HK (IFRIC) – Int 10	Interim Financial Reporting and Impairment ⁶
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions ⁷
HK (IFRIC) – Int 12	Service Concession Arrangements ⁸

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2. 採納新訂及經修訂香港財務報告準則(續)

本公司董事預期，除香港財務報告準則第8號外，應用此等新訂香港財務報告準則不會對本集團的綜合財務報表構成重大財務影響。董事已開始考量香港財務報告準則第8號的潛在影響，但尚未能確定香港財務報告準則第8號會否對集團經營業績及財務狀況的呈列方式構成重大影響。

1	在二零零七年一月一日或該日後開始的年度期間起生效
2	在二零零九年一月一日或該日後開始的年度期間起生效
3	在二零零六年三月一日或該日後開始的年度期間起生效
4	在二零零六年五月一日或該日後開始的年度期間起生效
5	在二零零六年六月一日或該日後開始的年度期間起生效
6	在二零零六年十一月一日或該日後開始的年度期間起生效
7	在二零零七年三月一日或該日後開始的年度期間起生效
8	在二零零八年一月一日或該日開始的年度期間起生效

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Cont'd)

The directors of the Company anticipate that the application of these new Standards, amendment and interpretations will have no material financial impact on the consolidated financial statements of the Group, except for HKFRS 8. They have commenced considering the potential impact of HKFRS 8 but is not yet in a position to determine whether HKFRS 8 would have a significant impact on how its results of operations and financial position are presented.

1	Effective for annual periods beginning on or after 1st January 2007
2	Effective for annual periods beginning on or after 1st January 2009
3	Effective for annual periods beginning on or after 1st March 2006
4	Effective for annual periods beginning on or after 1st May 2006
5	Effective for annual periods beginning on or after 1st June 2006
6	Effective for annual periods beginning on or after 1st November 2006
7	Effective for annual periods beginning on or after 1st March 2007
8	Effective for annual periods beginning on or after 1st January 2008

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3. 主要會計政策

綜合財務報表乃按照香港會計師公會頒佈的香港財務報告準則以歷史成本慣例編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例規定的適用披露。

綜合賬目基準

綜合財務報表包括本公司及本公司所控制的實體(其附屬公司)之財務報表。控制乃指本公司有權管理一間實體之財務及經營決策，以於其業務中獲取利益。

於年內收購或出售的附屬公司業績均自收購生效日期起或出售生效日期止(如適用)計入綜合收益表。

如有需要，可能會對附屬公司的財務報表作出調整，使其會計政策符合集團其他成員公司所使用者。

集團內各公司間之結餘、收入及開支已於綜合賬目中抵消。

綜合附屬公司資產淨值之少數股東權益，與本集團於其中之權益分開呈列。資產淨值內的少數股東權益包括該等權益於原業務合併日期的金額及少數股東應佔自合併日期起計的權益變動。少數股東應佔虧損超過少數股東佔附屬公司權益的部分，悉數分配往本集團權益予以抵銷，除非少數股東負有具約束力的責任，並可作出額外投資填補該等虧損。

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis and in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

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

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3. 主要會計政策 (續)

收入確認

收入乃根據已收或應收代價的公允價值計量，並指於一般業務過程中出售貨品時的應收賬款，扣除折扣及相關消費稅。

產品銷售乃於產品付運及所有權轉移時確認。

金融資產之利息收入乃根據本金餘額及適用實際利率按時間性提取。該利率為於金融資產預期可使用年期內將估計日後收取現金確切地折現至該資產賬面淨值的同一利率。

借貸成本

借貸成本均於發生期間的綜合損益表內確認及列示為財務成本。

物業、機器及設備

物業、機器及設備(除在建工程之外)按成本值減日後累計折舊及任何已識別的減值虧損列賬。

除在建工程以外的物業、機器及設備，乃在考慮估計殘值後按其估計可使用年期以直線法就成本值撥備折舊。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and consumption tax.

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

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

Borrowing costs

All borrowing costs are recognised as and included in finance costs in the consolidated income statement in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment other than construction in progress are stated at cost less subsequent accumulated depreciation and any identified impairment losses.

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

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3. 主要會計政策 (續)

物業、機器及設備 (續)

可按個別生產程序識別的專用生產設施及模具乃參考此等設施及模具的預計生產量後予以撥備折舊。

物業、廠房及設備項目於出售後或當預期持續使用該資產將不會產生未來經濟利益時不再確認。於不再確認該資產時所產生之任何盈虧 (以出售所得款項淨額與該項目之賬面值之差額計算) 將計入不再確認該項目年度內之綜合收益表。

在建工程以成本值入賬，其中包括所有發展項目支出及該等工程應佔之其他直接成本。竣工工程之成本則轉撥為適合類別的物業、機器及設備。

在建工程並無作出折舊撥備。

土地使用權

收購土地使用權所預付之款項乃預付土地租金，並以經營租賃列賬。預付土地租金於租期內以直線法攤銷，或倘出現減值，則減值將於綜合損益表中支銷。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

Specialised production facilities and moulds which can be identified in relation to specific production processes are depreciated by reference to the expected production volume of these facilities and moulds.

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

Construction in progress is stated at cost which includes all development expenditure and other direct costs. Costs on completed construction works are transferred to the appropriate categories of property, plant and equipment.

No depreciation is provided in respect of construction in progress.

Land use rights

The prepayments made on acquiring land use rights represent prepaid lease payments and accounted for as an operating lease. The prepaid lease payment is amortised on a straight-line basis over the lease term, or when there is impairment, the impairment is expensed in the consolidated income statement.

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3. 主要會計政策 (續)

無形資產

獨立收購之無形資產

獨立收購及可使用年期有限之無形資產按成本減累計攤銷及任何累計減值虧損列賬。無限可使用年期之無形資產於估計可使用年期以直線法攤銷。

取消確認無形資產所產生之收益或虧損按出售所得款項淨額與資產賬面值之差額計量，並於取消確認資產時在綜合收入報表確認。

研究及開發支出

研究開支於發生期間確認為支出。

開發支出引致的內部產生無形資產僅在清楚訂明的項目開發支出預計可從日後商業活動中收回時方始確認。所產生的資產於可使用年內以直線法攤銷，並於扣減其後累計攤銷及任何累計減值虧損後按成本列賬。

就內部產生無形資產初步確認之金額為該等無形資產首次符合確認標準當日起產生之開支總額。

倘並無內部產生無形資產可予確認，開發支出於產生的期間在損益中扣除。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

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

Research and development costs

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

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

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3. 主要會計政策 (續)

有形及無形資產減值

於各結算日，本集團均會對有形及無形資產的賬面值進行審查，以確定是否有跡象顯示這些資產已發生減值虧損。如果存在減值跡象，則會對資產的可收回金額作出估計，以確定減值虧損的程度(如適用)。如果無法估計個別資產的可收回金額，則本集團會估計該資產所屬現金產生單位的可收回金額。

可收回金額指公允價值減出售成本與使用價值兩者中的較高者。評估使用價值時，估計的日後現金流量乃按稅前折現率折現至現值，以反映現時市場評估貨幣的時值及資產的特有風險。

如果估計資產(或其所屬之現金產生單位)的可收回金額低於其賬面值，則將該資產(或其所屬之現金產生單位)的賬面值削減至其可收回金額。減值虧損即時確認為支出。

如果減值虧損隨後撥回，則該資產(或其所屬之現金產生單位)的賬面值會增加至其可收回金額的重新估計值；但增加後的賬面值不得超過該資產(或其所屬之現金產生單位)於過往年度如無確認減值虧損時應確定的賬面值。減值虧損撥回即時確認為收入。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

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3. 主要會計政策 (續)

存貨

存貨按成本與可變現淨值兩者之較低值列賬。成本採用加權平均數基準計算。

金融工具

金融資產及金融負債於集團實體成為該工具合約條文的訂約方時，於綜合資產負債表內確認。金融資產及金融負債初步以公允價值計量。應直接計入收購或發行金融資產及金融負債（按公允價值列入損益之金融資產及金融負債除外）之交易成本，於初步確認時加入或從金融資產或金融負債之公允價值扣減（如適用）。直接應佔收購按公允價值列入損益之金融資產或金融負債之交易成本，應立即於損益內確認。

金融資產

本集團的金融資產主要為借款及應收款項。所有正常購買或銷售的金融資產，按交易日之基準確認或撤銷確認。正常購買或銷售之金融資產是指市場規條或慣例須在一段期限內進行資產交付之金融資產買賣。金融資產所採用的會計政策載列如下。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

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

Financial instruments

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

Financial assets

The Group's financial assets are mainly loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of financial assets are set out below.

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

借款及應收款項

借款及應收款項指於活躍市場並無報價但具有固定或可釐定付款的非衍生金融資產。於初步確認後的各結算日，借款及應收款項(包括應收賬款、存款及應收票據以及銀行結餘及銀行存款)於扣除任何已識別減值虧損後以實際利率法按攤銷成本列賬。當有客觀證據顯示資產出現減值，則於損益中確認減值虧損。減值乃按資產的賬面值及估計日後現金流量的現值(以原本實際利率折現計算)之間的差額計量。當該項資產之可收回金額的增加可客觀地與該項減值獲確認後出現之事件關連，則減值虧損可於其後期間撥回，惟於減值撥回日期該項資產的賬面值不得超出倘該項減值未獲確認本應出現之攤銷成本。

金融負債及權益

金融負債及本集團發行的權益工具乃根據已訂立的合約安排內容以及金融負債及權益工具的定義分類。

權益工具為證明本集團資產剩餘權益(經扣除其所有負債)之任何合約。為金融負債及權益工具採納的會計政策如下。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Loans and receivables

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

Financial liabilities and equity

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

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

財務報表附註

截至 2006 年 12 月 31 日止年度

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

3. 主要會計政策 (續)

金融工具 (續)

金融負債及權益 (續)

財務負債

財務負債 (包括銀行借款、應付賬款、應付票據及其他應付賬款) 其後採用實際利率法按已攤銷成本計算。

權益工具

本公司發行的權益工具乃按所獲收入，並於扣除發行直接成本後列賬。

稅項

所得稅支出乃當期所得稅及遞延稅項之總和。

當期所得稅是按本年度之應稅溢利提取。應稅溢利不同於綜合損益表內所列溢利，此乃因應稅溢利不包括在其他年度應稅或可減稅額的收入或支出項目，也不包括無須課稅或不獲扣除之項目。本集團的當期稅項負債乃採用結算日時已確立或實際確立的稅率計算。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Financial liabilities

Financial liabilities (including bank loan, trade, bills and other payables) are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

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

Taxation

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

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

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

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3. 主要會計政策 (續)

稅項 (續)

遞延稅項按綜合財務報表內資產與負債賬面值與計算應稅溢利時採用的相應稅基之間的差額予以確認，並採用資產負債表負債法計算。一般而言，所有應課稅的暫時差額均確認為遞延稅項負債。倘若可能出現可用於扣減暫時性差額的應稅溢利，則確認為遞延稅項資產。若自商譽產生或在一項交易（業務合併除外）中初步確認其他資產與負債而產生暫時差額，而該差額並無影響應稅溢利或會計溢利，則不會確認該等資產與負債。

遞延稅項資產的賬面值於每個結算日均會予以審閱，並削減至不可能再有足夠應稅溢利來收回全部或部分資產為止。

遞延稅項按償還負債或變現資產期間的預期適用稅率計算。遞延稅項在損益表中扣除或計入損益表內，但若涉及直接在權益中扣除或計入權益的項目，則在權益中處理。

租賃

凡租賃條款將擁有權的絕大部分風險及回報轉移至承租人的租賃，均列作融資租賃的類別。所有其他租賃則列作經營租賃的類別。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Leasing

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

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

3. 主要會計政策 (續)

租賃 (續)

本集團作為出租人

經營租賃的租金收入乃按有關租賃的租期以直線法於綜合損益表中確認。於磋商及安排一項經營租賃引致之初步直接成本乃加至租賃資產之賬面值，並按租賃的租期以直線法確認作支出。

本集團作為承租人

經營租賃的應付租金乃按有關租賃的租期以直線法於損益內扣除。因訂立一項經營租賃作為獎勵之已收及應收福利乃以直線法按租賃的租期確認為租金支出減少。

外幣

編製個別實體的財務報表時，以該實體之功能貨幣以外幣(外幣)所進行的交易，乃按交易日期當日的匯率，以各自之功能貨幣(即該實際經營之主要經濟環境之貨幣)記賬。於各結算日，以外幣計值的貨幣項目均按結算日當日的匯率重新換算。根據歷史成本計量得出以外幣計值的非貨幣項目則毋須重新換算。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expenses over the lease term on a straight-line basis.

Foreign currency

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

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

3. 主要會計政策 (續)

外幣 (續)

因結算貨幣項目及重新換算貨幣項目而產生的滙兌差額均於產生的期間於損益中確認。

政府資助

政府資助會在須與相關成本配比之期間確認為收入。

退休福利成本

向定額供款退休福利計劃所作的供款於到期時於僱員提供服務使其有權享有有關供款時列作開支入賬。

至於向國家管理的退休福利計劃所作的供款，倘本集團在此等計劃下的責任與按定額供款退休福利計劃所產生的責任相同，則列作向定額供款計劃作出供款處理。

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currency (Cont'd)

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

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense. When employees have rendered service entitling them to the contributions.

Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

4. 金融工具

財務風險管理目標及政策

本集團的主要金融工具包括應收賬款、應收票據及應付賬款、銀行存款及現金及銀行結餘。該等金融工具的詳情於各自的附註中披露。與該等金融工具有關的風險及如何減少該等風險的政策載列如下。管理層負責管理及監察此等風險，確保適時及有效實行適當措施。

貨幣風險

本公司有外幣買賣，因而令本集團面對外幣風險。本集團約 2.41% 的採購以集團實體的功能貨幣以外的貨幣計值，而差不多 87% 的成本以集團實體功能貨幣計值。本集團目前並無政策管理與交易貨幣風險有關的外幣風險。然而，管理層密切察有關外幣風險，並將於出現重大外幣風險時考慮對沖。

信貸風險

倘對方未能履行彼等的責任，就各類別已確認金融資產而言，本集團於二零零六年十二月三十一日所承受的信貨風險以綜合資產負債表所列該等資產的賬面值為限。本集團的信貨風險主要來自其應收賬款。為減低信貨風險，管理層已指派一個小組負責釐定信貸限額、信貸批核及其他監管程序。此外，管理層會定期審閱各項個別貿易債項的可收回金額，確保就無法收回金額作出足夠減值虧損準備。就此而言，管理層認為本集團的信貨風險已大大降低。

4. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, bills receivables and trade payables, bank deposits and cash and bank balances. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Currency risk

The Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 2.41% of the Group's sales are denominated in currencies other than the functional currency of the group entity making the sales, whilst almost 87% of costs are denominated in the group entity's functional currency. The Group currently does not have a policy to manage foreign currency in respect of currency exposures on the transactions. However, management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations at 31st December, 2006 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. The Group's credit risk is primarily attributable to its trade receivables. In order to minimise credit risk, management has delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, management reviews the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, management considers that the Group's credit risk is significantly reduced.

財務報表附註

截至 2006 年 12 月 31 日止年度

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

4. 金融工具(續)

財務風險管理目標及政策(續)

信貸風險(續)

應收票據及其他流動資金的信貸風險有限，因為主要的交易對方於中國具有高水平信貸評級的銀行。

由於本集團的風險分散於多個對方及客戶，故本集團的信貸風險並不集中。

公允價值

本公司董事認為，金融資產及負債之賬面值以攤銷成本於綜合財務報表記賬，並與其公允價值相若。

5. 營業額

營業額指本集團向外界客戶售貨的已收及應收款項金額，並於列賬時扣除銷售退回及銷售相關稅。

營業額分析如下：

銷售卡車及汽車
銷售汽車零件及部件

4. FINANCIAL INSTRUMENTS (Cont'd)

Financial risk management objectives and policies (Cont'd)

Credit risk (Cont'd)

The credit risk on bill receivables and other liquid funds are limited because the majority of counterparties are banks with high credit-rating in PRC.

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

Fair value

The directors of the Company consider that the carrying amounts of financial assets and liabilities are recorded at amortised cost in the consolidated financial statements approximate their fair value.

5. TURNOVER

Turnover represents the amounts received and receivable for goods sold by the Group to outside customers and is stated net of returns and sales related tax.

Analysis of the turnover is as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Sales of trucks and vehicles	3,218,272	3,027,427
Sales of automobile parts and accessories	124,170	135,299
	<u>3,342,442</u>	<u>3,212,726</u>

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

6. 業務及地區分析資料

(a) 業務分析

為了管理目的，本集團目前生產及銷售之產品共分為六個類型－輕型商用車、多功能汽車、皮卡車、重型車、其他汽車及汽車零件及部件。

主要業務分析如下：

輕型商用車	－ 生產及銷售輕型商用車
多功能汽車	－ 生產及銷售多功能汽車
皮卡車	－ 生產及銷售皮卡車
重型車	－ 生產及銷售重型車
其他汽車	－ 生產及銷售除以上所列之汽車
汽車零件及部件	－ 生產及銷售汽車零件及部件

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

(a) Business segments

For management purposes, the Group is currently engaged in the manufacture and sales of six series of products – light-duty trucks, multi-purposes vehicles, pick-up trucks, heavy-duty trucks, other vehicles and automobile parts and accessories.

Principal business segments are as follows:

Light-duty trucks	－	manufacture and sales of light-duty trucks
Multi-purposes vehicles	－	manufacture and sales of multi-purposes vehicles
Pick-up trucks	－	manufacture and sales of pick-up trucks
Heavy-duty trucks	－	manufacture and sales of heavy-duty trucks
Other vehicles	－	manufacture and sales of vehicles other than those identified as above
Automobile parts and accessories	－	manufacture and sales of automobile parts and accessories

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

6. 業務及地區分析資料(續)

(a) 業務分析(續)

(i) 截至二零零六年十二月三十一日止年度之業務資料分析如下：

	輕型商用車 Light-duty trucks 人民幣千元 RMB'000	多功能汽車 Multi- purposes vehicles 人民幣千元 RMB'000	皮卡車 Pick-up trucks 人民幣千元 RMB'000	重型車 Heavy- duty trucks 人民幣千元 RMB'000	其他汽車 Other vehicles 人民幣千元 RMB'000	汽車零件及部件 Automobile parts and accessories 人民幣千元 RMB'000	共用額 Unallocated	綜合 Consolidated 人民幣千元 RMB'000
損益表								
營業額	2,067,746	95,541	811,295	245,478	(1,788)	124,170		3,342,442
業績								
業務業績	107,260	(29,926)	2,996	(5,060)	(6,931)	19,576		87,915
不可分配之公司費用								(38,069)
利息收入								24,982
- 已扣減財務成本								14,913
不可分配其他收入								
除稅前溢利								89,741
所得稅支出								(10,273)
年度溢利								79,468
資產負債表								
資產								
業務資產	1,361,952	166,806	500,684	1,247,139	-	66,973		3,343,554
業務之間共用資產								
- 物業、機器及設備								1,621,359
- 預付土地租金								44,396
- 存貨								73,741
不可分配公司資產								2,835,028
綜合總資產								7,918,078
負債								
業務負債	104,069	4,024	31,139	44,739	-	5,206		189,177
不可分配之應付賬款、票據及其他應付賬款								784,887
不可分配之公司負債								6,523
綜合總負債								980,587
其他資料								
壞賬準備撥回(於收回時撥回)	-	(4,060)	(151)	(88)	(3,931)	(388)	-	(8,618)
存貨準備	-	3,579	3,166	1,935	2,806	-	-	11,486
存貨準備撥回(於銷售時撥回)	-	(12,990)	-	-	-	-	-	(12,990)
添置物業、機器及設備	2,329	3,369	3,203	7,947	-	-	7,013	23,861
無形資產攤銷	5,148	1,290	3,572	5,249	-	-	-	15,259
物業、機器及設備折舊	121,065	11,082	76,425	20,418	-	-	27,740	256,730
預付土地租金攤銷	-	-	-	-	-	-	1,189	1,189

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6. 業務及地區分析資料(續)

(a) 業務分析(續)

(ii) 截至二零零五年十二月三十一日止年度之業務資料分析如下：

	輕型商用車 Light-duty trucks 人民幣千元 RMB'000	多功能汽車 Multi- purposes vehicles 人民幣千元 RMB'000	皮卡車 Pick-up trucks 人民幣千元 RMB'000	重型車 Heavy- duty trucks 人民幣千元 RMB'000	其他汽車 Other vehicles 人民幣千元 RMB'000	汽車零件及部件 Automobile parts and accessories 人民幣千元 RMB'000	綜合 Consolidated 人民幣千元 RMB'000
損益表	INCOME STATEMENT						
營業額	1,831,246	74,638	940,829	230,611	103	135,299	3,212,726
業績	Result						
業務業績	59,958	(13,355)	17,194	(6,181)	(384)	33,545	90,777
不可分配之公司費用	Unallocated corporate expenses (38,131)						
財務成本	Finance costs, net of interest income (17,376)						
— 已扣減利息收入	Unallocated other income 11,104						
不可分配之其他收入							
除稅前溢利	Profit before taxation 46,374						
稅項	Taxation (6,765)						
年度溢利	Profit for the year 39,609						
資產負債表	BALANCE SHEET						
資產	Assets						
業務資產	1,898,459	80,522	826,568	1,362,810	918	59,768	4,229,045
業務之間共用資產	Interchangeably used assets between segments						
— 物業、機器及設備	— property, plant and equipment 1,765,891						
— 預付土地租金	— prepaid lease payments 45,585						
— 存貨	— inventories 110,538						
不可分配公司資產	Unallocated corporate assets 2,061,257						
綜合總資產	Consolidated total assets 8,212,316						
負債	Liabilities						
業務負債	82,325	3,457	43,988	8,143	2	4,460	142,375
不可分配之應付賬款、票據及其他應付賬款	Unallocated trade, bills and other payables 602,762						
不可分配之公司負債	Unallocated corporate liabilities 598,705						
綜合總負債	Consolidated total liabilities 1,343,842						
其他資料	OTHER INFORMATION						
壞賬準備	Allowance for bad and doubtful debts 1,022						
壞賬準備撥回(於收回時撥回)	Write back for bad and doubtful debts (upon collection) (2,117)						
存貨準備	Allowance for obsolete inventories 9,700						
存貨準備撥回(於銷售時撥回)	Write back for obsolete inventories (upon sale) (3,278)						
添置物業、機器及設備	Additions of property, plant and equipment 23,063						
無形資產攤銷	Amortisation of intangible assets 17,486						
物業、機器及設備折舊	Depreciation of property, plant and equipment 210,647						
預付土地租金攤銷	Amortisation of prepaid lease payments 1,189						

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

(a) Business segments (Cont'd)

(ii) Segment information about these businesses for the year ended 31st December, 2005 is presented below:

	輕型商用車 Light-duty trucks 人民幣千元 RMB'000	多功能汽車 Multi- purposes vehicles 人民幣千元 RMB'000	皮卡車 Pick-up trucks 人民幣千元 RMB'000	重型車 Heavy- duty trucks 人民幣千元 RMB'000	其他汽車 Other vehicles 人民幣千元 RMB'000	汽車零件及部件 Automobile parts and accessories 人民幣千元 RMB'000	共用額	綜合 Consolidated 人民幣千元 RMB'000
其他資料	OTHER INFORMATION							
壞賬準備	Allowance for bad and doubtful debts 1,022							
壞賬準備撥回(於收回時撥回)	Write back for bad and doubtful debts (upon collection) (2,117)							
存貨準備	Allowance for obsolete inventories 9,700							
存貨準備撥回(於銷售時撥回)	Write back for obsolete inventories (upon sale) (3,278)							
添置物業、機器及設備	Additions of property, plant and equipment 23,063							
無形資產攤銷	Amortisation of intangible assets 17,486							
物業、機器及設備折舊	Depreciation of property, plant and equipment 210,647							
預付土地租金攤銷	Amortisation of prepaid lease payments 1,189							

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6. 業務及地區分析資料(續)

(b) 地區分析

- (i) 所有本集團生產設備均座落在中國。本集團之絕大部份銷售亦在中國進行。本集團亦有向日本作出少量出口銷售，佔本集團營業額約 2.41% (二零零五年：2.53%)。
- (ii) 所有本集團之業務資產、負債及於兩個年度添置之物業、機器及設備及無形資產均座落在中國。

7. 財務成本

須於五年內全數償還之
銀行借款之利息支出

6. BUSINESS AND GEOGRAPHICAL SEGMENTS (Cont'd)

(b) Geographical segments

- (i) All of the production facilities of the Group are located in the PRC and substantially all of the sales of the Group are also made in the PRC. The Group has made limited export sales to Japan which accounted for approximately 2.41% (2005: 2.53%) of the Group's turnover.
- (ii) All of the carrying amount of segment assets and liabilities and additions to property, plant and equipment and intangible assets are located in the PRC for both years presented.

7. FINANCE COSTS

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Interest expense on bank borrowings wholly repayable within five years	9,467	48,390

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8. 除稅前溢利

	2006 人民幣千元 RMB'000	2005 人民幣千元 RMB'000
除稅前溢利已扣除：		
薪金及其他福利支出	70,143	64,988
退休福利計劃供款	9,226	8,196
總員工成本(包括董事及監事酬金 (見附註9))	79,369	73,184
存貨準備	11,486	9,700
壞賬準備	-	1,022
無形資產攤銷(包括銷售成本)	15,259	17,486
核數師酬金	2,980	2,979
物業、機器及設備折舊	256,730	210,647
預付土地租金攤銷(已計入銷售成本)	1,189	1,189
出售物業、機器及設備之虧損	35	38
經營租賃物業之最低租賃付款	10,129	5,306
研究及開發支出	7,789	5,009
付運貨品之運輸費用	60,782	63,961
確認為開支的存貨成本	2,850,531	2,746,126
及已計入：		
銀行存款及結餘之利息收入	34,449	31,014
匯兌收益淨額	1,477	3,585
存貨準備撥備(於銷售時撥回)	12,990	3,278
壞賬準備撥備(於收回時撥回)	8,618	2,117
出租樓宇、模具及機器之收入	6,059	5,104
長期未償還應付賬款沖銷	2,450	3
增值稅退款	1,938	-
銷售廢原料	1,689	808

8. PROFIT BEFORE TAXATION

	2006 人民幣千元 RMB'000	2005 人民幣千元 RMB'000
Profit before taxation has been arrived at after charging:		
Salaries and other payments and benefits	70,143	64,988
Retirement benefits scheme contributions	9,226	8,196
Total staff costs (including directors' and supervisors' remuneration (see note 9))	79,369	73,184
Allowance for obsolete inventories	11,486	9,700
Allowance for bad and doubtful debts	-	1,022
Amortisation of intangible assets (included in cost of sales)	15,259	17,486
Auditors' remuneration	2,980	2,979
Depreciation of property, plant and equipment	256,730	210,647
Amortisation of prepaid lease payments (included in cost of sales)	1,189	1,189
Loss on disposal of property, plant and equipment	35	38
Minimum lease payments under operating leases in respect of rented premises	10,129	5,306
Research and development costs	7,789	5,009
Shipping cost for goods delivery	60,782	63,961
Cost of inventories recognised as an expense	2,850,531	2,746,126
and after crediting:		
Interest income from bank deposits and balances	34,449	31,014
Net exchange gain	1,477	3,585
Write back allowance for obsolete inventories (upon sale)	12,990	3,278
Write back for bad and doubtful debts (upon collection)	8,618	2,117
Income from renting of building, moulds and machinery	6,059	5,104
Written off of long outstanding trade payables	2,450	3
Value added tax refunds	1,938	-
Sales of scrap raw materials	1,689	808

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9. 董事及監事酬金

	功績獎金或 花紅(附註)				退休福利 計劃供款	二零零六年 總計	功績獎金或 花紅(附註)				退休福利 計劃供款	二零零五年 總計
	薪金及 其他福利	Performance related incentive payments	Salaries and other benefits	(note)			薪金及 其他福利	Performance related incentive payments	Salaries and other benefits	(note)		
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
執行董事												
吳雲	-	225	-	4	229	-	195	-	4	199		
高建民	-	193	-	4	197	-	168	-	4	172		
宮武良行	-	-	-	-	-	-	-	-	-	-		
堀井行	-	-	-	-	-	-	-	-	-	-		
劉光明	-	193	-	4	197	-	168	-	4	172		
潘勇	-	193	-	4	197	-	168	-	4	172		
樂華強	-	193	-	4	197	-	168	-	4	172		
	-	997	-	20	1,017	-	867	-	20	887		
獨立非執行董事												
龍濤	-	-	-	-	-	-	-	-	-	-		
宋小江	-	-	-	-	-	-	-	-	-	-		
徐秉金	-	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-		
監事酬金												
錢慶	-	14	43	5	62	-	-	-	-	-		
鄭崗	-	11	33	4	48	-	-	-	-	-		
周紅	-	9	30	3	42	-	1	25	13	39		
劉琦	-	1	13	7	21	-	1	27	12	40		
馮嘉陵	-	-	-	7	7	-	-	-	13	13		
	-	35	119	26	180	-	2	52	38	92		
	-	1,032	119	46	1,197	-	869	52	58	979		

附註：功績獎金或花紅由監事參考個別表現釐定，並由薪酬委員會批核。

本集團於兩個年度內的五位酬金最高人士全部為董事。

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

	Performance related incentive payments				Retirement benefit scheme	2006 Total	Performance related incentive payments				Retirement benefit scheme	2005 Total
	Salaries and other benefits	Performance related incentive payments	Salaries and other benefits	(note)			Salaries and other benefits	Performance related incentive payments	Salaries and other benefits	(note)		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors												
Wu Yun	-	225	-	4	229	-	195	-	4	199		
Gao Jianmin	-	193	-	4	197	-	168	-	4	172		
Miyatake Yoshiyuki	-	-	-	-	-	-	-	-	-	-		
Hosoi Susumu	-	-	-	-	-	-	-	-	-	-		
Liu Guangming	-	193	-	4	197	-	168	-	4	172		
Pan Yong	-	193	-	4	197	-	168	-	4	172		
Yue Huaqiang	-	193	-	4	197	-	168	-	4	172		
	-	997	-	20	1,017	-	867	-	20	887		
Independent non-executive directors												
Long Tao	-	-	-	-	-	-	-	-	-	-		
Song Xiaojiang	-	-	-	-	-	-	-	-	-	-		
Xu Bingjin	-	-	-	-	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	-	-		
Supervisors' remuneration												
Min Qing	-	14	43	5	62	-	-	-	-	-		
Zheng Gang	-	11	33	4	48	-	-	-	-	-		
Zhou Hong	-	9	30	3	42	-	1	25	13	39		
Liu Qi	-	1	13	7	21	-	1	27	12	40		
Feng Jialing	-	-	-	7	7	-	-	-	13	13		
	-	35	119	26	180	-	2	52	38	92		
	-	1,032	119	46	1,197	-	869	52	58	979		

Note: The performance related incentive payment is determined by reference to the individual performance of the supervisors and approved by the Remuneration Committee.

All the five highest paid individuals of the Group for both years were directors.

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10. 所得稅支出

本公司及其附屬公司均繳納中國企業所得稅。所有中國內地企業須按其應課稅溢利以 33% 的統一所得稅率繳納所得稅。根據國務院提出的《關於實施西部大開發若干政策措施的通知》，對設在西部地區的國家鼓勵類產業的內資企業和外商投資企業，減按 15% 的稅率徵收中國企業所得稅，並於二零零一年一月一日起執行。故此，本公司在獲得重慶市國家稅務局直屬分局的確認下，於二零零一年一月一日起按 15% 的稅率繳納中國企業所得稅。

本公司之附屬公司是在中國註冊成立之中外合資有限責任公司。由於這些附屬公司從事或將會從事生產先進科技產品及座落於重慶高新科技開發地區，所以在獲得重慶稅務局的確認下，這些附屬公司按 15% 的稅率繳納中國企業所得稅。並且，根據中國外商投資企業及外國企業所得稅法之規定，享有兩免三減半稅務優惠。其中一間附屬公司於二零零四年起已不再享有上述稅務減免優惠。但由於其繼續被認定為先進技術企業，因此根據中國稅務局頒布的中國外商投資企業及外國企業所得稅法，此附屬公司可自二零零五年起的其後三年使用 10% 的所得稅率。二零零六年為這間附屬公司第二年使用 10% 的所得稅稅率。而本公司另一間附屬公司尚未營業，故此，本期間並無提取所得稅。

10. INCOME TAX EXPENSE

The Company and its subsidiaries are subject to the PRC Enterprise Income Tax. All PRC domestic enterprises are subject to a unified income tax rate of 33% on their taxable profits. Pursuant to the "Notice of certain measures for implementation of exploration and development of western zone" issued by the State Council of the PRC, domestic investment enterprises and foreign investment enterprises located in the western zone of the PRC of a production nature and are engaged in the business encouraged by the State Government are entitled to PRC Enterprise Income Tax at the rate of 15% effective from 1st January, 2001. Accordingly, the Company, as confirmed by the Chongqing Branch Office of the State Tax Bureau, is subject to PRC Enterprise Income Tax at the rate of 15% effective from 1st January, 2001.

The Company's subsidiaries are sino-foreign joint venture limited liability companies established in the PRC. As these subsidiaries are engaged or to be engaged in the production of advanced technology products and are located in New and High Technology Development Zone of Chongqing, these subsidiaries, as confirmed by the Chongqing Tax Bureau, are subject to PRC Enterprise Income Tax at the rate of 15% and are exempted from income tax for the first two profitable years of operations and, thereafter, are entitled to 50% relief from income tax for the next three years under the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises. One of these subsidiaries finished its enjoyment of this income tax relief in year 2004. Since it was still recognised as an advanced technology company, according to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises which was issued by PRC Tax Bureau, this subsidiary can use the income tax rate of 10% for the next three years from year 2005. 2006 is the second year of this subsidiary enjoyed the income tax rate of 10%. Another subsidiary of the Company has not yet commenced business and therefore no income tax has been provided.

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10. 所得稅支出(續)

本年發生之稅項於綜合損益表的溢利中有以下之調整：

10. INCOME TAX EXPENSE (Cont'd)

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

		2006	2005
		人民幣千元	人民幣千元
		RMB'000	RMB'000
除稅前溢利	Profit before taxation	89,741	46,374
以適用稅率15%計算的稅項	Tax at the applicable tax rate of 15%	13,461	6,956
調整稅法中無法扣除之費用 對應稅溢利之影響	Tax effect of expenses that are not deductible in determining taxable profit	123	-
調整非應稅收入對應稅溢利之影響	Tax effect of income that are not taxable in determining taxable profit	(1,048)	(189)
調整未確認可扣減時間性差異之影響	Utilisation of deductible temporary difference not recognised	(928)	-
一間附屬公司因享有10%(二零零五年： 10%)所得稅率而產生之影響	Effect of 10% (2005: 10%) income tax rate granted to a subsidiary	(25)	(2)
以前年度多確認之所得稅	Over provision in prior years	(1,310)	-
本年度之稅項	Taxation for the year	10,273	6,765

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11. 轉入法定公積金

法定公積金乃根據中國公認會計原則以及本公司及慶鈴模具的組織章程而計算的本公司及一間其附屬公司慶鈴模具於年內除稅後溢利中提取10%之金額。倘法定公積金結餘已達到本公司及慶鈴模具的註冊股本50%時將不再提取。根據本公司及慶鈴模具的組織章程，法定公積金可用於彌補過往年度虧損、擴大生產經營或增加股本。本公司及慶鈴模具也可以紅利方式將法定公積金轉為資本，但分配後之法定公積金不得低於本公司及慶鈴模具的註冊股本的25%。分配金額將呈報股東大會審定。

11. TRANSFER TO STATUTORY SURPLUS RESERVE FUND

The statutory surplus reserve fund represents the appropriation of 10% of profit after taxation for the year of the Company and one of its subsidiaries – Qingling Moulds, calculated in accordance with PRC GAAP and the Articles of Association of the Company and Qingling Moulds. The appropriation may cease to apply if the balance of the statutory surplus reserve fund has reached 50% of the registered share capital of the Company and Qingling Moulds in respectively. According to the Articles of Association of the Company and Qingling Moulds, statutory surplus reserve fund can be used to make up prior year losses, to expand production operations or to increase share capital. The Company and Qingling Moulds may capitalise the statutory surplus reserve fund by way of bonus issues provided that the remaining amount of statutory surplus reserve fund after such distribution shall not be less than 25% of the registered share capital of the Company and Qingling Moulds. The amount shall be submitted to shareholders' general meeting for approval.

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11. 轉入法定公積金(續)

於過往年度，根據中國公司法，本公司已從除稅後溢利提取 5% 至 10% 作為法定公益金。法定公益金僅可用作為員工集體福利設施資本支出，但不能用於員工福利費用。該等員工福利設施屬本公司所有。法定公益金，除在清盤情況外，並不能分配予股東。

自二零零六年一月一日起，根據已修訂的中國公司法，本公司毋須作出該等轉撥。本公司董事已決議於二零零六年一月一日將法定公益金人民幣 354,269,000 元轉入至法定公積金，此乃符合中國公司法的規定。

12. 轉入任意公積金

轉入任意公積金之數額為本公司一間附屬公司慶鈴模具於本年度按中國公認會計原則以及慶鈴模具組織章程編製之除稅後溢利之 30% (二零零五年：30%)。轉入的金額將呈報董事會審定。

11. TRANSFER TO STATUTORY SURPLUS RESERVE FUND (Cont'd)

In prior years, pursuant to the PRC Company Law, the Company made allocation from profit after taxation at the rate 5% to 10% to the statutory public welfare fund. The fund can only be utilised for capital expenditure on employee's collective welfare facilities and cannot be used in staff welfare expenses. Such employee welfare facilities are owned by the Company. The statutory public welfare fund is not distributable to shareholders other than in liquidation.

From 1st January 2006, according to the revised PRC Company Law, the Company is not required to make such transfers. The directors of the Company resolved to transfer the statutory public welfare fund of RMB354,269,000 as at 1st January 2006 to statutory surplus reserve which is in compliance with PRC Company Law.

12. TRANSFER TO DISCRETIONARY SURPLUS RESERVE FUND

The amount transferred to discretionary surplus reserve fund is based on 30% (2005: 30%) of the profit after taxation for the year of a subsidiary of the Company – Qingling Moulds, prepared in accordance with PRC GAAP and Articles of Association of Qingling Moulds. The amount shall be submitted to board of directors for approval.

財務報表附註

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2006

13. 股息

於年內確認為分配之股息：

末期股息－每股人民幣0.02元
(二零零五年：人民幣0.05元)

董事已建議支付末期股息每股人民幣0.02元(二零零五年：每股人民幣0.02元)及總額人民幣49,645,000元(二零零五年：人民幣49,645,000元)，須經股東於應屆股東周年大會批准，方可作實。

14. 每股盈利

截至二零零六年十二月三十一日止年度本公司普通股股東應佔每股基本盈利根據下列資料計算：

盈利

用以計算每股基本盈利的盈利
(本公司股東應佔年度溢利)

股份數目

用以計算每股基本盈利的
股份數目

於兩個年度並無任何可能產生攤薄影響之普通股。

13. DIVIDEND

Dividends recognised as distributions
during the year: Final – RMB0.02 per share
(2005: RMB0.05)

The final dividend of RMB0.02 (2005: RMB0.02) per share and total amount of RMB49,645,000 (2005: RMB49,645,000) has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary equity holders of the Company for the year ended 31st December, 2006 is based on the following data:

Earnings

Earnings for the purpose of basic earnings
per share (profit for the year attributable to
equity holders of the Company)

Number of shares

Number of shares for the purpose of
basic earnings per share

There were no potential dilutive ordinary shares in both years presented.

2006	2005
人民幣千元	人民幣千元
RMB'000	RMB'000

49,645	124,113
--------	---------

2006	2005
人民幣千元	人民幣千元
RMB'000	RMB'000

77,688	39,330
--------	--------

2006	2005
千股	千股
'000	'000

2,482,268	2,482,268
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FOR THE YEAR ENDED 31ST DECEMBER, 2006

15. 物業、機器及設備

15. PROPERTY, PLANT AND EQUIPMENT

	樓宇 Buildings	模具、 廠房及機器 Moulds, plant and machinery	傢俬、 裝置及設備 Furniture, fixtures and equipment	汽車 Motor vehicles	在建工程 Construction in progress	總計 Total
	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000	人民幣千元 RMB'000
成本值	COST					
於二零零五年一月一日	650,504	4,087,985	62,155	23,535	124,211	4,948,390
添置	-	-	-	-	23,063	23,063
在建工程轉類						
	684	10,670	952	2,423	(14,729)	-
重新歸類	-	149	(149)	-	-	-
出售	-	(6,354)	(474)	(814)	-	(7,642)
	<u>651,188</u>	<u>4,092,450</u>	<u>62,484</u>	<u>25,144</u>	<u>132,545</u>	<u>4,963,811</u>
於二零零五年十二月三十一日	651,188	4,092,450	62,484	25,144	132,545	4,963,811
添置	-	-	-	-	23,861	23,861
在建工程轉類						
	3,460	11,854	3,251	-	(18,565)	-
出售	-	(32)	-	(436)	-	(468)
	<u>654,648</u>	<u>4,104,272</u>	<u>65,735</u>	<u>24,708</u>	<u>137,841</u>	<u>4,987,204</u>
於二零零六年十二月三十一日	654,648	4,104,272	65,735	24,708	137,841	4,987,204
折舊	DEPRECIATION					
於二零零五年一月一日	212,348	992,099	34,693	16,904	-	1,256,044
年度準備	30,660	173,313	5,421	1,253	-	210,647
重新歸類	-	31	(31)	-	-	-
出售沖銷	-	(48)	-	(483)	-	(531)
	<u>243,008</u>	<u>1,165,395</u>	<u>40,083</u>	<u>17,674</u>	<u>-</u>	<u>1,466,160</u>
於二零零五年十二月三十一日	243,008	1,165,395	40,083	17,674	-	1,466,160
年度準備	30,750	218,089	6,272	1,619	-	256,730
出售沖銷	-	(16)	-	(392)	-	(408)
	<u>273,758</u>	<u>1,383,468</u>	<u>46,355</u>	<u>18,901</u>	<u>-</u>	<u>1,722,482</u>
於二零零六年十二月三十一日	273,758	1,383,468	46,355	18,901	-	1,722,482
賬面值	CARRYING VALUES					
於二零零六年十二月三十一日	380,890	2,720,804	19,380	5,807	137,841	3,264,722
於二零零五年十二月三十一日	408,180	2,927,055	22,401	7,470	132,545	3,497,651

上述物業、機器及設備按下列年期以直線法予以撥備折舊：

樓宇	20年
模具、廠房及機器	按預計生產量或10年(見下述)
傢俬、裝置及設備	5年
汽車	5年

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

Buildings	20 years
Moulds, plant and machinery	Over the expected production volume or 10 years (see below)
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

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NOTES TO THE FINANCIAL STATEMENTS

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15. 物業、機器及設備(續)

可按個別生產程序識別的專用生產設施及模具乃參考此等設施及模具的預計生產量予以撥備折舊。供一般生產用途的其他模具、廠房及機器以直線法於10年內撥備折舊。

16. 預付土地租金

本集團的預付土地租金包括：
於中國的中期土地使用權

就報告而言分析為：
非流動資產
流動資產

一九九四年五月，本公司獲中國政府有關部門授予本集團樓宇所在土地的使用權，為期50年。

15. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Specialised production facilities and moulds which can be identified in relation to specific production processes are depreciated by reference to the expected production volume of these facilities and moulds. Other moulds, plant and machinery which are for general production purposes are depreciated on a straight-line basis over 10 years.

16. PREPAID LEASE PAYMENTS

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
The Group's prepaid lease payments comprise:		
Medium-term land use right in PRC	44,396	45,585
	<u>44,396</u>	<u>45,585</u>
Analysis for reporting purpose as:		
Non-current asset	43,207	44,396
Current asset	1,189	1,189
	<u>44,396</u>	<u>45,585</u>

In May 1994, the Company was granted the rights to use the land on which the buildings of the Group are situated, by the relevant PRC authorities for a period of fifty years.

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17. 無形資產

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
成本值		
於一月一日及十二月三十一日	271,333	271,333
攤銷		
於一月一日	188,862	171,376
年度準備	15,259	17,486
於十二月三十一日	204,121	188,862
賬面值		
於十二月三十一日	67,212	82,471

根據與五十鈴訂立的技術轉讓協議支付技術轉讓費及一筆過專利權費乃資本化為無形資產，並按其經濟可使用年期介乎10年至13年攤銷，由技術用於生產開始起計。根據技術轉讓協議須持續向五十鈴支付專利權費乃於產生時計入開支。

18. 存貨

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
原料	462,608	1,499,915
在製品	103,607	149,500
製成品	394,193	114,237
	960,408	1,763,652

17. INTANGIBLE ASSETS

	技術轉讓費	
	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
COST		
At 1st January and 31st December	271,333	271,333
AMORTISATION		
At 1st January	188,862	171,376
Provided for the year	15,259	17,486
At 31st December	204,121	188,862
CARRYING AMOUNT		
At 31st December	67,212	82,471

Payments of technology transfer fees and lump sum royalties under technology transfer agreements with Isuzu are capitalised as intangible assets and are amortised over their economic useful lives ranging from ten years to thirteen years, commencing from the use of the technologies in production. Continuing royalties payable to Isuzu under the technology transfer agreements are charged to the expenses as and when incurred.

18. INVENTORIES

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Raw materials	462,608	1,499,915
Work in progress	103,607	149,500
Finished goods	394,193	114,237
	960,408	1,763,652

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19. 應收賬款、按金及預付款項

- (a) 於結算日，應收賬款、按金及預付款項中包括應收慶鈴集團，及慶鈴集團附屬公司之款項，數額如下：

慶鈴集團
慶鈴集團附屬公司

上述款項為無抵押、免息及按本集團的正常信用期歸還。

- (b) 於結算日，本集團之應收賬款減準備後賬齡分析如下：

3個月以內
3至6個月
7至12個月
1至2年
2年以上

本集團給予客戶之信用期由90天到180天。

銷售貨品的預計不可收回金額的準備為人民幣4,595,000元（二零零五年：人民幣13,213,000元）。

19. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

- (a) At the balance sheet date, the balance of trade receivables, deposits and prepayments includes amounts due from Qingling Group and subsidiaries of Qingling Group as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Qingling Group	–	4,078
Subsidiaries of Qingling Group	1,676	10,409
	<u>1,676</u>	<u>14,487</u>

These amounts are unsecured, interest free and repayable in accordance with normal credit term.

- (b) As at balance sheet date, the aged analysis of trade receivables, net of allowances, of the Group is as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Within 3 months	21,727	240,614
Between 3 to 6 months	8	272
Between 7 to 12 months	5	102
Between 1 to 2 years	1,095	16,429
Over 2 years	920	10,283
	<u>23,755</u>	<u>267,700</u>

The Group allows a credit period ranging from 90 to 180 days to its customers.

An allowance has been made for estimated irrecoverable amount from sales of goods of RMB4,595,000 (2005: RMB13,213,000).

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20. 應收票據

於結算日，本集團之應收票據賬齡分析如下：

1個月以內
1至2個月
2至3個月
4至6個月

上述應收票據為銀行承兌滙票，其到期日由30天至180天。

21. 銀行存款

銀行定期存款於6至12個月內到期及彼等的利率介乎2.25%至2.52%（二零零五年：2.07%至4.06%）。

22. 股本

註冊、已發行及繳足

20. BILLS RECEIVABLES

As at balance sheet date, the aged analysis of bills receivables of the Group is as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Within 1 month	219,509	119,502
Between 1 to 2 months	116,342	71,465
Between 2 to 3 months	112,638	66,498
Between 4 to 6 months	279,659	247,740
	<u>728,148</u>	<u>505,205</u>

All the above bills receivables are guaranteed by banks and their expiry dates ranged from 30 to 180 days.

21. BANK DEPOSITS

The fixed deposits with banks are with terms of 6 to 12 months and their respective interest rates are ranging from 2.25% to 2.52% (2005: 2.07% to 4.06%).

22. SHARE CAPITAL

	2006年及2005年
	2006 and 2005
	人民幣千元
	RMB'000
Registered, issued and fully paid	<u>2,482,268</u>

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22. 股本(續)

	股份數目 Number of shares 二零零六年及二零零五年 2006 and 2005 千股 '000
每股面值人民幣1元的股份	
– 內資股	
– H股	
	1,243,616
	1,238,652
	<u>2,482,268</u>

內資股及H股彼此間於各方面均享有同等權益。

本公司的註冊、已發行及繳足股本於兩年內並沒有變動。

23. 應付賬款、票據及其他應付賬款

- (a) 於結算日，應付賬款、票據及其他應付賬款中包括應付五十鈴及其全資附屬公司五十鈴(中國)投資有限公司(以下統稱為「五十鈴集團」)及慶鈴集團的附屬公司的款項如下：

慶鈴集團
慶鈴集團附屬公司
五十鈴集團

上述款項為無抵押，免息及按正常信用期償還。

22. SHARE CAPITAL (Cont'd)

	股份數目 Number of shares 二零零六年及二零零五年 2006 and 2005 千股 '000
Shares of RMB1 each	
– Domestic shares	1,243,616
– H shares	1,238,652
	<u>2,482,268</u>

Domestic shares and H shares rank pari passu in all respects with each other.

There were no charge in the registered, issued and fully paid share capital of the Company during both years.

23. TRADE, BILLS AND OTHER PAYABLES

- (a) At the balance sheet date, the balances of trade, bills and other payables included the amounts due to Isuzu and its wholly-owned subsidiaries, Isuzu (China) Holding Co., Ltd. (hereafter collectively referred to as "Isuzu Group") and subsidiaries of Qingling Group as follows:

	2006 人民幣千元 RMB'000	2005 人民幣千元 RMB'000
Qingling Group	10,441	–
Subsidiaries of Qingling Group	31,173	7,682
Isuzu Group	54,860	26,944
	<u>96,474</u>	<u>34,626</u>

These amounts are unsecured, interest free and repayable in accordance with normal credit term.

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23. 應付賬款、票據及其他應付賬款(續)

應付賬款、票據及其他應付賬款主要包括就貿易採購而拖欠之款項及持續成本。

(b) 於結算日，本集團之應付賬款及應付票據賬齡分析如下：

3個月以內
3至6個月
7至12個月
12個月以上

其他應付賬款

23. TRADE, BILLS AND OTHER PAYABLES (Cont'd)

Trade, bills and other payables principally comprise amounts outstanding for trade purchases and ongoing costs.

(b) As at balance sheet date, the aged analysis of trade and bills payables of the Group is as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Within 3 months	593,737	391,989
Between 3 to 6 months	76,292	92,257
Between 7 to 12 months	42	9
Over 12 months	421	15,624
	<hr/>	<hr/>
Other payables	670,492	499,879
	303,572	245,258
	<hr/>	<hr/>
	974,064	745,137
	<hr/> <hr/>	<hr/> <hr/>

24. 銀行借款

銀行借款為一年內到期，無抵押及按固定利率計息，詳情如下：

美元銀行借款
人民幣銀行借款

24. BANK LOANS

The bank loans are due within one year, unsecured and carry interest at fixed interest rate, details as below:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Bank loan in US Dollar	-	201,755
Bank loan in RMB	-	396,380
	<hr/>	<hr/>
	-	598,135
	<hr/> <hr/>	<hr/> <hr/>

銀行借款利率介乎 4.04% 至 5.20%。全部銀行借款於本年內償還。

The interest rates paid with range from 4.04% to 5.20%. All of the bank loans were repaid during this year.

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25. 現金及現金等價物

銀行結餘(於附註21的定期存款除外)的適用利率為0.72%。

26. 關連交易

本年度內，本集團與關連單位進行下列交易：

(i) 與慶鈴集團及其附屬公司的交易

- (a) 慶鈴集團，本公司之最終控股公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
出租模具及機器之收入
服務費支出
租借倉庫支出

- (b) 重慶慶鈴鑄造有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
出售機器及設備

25. CASH AND CASH EQUIVALENTS

The interest rate applicable is to bank balances, which other than fixed deposits in Note 21, is 0.72%.

26. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

(i) Transactions with Qingling Group and its subsidiaries

- (a) Qingling Group, the ultimate holding company of the Company

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	71,640	47,230
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	29,363	29,565
Income from renting of moulds and machinery	5,859	4,904
Service fee expense	300	300
Expenses for renting warehouse	5,830	-
	<u>71,640</u>	<u>47,230</u>

- (b) 重慶慶鈴鑄造有限公司

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	54,399	59,921
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	10,119	10,057
Sales of plant and equipment	-	277
	<u>54,399</u>	<u>59,921</u>

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26. 關連交易 (續)

(i) 與慶鈴集團及其附屬公司的交易 (續)

(c) 重慶慶鈴鍛造有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
出租樓宇收入

(d) 重慶慶鈴車橋有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
購買機器及設備
出售機器及設備

26. RELATED PARTY TRANSACTIONS (Cont'd)

(i) Transactions with Qingling Group and its subsidiaries (Cont'd)

(c) 重慶慶鈴鍛造有限公司

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	46,419	47,314
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	2,977	3,890
Income from renting of building	200	200
	<u> </u>	<u> </u>

(d) 重慶慶鈴車橋有限公司

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	274,008	235,156
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	76,335	108,090
Purchase of plant and equipment	7,947	-
Sales of plant and equipment	-	18
	<u> </u>	<u> </u>

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26. 關連交易 (續)

(i) 與慶鈴集團及其附屬公司的交易 (續)

(e) 重慶慶鈴日發座椅有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件

(f) 重慶慶鈴塑料有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
購買機器及設備

26. RELATED PARTY TRANSACTIONS (Cont'd)

(i) Transactions with Qingling Group and its subsidiaries (Cont'd)

(e) 重慶慶鈴日發座椅有限公司

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	25,667	23,713
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	7,043	6,190
	<u> </u>	<u> </u>

(f) 重慶慶鈴塑料有限公司

Type of transaction

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Purchases of automobile parts	46,319	40,474
Supply of parts and raw materials for the manufacture of automobile parts required by the Group	17,059	18,146
Purchase of plant and equipment	1,723	-
	<u> </u>	<u> </u>

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26. 關連交易 (續)

(i) 與慶鈴集團及其附屬公司的交易 (續)

(g) 重慶慶鈴鑄鋁有限公司

交易種類

購買汽車零部件
供應零部件及原材料以便
生產本集團所需之汽車
零部件
出售機器及設備

(ii) 與五十鈴集團的交易：

五十鈴擁有 496,453,654 股 H 股，佔本公司已發行 H 股股本的 40.08%，或佔本公司全部已發行股本的 20%。

交易種類

出售貨車及其他車輛產生的提成費
出售套裝零部件以及其他汽車零件及部件

購買零件及部件

26. RELATED PARTY TRANSACTIONS (Cont'd)

(i) Transactions with Qingling Group and its subsidiaries (Cont'd)

(g) 重慶慶鈴鑄鋁有限公司

Type of transaction

Purchases of automobile parts
Supply of parts and raw materials for
the manufacture of automobile
parts required by the Group
Sales of plant and equipment

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000

9,124

8,649

968

774

-

60

(ii) Transactions with Isuzu Group

Isuzu owns 496,453,654 H-shares representing 40.08% of the issued H-share capital of the Company or 20% of the entire issued share capital of the Company.

Type of transaction

Royalties on sale of trucks and other vehicles
Sales of accessory sets and other automobile
parts and components

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000

24,546

27,086

80,438

79,848

233,186

978,989

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26. 關連交易(續)

(iii) 與中國其他國營實體的交易 ／結餘

本集團經營業務的經濟環境目前主要受中國政府直接或間接擁有或控制的實體(「國營實體」)的主導。此外，本集團本身為中國政府控制的慶鈴集團旗下的一部分。除上文(1)節所披露與慶鈴集團及其附屬公司進行的交易外，本集團亦與其他國營實體有業務往來。就本集團與該等國營實體所進行的業務交易而言，董事認為，該等國營實體屬於獨立第三方。

與其他國營實體的重大交易／結餘如下：

26. RELATED PARTY TRANSACTIONS (Cont'd)

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

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

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

		2006	2005
		人民幣千元	人民幣千元
		RMB'000	RMB'000
貿易銷售	Trade sales	671,963	1,419,479
貿易採購	Trade purchases	391,510	324,482
應付其他國營實體的貿易結餘	Trade balances due to other state-controlled entities	154,740	138,929
應收其他國營實體的貿易結餘	Trade balances due from other state-controlled entities	116,610	425,422

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FOR THE YEAR ENDED 31ST DECEMBER, 2006

26. 關連交易 (續)

(iii) 與中國其他國營實體的交易 ／結餘 (續)

此外，本集團於日常業務過程中，就公用服務及向中國政府繳付款項／稅項與若干屬國營實體的銀行及財務機構進行多項交易，以及存款、借貸及其他一般銀行融資服務。鑑於此等銀行交易的性質，董事認為分別作出披露並無意義。

除上文所披露者外，董事認為，與其他國營實體進行的交易就本集團的業務而言並不重大。

(iv) 董事及主要管理人員的薪酬

年內，本集團已付或應付本公司董事及其他主要管理人員的短期福利約為人民幣 1,806,000 元 (二零零五年：人民幣 1,507,000 元)。

27. 資本承擔

於結算日，本集團之資本承擔如下：

關於收購物業、機器及設備的已訂約
但未於財務報表撥備的資本承擔

26. RELATED PARTY TRANSACTIONS (Cont'd)

(iii) Transactions/balances with other state-controlled entities in the PRC (Cont'd)

In addition, the Group has entered into various transactions, including utilities services and surcharges/taxes charged by the PRC government, and deposits and borrowings and other general banking facilities with certain banks and financial institutions which are state-controlled entities in its ordinary course of business. In view of the nature of these banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

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

(iv) Compensation of directors and key management personnel

The short term benefits paid or payable by the Group to directors of the Company and other members of key management during the year is approximately RMB1,806,000 (2005: RMB1,507,000).

27. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	336	900

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27. 資本承擔(續)

於二零零六年二月二十八日，本集團與五十鈴簽訂協議成立慶鈴五十鈴(重慶)發動機有限公司(「慶鈴五十鈴發動機公司」)，從事發動機及零部件的生產。根據協議，本公司將向慶鈴五十鈴發動機公司投入42,130,000美元，約人民幣328,981,000元(二零零五年：無)。慶鈴五十鈴發動機公司目前正處於成立階段，並須獲中國政府有關機構批准後方可作實。

28. 經營租賃承擔

本集團作為承租人

於結算日，本集團根據不可撤銷經營租約而須承擔繳付未來租賃款項如下：

1年內
第2年至第5年(包括首尾兩年)

經營租賃款項指本集團應為倉庫支付的租金。租期經協商平均定為一年或兩年。

27. CAPITAL COMMITMENTS (Cont'd)

On 28th February, 2006, the Company and Isuzu entered into an agreement to establish Qingling Isuzu (Chongqing) Engine Co., Ltd. (慶鈴五十鈴(重慶)發動機有限公司, "Qingling Isuzu Engine") to engage in the manufacture of engines and parts. Pursuant to the agreement, the Company will contribute US\$42,130,000, approximately RMB328,981,000 (2005: nil), to Qingling Isuzu Engine. The establishment of Qingling Isuzu Engine is in progress and is subject to the approval of the relevant authorities of the PRC government.

28. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases as follows:

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
1年內	8,302	2,585
第2年至第5年(包括首尾兩年)	164	2,468
	<u>8,466</u>	<u>5,053</u>

Operating lease payments represent rentals payable by the Group for certain of its warehouses. Leases are negotiated for an average term of one or two year.

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28. 經營租賃承擔 (續)

本集團作為出租人

於結算日，本集團與慶鈴集團有就於一年內結清之租用模具、夾具設備及樓宇之未來最低租賃支付承擔合約。此項應收慶鈴集團之最低租賃支付承擔是按照本集團於來年將會就該等出租模具及機器所發生之折舊額計算，估計來年折舊額約為人民幣5,859,000元(二零零五年：人民幣3,358,000元)。

除以上披露外，本集團於結算日均沒有其他根據不可撤銷的經營租賃之未來最低租賃支付承擔。

29. 退休福利計劃

本集團與其最終控股公司慶鈴集團簽署一份服務協議書，據此，本公司將向慶鈴集團繳交並補償慶鈴集團就對本集團職工向一個由市政府管理的界定供款退休計劃之供款。按此計劃，慶鈴集團每年須向由市政府管理的退休基金繳納一筆按全體員工總工資之某個百分比計算的金額。於本年內，根據此安排共支付人民幣9,226,000元(二零零五年：人民幣8,196,000元)。退休金將會在此退休基金中支付給退休職工。

於結算日，概無任何僱員在供款全數歸屬之前脫離退休福利計劃而產生可用於減低本集團日後所須繳付供款額之遭沒收供款(二零零五年：無)。

28. OPERATING LEASE COMMITMENTS (Cont'd)

The Group as lessor

At the balance sheet date, the Group had contracted with Qingling Group for the future minimum lease payments in respect of the renting of moulds, machinery and building which are non-cancellable within one year. The minimum lease payment chargeable to Qingling Group is calculated based on the depreciation charge in respect of the rented moulds and machinery to be incurred by the Group in the coming year, which is approximately RMB5,859,000 (2005: RMB3,358,000).

Other than the above, the Group does not have any other commitments for future minimum lease payments under non-cancellable operating leases at the balance sheet date.

29. RETIREMENT BENEFITS SCHEME

The Group has a service agreement with its ultimate holding company, Qingling Group, whereby the Company will reimburse the contributions made by Qingling Group to a defined contribution pension scheme administered by the municipal government in respect of the staff of the Group. According to such scheme, Qingling Group shall annually pay an amount, calculated at a percentage of the total wages of the staff, to a retirement fund administered by the municipal government. The amount paid during the year under such arrangement amounted to RMB9,226,000 (2005: RMB8,196,000). Pensions shall be paid to the retired staff out of this retirement fund.

At the balance sheet date, there were no forfeited contributions which arose upon employees leaving the retirement benefits scheme before they are fully vested in the contributions and which are available to reduce the contributions payable by the Group in future (2005: nil).

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30. 主要附屬公司

公司可分配儲備

於二零零六年十二月三十一日，本公司有以下附屬公司：

附屬公司名稱 Name of subsidiary	註冊及經營國家 Country of registration and operation	業務結構形式 Form of business structure	註冊資本 Registered capital	本公司直接持有的註冊 資本面值的百分比 Percentage of nominal value of registered capital directly held by the Company	主要活動 Principal activities
重慶慶鈴模具有限公司 (「慶鈴模具」)(附註) ("Qingling Moulds") (Note)	中國－中外合資合營企業 PRC – Sino foreign equity joint venture	註冊成立 Incorporated	38,166,600美元 US\$38,166,600	50.56%	生產製造汽車部件的模具 Production of moulds for the manufacture of automobile parts
重慶慶鈴技術中心	中國－中外合資合營企業 PRC – Sino foreign equity joint venture	註冊成立 Incorporated	29,980,000美元 US\$29,980,000	51%	尚未展開業務 Not yet commenced business

年末該等附屬公司並無未贖回債務證券。

附註：本公司及慶鈴模具的少數股東互相同意進一步對慶鈴模具注資約8,300,000美元（相當於約人民幣64,810,000元），因此本公司直接持有的慶鈴模具註冊資本百分比將為50.56%。截至二零零六年十二月三十一日，本公司應作出的注資部分已全部到位，而慶鈴模具少數股東應作出的注資尚未由少數股東支付。

30. PRINCIPAL SUBSIDIARIES

Distributable reserves of the company

The Company has the following principal subsidiaries as at 31st December, 2006:

附屬公司名稱 Name of subsidiary	註冊及經營國家 Country of registration and operation	業務結構形式 Form of business structure	註冊資本 Registered capital	本公司直接持有的註冊 資本面值的百分比 Percentage of nominal value of registered capital directly held by the Company	主要活動 Principal activities
重慶慶鈴模具有限公司 (「慶鈴模具」)(附註) ("Qingling Moulds") (Note)	中國－中外合資合營企業 PRC – Sino foreign equity joint venture	註冊成立 Incorporated	38,166,600美元 US\$38,166,600	50.56%	生產製造汽車部件的模具 Production of moulds for the manufacture of automobile parts
重慶慶鈴技術中心	中國－中外合資合營企業 PRC – Sino foreign equity joint venture	註冊成立 Incorporated	29,980,000美元 US\$29,980,000	51%	尚未展開業務 Not yet commenced business

The subsidiaries had no debt securities outstanding at the end of the year.

Note: The Company and the minority shareholder of Qingling Moulds have each agreed to further inject approximately US\$8.3 million (equivalent to approximately RMB64.81 million) in Qingling Moulds and the resulting percentage of the registered capital of Qingling Moulds directly held by the Company would be 50.56%. Up to 31st December, 2006, the portion of the capital contribution attributable to the Company has been fully paid by the Company while the capital contribution attributable to the minority shareholder of Qingling Moulds has not yet been paid up by the minority shareholder.

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適用於本集團之香港財務報告準則及中國會計準則及規例之差異

按香港財務報告準則編製及按中國會計準則及規例編製之綜合財務報表有以下主要差異：

對綜合損益表之影響

按香港財務報告準則編製之綜合財務報表之年度溢利

加：不包括在根據中國會計準則及規例編製的損益表之慶鈴五十鈴發動機公司成立之開辦期費用

減：不包括在按香港財務報告準則編製之綜合財務報表之無形資產（用電權及其他雜項無形資產）之攤銷

按中國會計準則及規例編製之綜合財務報表之長期應付貨款之沖銷

不包括在按中國會計準則及規例編製之損益表之一間尚未營業附屬公司所賺取之利息收入

按中國會計準則及規例編製之綜合財務報表之年度溢利

DIFFERENCES BETWEEN HKFRSs AND PRC ACCOUNTING STANDARDS AND REGULATIONS AS APPLICABLE TO THE GROUP

The consolidated financial statements prepared under HKFRSs and those prepared under PRC accounting standards and regulations have the following major differences:

Impact on consolidated income statement

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Profit for the year as per consolidated financial statements prepared under Hong Kong Financial Reporting Standards	79,468	39,609
Add: Pre-operating expenses in connection with the formation of Qingling Isuzu Engine – not included in the income statement prepared under PRC accounting standards and regulations	1,125	997
Less: Amortisation of intangible assets – electricity usage rights and other miscellaneous intangible assets not included in the consolidated financial statements prepared under Hong Kong Financial Reporting Standards	(6,188)	(722)
Write-off of long outstanding account payable which is credited to capital reserve in consolidated financial statements prepared under PRC accounting standards and regulations	(2,450)	(3)
Interest income earned by a subsidiary of the Company which has not yet commenced business – not included in the income statement prepared under PRC accounting standards and regulations	(4,336)	(1,540)
Profit for the year as per consolidated financial statements prepared under PRC accounting standards and regulations	<u>67,619</u>	<u>38,341</u>

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適用於本集團之香港財務報告準則及中國會計準則及規例之差異(續)

對綜合資產負債表之影響

按香港財務報告準則編製之
綜合財務報表之權益總額

加：不包括在根據中國會計準則及
規例編製之損益表之慶鈴五十鈴
發動機公司成立之開辦期費用

上述不包括在按香港財務報告準則
編製之財務報表之用電權及其他
雜項無形資產減除攤銷

減：上述不包括在按中國會計準則及
規例編製之損益表之一間尚未營業
附屬公司之利息收入

按中國會計準則及規例編製之
綜合財務報表之權益總額

此外亦有其他綜合財務報表項目的
差異，是由於香港財務報告準則及
中國會計準則及規例對項目不同分
類所致。

DIFFERENCES BETWEEN HKFRSs AND PRC ACCOUNTING STANDARDS AND REGULATIONS AS APPLICABLE TO THE GROUP (Cont'd)

Impact on consolidated balance sheet

	2006	2005
	人民幣千元	人民幣千元
	RMB'000	RMB'000
Total equity as per consolidated financial statements prepared under Hong Kong Financial Reporting Standards	6,937,491	6,868,474
Add: Pre-operating expense in connection with the formation of Qingling Isuzu Engine – not included in the income statement prepared under PRC accounting standards and regulations	2,122	997
Electricity usage rights and other miscellaneous intangible assets, as mentioned above, net of amortisation, not included in the financial statements prepared under Hong Kong Financial Reporting Standards	–	6,188
Less: Interest income of a subsidiary which has not yet commenced business as mentioned above, not included in the income statement prepared under PRC accounting standards and regulations	(15,854)	(11,518)
Total equity as per consolidated financial statements prepared under PRC accounting standards and regulations	<u>6,923,759</u>	<u>6,864,141</u>

There are also differences in other items in the consolidated financial statements due to differences in classification between HKFRSs and PRC accounting standards and regulations.