

賬項附註

Notes to the Accounts

二零零五年十二月三十一日全年結算
(以港幣千元位列示)

For the year ended 31st December, 2005
(Expressed in thousands of Hong Kong dollars)

1. 主要業務

本銀行及其附屬公司之主要業務為經營銀行及有關之財務服務。

2. 主要會計政策

(a) 符合指引聲明

本賬項的編製，是按照香港會計師公會發出的所有適用的香港財務報告準則（其統稱已包括所有個別適用的香港財務報告準則、香港會計準則及詮釋）、香港普遍接納的會計原則和香港《公司條例》的要求。本賬項亦符合香港聯合交易所有限公司證券上市規則有關的披露規定及香港金融管理局發出之監管政策手冊內有關「本地註冊認可機構披露財務資料」之要求。本集團採納的主要會計政策簡列如下。

香港會計師公會頒佈多項於二零零五年一月一日或之後會計期間生效或可提早採納之新訂及經修訂香港財務報告準則。董事會已決定按照現時已頒佈之香港財務報告準則為基準，採納之會計政策，以編製本集團賬項。因首次採納新增及經修訂之香港財務報告準則引致會計政策變動反映在本年及往年會計期間的賬項，已詳載於附註4內。

1. PRINCIPAL ACTIVITIES

The Bank and its subsidiaries are engaged in commercial banking and related financial services.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

The accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the module on "Financial Disclosure by Locally Incorporated Authorised Institutions" under the Supervisory Policy Manual issued by the Hong Kong Monetary Authority. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1st January, 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of these accounts, on the basis of HKFRSs currently in issue. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting years reflected in these accounts is provided in note 4.

2. 主要會計政策 (續)

(b) 賬項編製基礎

浙江第一銀行有限公司(「浙一」)已根據《永亨銀行有限公司(合併)條例》於二零零四年八月九日起與本銀行合併。此條例賦予所有屬於香港境內及受香港法律約束的浙一資產及負債轉移予本銀行。本銀行截至二零零四年十二月三十一日止的賬項，已根據此條例將浙一有關業務於二零零四年一月一日轉歸本銀行的情況下編製。

編製本賬項是以原值成本為計算基礎，惟以下資產及負債是以公平價值誌入，其會計政策解釋如下：

- 分類為持作買賣用途、指定以公平價值誌入損益賬內及可供銷售之金融工具(附註2(f)(ii))；
- 投資物業(附註2(l))；
- 其他永久業權土地及樓宇(附註2(l))；及
- 其他租賃土地及樓宇，當中如有公平價值在租賃期開始時無法明確分為租賃土地及樓宇兩部份，則將整項租賃分類為融資租賃(附註2(l)及2(m))。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the accounts

With effect from 9th August, 2004, Chekiang First Bank Limited ("CFB") has been merged with the Bank through The Wing Hang Bank Limited (Merger) Ordinance, under which all the assets and liabilities situated in Hong Kong and the rights and obligations of CFB as expressly governed by Hong Kong law have been transferred to the Bank. By virtue of this Ordinance, the accounts of the Bank for the year ended 31st December, 2004 were prepared as if the undertaking of CFB had vested in the Bank on 1st January, 2004.

The measurement basis used in the preparation of the accounts is historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading, designated at fair value through profit or loss and available-for-sale (note 2(f)(ii));
- investment property (note 2(l));
- other freehold land and buildings (note 2(l)); and
- other leasehold land and buildings, for which the fair values cannot be allocated reliably between the two elements at the inception of the lease and the entire lease is classified as finance lease (note 2(l) and 2(m)).

2. 主要會計政策 (續)

(b) 賬項編製基礎 (續)

在編製財務報表時，按照香港財務報告準則，管理層須作判斷、估計及假設從而影響政策實施，資產和負債、收入與支出之呈報金額。有關估計及假設乃按過往情況合理地相信，根據過往之經驗及其他因素，作出判斷那些未能從其他方面確定的資產及負債的賬面值。實際結果可能與此等估計不盡相同。有關估計及假設須不斷檢討。若修訂只影響該修訂期，會計估計的修訂會於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期確認。

在附註3內，已詳載管理層判斷及應用香港財務報告準則對下年度的財務報表及估計有重大影響及重大的調整風險。

(c) 附屬公司及受控企業投資

根據香港《公司條例》附屬公司是指一家本集團直接或間接持有其過半數已發行股本，或控制其過半數投票權，或控制其董事會組成的公司。倘本銀行有權直接或間接管治其財政及營運政策而從其業務中獲取利益，則被列為受控附屬公司。

受控附屬公司之投資乃於綜合賬目中綜合處理，除非收購及持有之目的為於不久將來作出售或因於嚴緊之長限制下經營而嚴重影響其向本集團轉撥資金之能力，在此情況下，其將以公平價值於綜合資產負債表中列賬，而其公平價值的變動則於投資重估儲備賬內確認。年內所收購之各附屬公司之業績於收購之日起計入綜合損益計算表中。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the accounts (continued)

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

(c) Investments in subsidiaries and controlled enterprises

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors. Subsidiaries are considered to be controlled if the Bank has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the consolidated balance sheet at fair value with changes in fair value recognised in the investment revaluation reserve as they arise. The results of subsidiaries acquired during the year are included in the consolidated profit and loss account from the date of their acquisition.

2. 主要會計政策 (續)

(c) 附屬公司及受控企業投資 (續)

集團間之結餘及交易，及任何集團間之交易而產生之未實現溢利均於編製綜合賬目時悉數抵銷，集團間交易產生之未實現虧損與未實現溢利予以抵銷，惟僅至無減值之證明出現。

於結算日，少數股東權益指非為本銀行直接或間接地通過附屬公司持有的應佔附屬公司的淨資產的部份，仍獨立列於綜合資產負債表及股東權益變更表內的股東權益總額列示。少數股東權益佔集團年度內溢利在綜合損益賬可分配為少數股東權益及本銀行股東應佔權益呈報。

如果少數股東應佔的虧損超過其所佔附屬公司資產淨值的權益，超額部分和任何屬於少數股東的進一步虧損便於集團所佔權益支付；但如少數股東須承擔具有約束力的義務並有能力增加投資彌補虧損則除外。如該附屬公司其後溢利會分配予集團，直至集團收回以往少數股東應佔虧損為止。

於本銀行之資產負債表中，附屬公司之投資乃以成本減任何減值虧損(附註2(p))列賬，除非收購及獨家持有之目的為於不久將來作出售或因於嚴緊之長期限制下經營而嚴重影響其向本集團轉撥資金之能力，在此情況下，其將以公平價值記賬，而其公平價值的變動則於投資重估備儲賬內確認。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Investments in subsidiaries and controlled enterprises (continued)

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Bank, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within total equity, separately from equity attributable to the shareholders of the Bank. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the year between minority interests and the shareholders of the Bank.

Where losses applicable to the minority exceed the minority interests in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed to the Group has been recovered.

In the Bank's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (note 2(p)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Bank, in which case, it is stated at fair value with changes in fair value recognised in the investment revaluation reserve as they arise.

2. 主要會計政策 (續)

(d) 聯營公司

聯營公司為本集團或本銀行對其管理有重大影響之公司，包括參與其財政及營運政策之決定，但非控制或共同控制之公司除外。

聯營公司投資是以權益會計法在綜合賬目內入賬。入賬方法是先以成本再將本集團於收購後應佔該聯營公司的淨資產。但如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴緊之長期限制下經營，以致其向本銀行轉移資金的能力嚴重受損，則這些投資會按公平價值記賬，而其公平價值的變動於投資重估儲備賬內確認。按照附註2(p)，綜合損益賬反映出年內本集團所佔聯營公司於收購後的業績及是年度確認之有關聯營公司投資之商譽減值。

除本集團對該聯營公司作具法律或推定義務或替該公司償付的承擔外，當本集團應佔該聯營公司的虧損超出按權益會計法計算本集團應佔該聯營公司之權益時，超出的虧損將不被確認，而本集團應佔該聯營公司之權益將被減值至零。因此，按權益會計法計算本集團應佔該聯營公司權益乃按權益會計法計算投資賬面值及本集團投資於該聯營公司其他長期權益。

本集團與聯營公司之間交易所產生的未實現損益，均按本集團於聯營公司所佔的權益比率抵銷，但如能證明已轉讓資產出現減值損失而產生未實現虧損，則這些未實現虧損會即時在損益計算表內確認。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Associated companies

An associated company is an entity in which the Group or Bank has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associated company is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associated company's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Bank, in which case it is stated at fair value with changes in fair value recognised in the investment revaluation reserve as they arise. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associated companies for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year (note 2(p)).

When the Group's share of losses exceeds its interest in the associated company accounted for under equity method, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associated company. For these purposes, the Group's interest in the associated company accounted for under equity method is the carrying amount of the investment under equity method together with the Group's other long-term interests that in substance form part of the Group's net investment in the associated company.

Unrealised profits and losses resulting from transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated company, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in the profit and loss account.

2. 主要會計政策 (續)

(d) 聯營公司 (續)

本銀行資產負債表所列示的聯營公司投資，是按投資成本減去其減值虧損(附註2(p))後記賬。但如購入並持有這些投資的唯一目的是在短期內將之出售，或是在嚴緊之長期限制下經營，以致其向本銀行轉移資金的能力嚴重受損，則這些投資會按其公平價值記賬，而其公平價值的變動則於投資重估儲備賬內確認。

(e) 商譽

賬項綜合計算時所產生的正商譽是指收購成本超過本集團佔所收購之資產、負債及或然負債之公平價值的數額。至於受控附屬公司，其正商譽是按成本減去任何減值虧損(附註2(p))後，記入綜合資產負債表。而在購入聯營公司，其正商譽成本減任何減值虧損(附註2(p))已包括於聯營公司投資的賬面值內。

如於年內出售受控附屬公司或聯營公司，出售損益的計算已包括任何應佔購入商譽的數額。

(f) 金融工具

(i) 初始確認

本集團根據收購資產或負債之目的，於初始期分類金融工具為不同種類。種類包括以公平價值誌入損益賬、貸款和應收賬款、持有至到期日投資、可供出售金融資產及其他金融負債。

金融工具於初始時按公平價值計算，而公平價值大致與交易價相同。此外，如金融資產或金融負債不屬於以公平價值誌入損益賬內之類別，則須包括購入或發行金融資產或金融負債而直接產生的交易成本。以公平價值誌入損益賬內之金融資產或金融負債之交易成本則立即支銷。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Associated companies (continued)

In the Bank's balance sheet, its investments in associated companies are stated at cost less impairment losses (note 2(p)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Bank, in which case, it is stated at fair value with changes in fair value recognised in the investment revaluation reserve as they arise.

(e) Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities acquired. In respect of controlled subsidiaries, positive goodwill is stated in the consolidated balance sheet at cost less any impairment losses (note 2(p)). In respect of acquisition of associated companies, the cost of positive goodwill less any impairment losses (note 2(p)) is included in the carrying amount of the investments in associated companies.

On disposal of a controlled subsidiary or an associated company during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Financial instruments

(i) Initial recognition

The Group classifies its financial instruments into different categories at inception, depending on the purpose for which the assets were acquired or the liabilities were incurred. The categories are: fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets and other financial liabilities.

Financial instruments are measured initially at fair value, which normally will be equal to the transaction price, plus, in case of a financial asset or financial liability not held at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(i) 初始確認 (續)

當本集團成為金融工具合約其中一方訂約時，須確認為金融資產和金融負債。購買金融資產按交易日會計法予以確認。該等金融資產及金融負債的公平價值變動產生的盈利及虧損由該日起計算。

(ii) 分類

以公平價值誌入損益賬

此類別包括持作買賣用途和初始時被指定為以公平價值誌入損益賬的金融資產及金融負債，但不包括沒有市價的股份投資，而其公平價值是不能夠可靠計量的。

作交易用途的金融工具包括金融資產及金融負債，購入或招致主要用作短期出售或作為金融工具組合的一部分，該組合是整體管理的，及有證據顯示近期有短期出售以賺取利潤的模式。不具有有效對沖作用的衍生工具(附註2(h))，分類為持作買賣用途工具。

指定為以公平價值誌入損益賬的金融工具主要包括含衍生工具的證券而該衍生工具之特性及風險與主合約並非緊密關連的。

屬於此類別的金融資產及負債按公平價值入賬。公平價值變動所產生之已實現盈利及虧損以及未實現之盈利及虧損，於期內已包括在損益賬內。於出售或重購時，出售淨所得或淨支付款項與賬面值的差額計入損益賬內。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(i) Initial recognition (continued)

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of financial assets is recognised using trade date accounting. From this date, any gains and losses arising from changes in fair value of the financial assets or financial liabilities are recorded.

(ii) Classification

Fair value through profit or loss

This category comprises financial assets and financial liabilities held for trading, and those designated at fair value through profit or loss upon initial recognition, but excludes those investments in equity instruments that do not have a quoted market price and whose fair value cannot be reliably measured.

Trading financial instruments are financial assets or financial liabilities which are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Derivatives that do not qualify for hedge accounting (note 2(h)) are accounted for as trading instruments.

Financial instruments designated at fair value through profit or loss primarily consist of securities with embedded derivatives that the characteristics and risks of the embedded derivatives are not closely related to the host contracts.

Financial assets and liabilities under this category are carried at fair value. Realised gains and losses, and unrealised gains and losses arising from changes in the fair value are included in the profit and loss account in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or net payment and the carrying value is included in the profit and loss account.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(ii) 分類 (續)

貸款和應收賬款

貸款和應收賬款為固定或可確定付款金額及沒有活躍市場報價的非衍生金融資產，但不包括(1)本集團有計劃即時或於短期內出售而被分類為持有作交易用途；(2)於初始期已被本集團指定為錄入損益賬內以公平價值或可供出售；或(3)有可能本集團不能收回大部分初始投資，但不包括因信貸變壞的原因，將會分類為可供出售。貸款和應收賬款主要包括客戶貸款以及定期存放銀行同業及其他金融機構。

證券分類為貸款和應收賬款，包括由客戶發行的證券，而該客戶為本集團批發銀行業務中有借貸關係的相同客戶。作出信貸證券的投資決定與貸款的信貸審批程序相同，尤如本集團須承擔等同一客戶貸款的風險。另外，回報及到期日條款普遍是透過本集團與客戶直接磋商。此類證券包括商業票據、短期債券及由借款人發行的優先股份。

貸款、應收賬款和證券分類為貸款和應收賬款按有效利率方法計算攤銷成本並減除減值準備(附註2(p)) (如適用)，並於損益賬內確認。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than (1) those that the Group intends to sell immediately or in the near term, which will be classified as held for trading; (2) those that the Group, upon initial recognition, designates at fair value through profit or loss or as available-for-sale; or (3) those where the Group may not recover substantially all of its initial investment, other than because of credit deterioration, which will be classified as available-for-sale. Loans and receivables mainly comprise loans and advances to customer and placements with banks and financial institutions.

Securities classified as loans and receivables typically comprise of securities issued by the same customers with whom the Group has a lending relationship in its wholesale banking business. Investment decisions for credit substitute securities are subject to the same credit approval processes as loans, and the Group bears the same customer risk as it does for loans extended to those customers. Additionally the yield and maturity terms are generally directly negotiated by the Group with the issuer. These securities include commercial paper, short term debentures and preference shares issued by the borrower.

Loans and receivables and securities classified as loans and receivables are carried at amortised cost using the effective interest method, less impairment allowances (note 2(p)), if any, and are accounted for in the profit and loss account.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(ii) 分類 (續)

持有至到期日投資

持有至到期日投資包括有固定或可確定付款金額及有固定期限的非衍生金融資產，而本集團有明確意向和能力持有至到期日，但不包括(1)本集團於初始時已指定為以公平價值誌入損益賬內或可供出售，及(2)符合貸款和應收賬款之定義之項目。

持有至到期日投資採用有效利率方法計算攤銷成本並減除減值準備(附註2(p)) (如適用)入賬。

可供出售金融資產

可供出售金融資產為被指定為可供出售的非衍生金融資產，或並非分類為以上三種類別的金融資產。它包括計劃作不定期限持有的金融資產。但可能因應流動資金之需要或市場環境轉變而出售。沒有活躍市場報價的股份工具投資而其公平值是不能夠可靠計量的，按成本並減除減值準備(附註2(p)) (如適用)入賬。

可供出售金融資產按公平價值列賬。除如債務證券的幣值所引致的外匯盈虧須在損益計算表確認外，因公平價值變動而產生之未實現盈利及虧損直接在投資重估儲備內確認。

當可供出售金融資產出售時，出售所得款項與賬面值的差額及在股東權益內的累計公平價值調整，在出售時視作盈利或虧損並計入損益賬內。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity where the Group has the positive intention and ability to hold to maturity, other than (1) those that the Group, upon initial recognition, designates as at fair value through profit or loss or as available for sale; and (2) those that meet the definition of loans and receivables.

Held-to-maturity investments are carried at amortised cost using the effective interest method less impairment losses (note 2(p)), if any.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated at available-for-sale or are not classified in any of the other three categories above. It includes financial assets intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in the market environment. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are carried at cost less impairment losses, if any (note 2(p)).

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in the fair value are recognised directly in the investment revaluation reserve, except for foreign exchange gains and losses on monetary items such as debt securities which are recognised in the profit and loss account.

When the available-for-sale financial assets are sold, the difference between the net sale proceeds and the carrying value, and the accumulated fair value adjustments in the equity are treated as gains or losses on disposal.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(ii) 分類 (續)

其他金融負債

除交易用途及以公平價值誌入損益賬的金融負債外，其他金融負債按有效利率方法計算攤銷成本入賬。

(iii) 計量公平價值之原則

金融工具的公平價值按結算日之市場價值，但未扣除於將來估計出售成本。金融資產按現有買入價釐定價格，而金融負債則按現有賣出價釐定價格。

如未能從認可證券交易所或經紀／交易商獲得之非交易所買賣的金融工具市場報價，又或該市場並不活躍，此工具的公平價值按估值模式估值，而該估值模式可根據市場實際交易提供可靠的估計價格。

當採用現金流量折讓價格模式，估計將來現金流量，按管理層的最佳估計及採用的貼現率在結算日適用於相同條款工具的市場利率。當採用其他價格模式時，則按結算日的市場價格資料計入。

非交易所買賣的衍生工具之公平價值按本集團在結算日終止合約後可收取或須支付的金額估計，並已考慮當時市況及合約的另一方之信貸狀況。例如遠期合約的公平價值是取決於估計日後現金流量的現值，以估值日之適用市場利率折讓。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification (continued)

Other financial liabilities

Financial liabilities, other than trading liabilities and those designated at fair value through profit or loss, are measured at amortised cost using the effective interest method.

(iii) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

If a quoted market price is not available on a recognised stock exchange or from a broker/dealer for non-exchange-traded financial instruments or publicly available latest traded price, or if the market for it is not active, the fair value of the instrument is estimated using valuation techniques that provide a reliable estimate of prices which could be obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the balance sheet date applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the balance sheet date.

The fair value of derivatives that are not exchange-traded is estimated at the amount that the Group would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions and the current creditworthiness of the counterparties. Specifically, the fair value of a forward contract is determined as the present value of estimated future cash flows, discounted at appropriate market rates on the valuation date.

2. 主要會計政策 (續)

(f) 金融工具 (續)

(iv) 終止確認

當從金融資產獲得現金流量的法定權利屆滿或已將重大風險及回報擁有權同時轉移後，金融資產被終止確認。

本集團採用加權平均法以釐定在終止確認時須在損益賬確認的已實現溢利和虧損。

當合約的義務已被履行、取消或期滿，金融負債被終止確認。

(v) 抵銷

如具法定權利抵銷確認金額及計劃以淨額結算，或同時變賣資產以償還負債，金融資產和金融負債互相抵銷，而在資產負債表內以淨額列示。

(vi) 嵌入衍生工具

嵌入衍生工具屬於一種混合(結合)式工具的組成部分，該工具包括衍生工具及一主要合約，並可改變該結合式工具的現金流量，其作用類似一張獨立的衍生工具。當(1)該嵌入衍生工具的經濟特性及風險與主要合約並非緊密關連的；及(2)混合(結合)式工具並非按公平價值計量及將公平價值變動於損益賬內確認，嵌入衍生工具將與主要合約分開並按衍生工具入賬。當嵌入衍生工具被分開處理，主要合約按財務報表之會計政策入賬。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(iv) Derecognition

A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset expire, or where the financial asset together with substantially all the risks and rewards of ownership, have been transferred.

The Group uses the weighted average method to determine realised gains and losses to be recognised in profit or loss on derecognition.

A financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(v) Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(vi) Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (1) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (2) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the profit and loss account. When the embedded derivative is separated, the host contract is accounted for in accordance with the accounting policies for financial instruments.

2. 主要會計政策 (續)

(g) 回購及反向回購交易

根據以固定價格於若干日後回購該等證券之接續協議(「回購協議」)之證券仍於賬項內保留並按其原先原則計算。銷售之所得款項乃列作負債及以攤銷成本入賬。

根據重售協議購入的證券(「反向回購協議」)並非列作證券購買而列作應收款項並以攤銷成本計入資產負債表。

於反向回購協議中賺取的利息及於回購協議中產生的利息分別確認為利息收入或利息開支，並於協議年期內以有效利率方法計算。

(h) 對沖

對沖之會計處理方法確認對沖工具及對沖項目之公平價值變動於損益賬內有抵銷作用。本集團同時於對沖交易開始及往後期間，記錄及評估其對沖交易之金融工具能否有效地抵銷對沖項目所產生之公平價值或現金流量變動之風險。倘(1)對沖工具已出售、終止或行使；(2)對沖不再符合對沖會計法的標準；或(3)本集團撤銷指定，則本集團終止採用對沖會計法。

(i) 公平價值對沖

公平價值對沖用作抵銷現行資產或負債之公平價格變動產生之收益或虧損須在損益賬確認。

對沖工具按公平價值入賬，而公平價值的變動在損益賬確認。被對沖項目的賬面值按對沖工具所對沖工具的公平價值變動予以調整。此調整在損益賬確認，抵銷對沖工具產生的收益和虧損。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Repurchase and reverse repurchase transactions

Securities sold subject to a simultaneous agreement to repurchase these securities at a certain later date at a fixed price (repurchase agreements) are retained in the accounts and measured in accordance with their original measurement principles. The proceeds from the sale are reported as liabilities and are carried at amortised cost.

Securities purchased under agreements to resell (reverse repurchase agreements) are reported not as purchases of the securities, but as receivables and are carried in the balance sheet at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income or interest expense, over the life of each agreement using the effective interest rate method.

(h) Hedging

Hedge accounting recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item. The Group assesses and documents whether the financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items attributable to the hedged risks both at hedge inception and on an ongoing basis. The Group discontinues prospectively hedge accounting when (1) the hedging instrument expires or is sold, terminated or exercised; (2) the hedge no longer meets the criteria for hedge accounting; or (3) the Group revokes the designation.

(i) Fair value hedge

A fair value hedge seeks to offset risks of changes in the fair value of recognised asset or liability that will give rise to a gain or loss being recognised in the profit and loss account.

The hedging instrument is measured at fair value, with fair value changes recognised in the profit and loss account. The carrying amount of the hedged item is adjusted by the amount of the changes in fair value of the hedging instrument attributable to the risk being hedged. This adjustment is recognised in the profit and loss account to offset the effect of the gain or loss on the hedging instrument.

2. 主要會計政策 (續)

(h) 對沖 (續)

(ii) 現金流量對沖

當衍生金融工具被指定用於對沖已確認資產或負債的既定現金流量或可能發生的預期交易，或已承諾未來交易之外匯風險，衍生金融工具所產生的收益和虧損有效部份在股東權益確認。無效部份之收益及虧損將在損益賬內即時確認。

如果預期交易的對沖其後導致了金融資產或金融負債的確認，在股東權益中確認的相關損益如收購的資產或債務之損益按期重新在損益賬內確認。如果預期交易的對沖其後導致了非金融資產或非金融負債的確認，於股東權益中的相關損益將其包括在非金融資產或負債的初始成本或其他賬面價值中。

股東權益內累積的現金流量對沖之損益金額將按期轉往相關之對沖項目損益賬內。

當對沖金融工具售出、終止或已行使時，或本集團撤銷指定對沖關係但對沖預計的交易預期將落實進行，股東權益中的累積損益仍會繼續保留在股東權益內，並於交易進行時根據上述政策確認。如預計的交易預期不會落實進行，股東權益所列的未實現累積損益將隨即撥入損益賬內。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Hedging (continued)

(ii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, or the foreign currency risk of a committed future transaction, the effective part of any gain or loss on the derivative financial instrument in relation to the hedged risk is recognised directly in equity. The ineffective part of any gain or loss is recognised immediately in the profit and loss account.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified in the profit and loss account in the same period or periods during which the asset acquired or liability assumed affects the profit and loss account. If the hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

For cash flow hedges of a recognised asset or liability, the associated cumulative gain or loss is removed from equity and recognised in the profit and loss account in the same period or periods during which the hedged cash flows affect the profit.

When a hedging instrument expires or is sold, terminated or exercised, or the Group revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in the profit and loss account.

2. 主要會計政策 (續)

(h) 對沖 (續)

(iii) 投資淨額對沖

海外業務淨投資對沖的列賬方式，與現金流量對沖的列賬方式相類似。對沖工具之有效對沖，其利潤及損益將於股東權益中列賬直至海外業務之出售，其時於股東權益賬之累積損益亦將撥入損益賬內。而無效部分即時撥入損益賬內。

(iv) 對沖效用測試

於展開對沖活動之始，本集團預期各項對沖活動必須極具效用 (預計效用) 以符合對沖會計法規定，並必須顯示繼續實際效用 (追溯效用)。

有關各對沖關係之文件載有如何評估對沖之效用。本集團採納之對沖效用評估方法，將視乎其風險管理策略而定。

對於公平價值對沖關係，本集團採用累計價值抵銷法或回歸分析作為測試效用之方法。對於現金流量對沖關係，本集團利用假設衍生工具法，運用不同現金流量法或累計價值抵銷法之變動衡量。

就預計效用而言，對沖工具必須被預期為在劃定對沖期間內，能高度有效地抵銷對沖風險之公平價值或現金流量之變動。就實際效用而言，公平價值或現金流量之變動抵銷額在80%至125%範圍才被視為有效。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Hedging (continued)

(iii) Net investment hedge

Hedges of net investment in foreign operations are accounted for similarly to cash flow hedges. The portion of the gain or loss on remeasurement of the hedging instrument that is determined to be an effective hedge is directly recognised in equity until the disposal of the foreign operation, at which time the cumulative gain or loss recognised directly in equity is recognised in the profit and loss account. The ineffective portion is recognised immediately in the profit and loss account.

(iv) Hedge effectiveness testing

The Group expects the hedge to be highly effective (prospective effectiveness) at the inception of the hedge to qualify for hedge accounting. Actual effectiveness (retrospective effectiveness) is also demonstrated on an ongoing basis.

The documentation of each hedging relationship sets out how the effectiveness of the hedge is assessed. The method the Group adopts for assessing hedge effectiveness will depend on its risk management strategy.

For fair value hedge relationships, the Group utilises the cumulative dollar offset method or regression analysis as effectiveness testing methodologies. For cash flow hedge relationship, the Group utilises the change in variable cash flow method or the cumulative dollar offset method using the hypothetical derivative approach.

For prospective effectiveness, the hedging instrument is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated. For actual effectiveness, the changes in fair value or cash flows must offset each other in the range of 80% to 125% for the hedge to be deemed effective.

2. 主要會計政策 (續)

(i) 收入確認

倘經濟利益有可能流向本集團，而收入和成本能夠可靠計量，則損益計算表收入確認如下：

(i) 利息收入

除分類為持作交易用途或指定為以公平價值誌入損益賬外，所有帶息金融工具的利息收入按有效利率方法於損益賬內確認為「利息收入」。

有效利率方法是一種計算攤銷成本及分配利息收入於相關期間的方法。有效利率是將金融工具在預計年期內產生之未來現金支出或收入折算為現值，或在較短期內折算為該金融工具賬面現值（如適用）。當計算有效利率時，本集團在估計現金流須考慮金融工具的所有合約條款（例如預先款項、認購期權及相似期權），但不包括未來信貸損失。有效利率方法的計算包括所有合約對手之間的費用及點子支出或收入、交易成本及其他所有溢價或折扣。

減值之金融資產採用貼現利率來確認利息收入以及有關之減值準備。日後釋出的貼現準備則確認為利息收入。

指定為以公平價值誌入損益賬之金融工具的淨收入及淨交易收入包括所有金融資產及金融負債之公平價值變動產生的損益（減除應計利息），以及屬於該等金融工具的利息收入、支出及股息收入。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit and loss account as follows:

(i) Interest income

Interest income for all interest-bearing financial instruments, except those classified as held for trading or designated at fair value through profit or loss, are recognised as “interest income” in the profit and loss account using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating the interest income over the relevant period. The effective interest rate that is the rate exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Interest will continue to be recognised on impaired financial assets using the interest rate for discounting future cash flows for the purpose of measuring the related impairment loss. Subsequent unwinding of discount allowance is recognised as interest income.

Net income from financial instruments designated at fair value through profit or loss and net trading income comprises all gains and losses from changes in fair value (net of accrued coupon) of such financial assets and financial liabilities, together with interest income and expense and dividend income attributable to those financial instruments.

2. 主要會計政策 (續)

(i) 收入確認 (續)

(ii) 費用及佣金收入

費用及佣金收入乃本集團提供財務服務，包括現金管理服務、經紀服務、投資服務及財務策劃、私人銀行服務、項目及結構性融資交易以及資產管理服務等所得收入。費用及佣金收入於相關服務提供時確認，收回持續向客戶提供服務之成本、或為客戶承擔風險、或屬利息性質之費用則除外。在該等情況下，費用會按成本或承擔風險之會計期間確認為收入及利息收入。

因本集團製造或購入金融資產而產生之原有或承擔服務費收入，須遞延及確認為有效利率之調整。如承擔期滿而本集團毋須貸款，該服務費於期滿時確認為收入。

(iii) 融資租賃及租購合約之財務收入

融資租賃及租購合約之財務收入按租賃年期確認為利息收入，以令每個會計年度期間剩餘的淨租賃投資回報大致相同。應收或然租金收入於賺取租金之會計期間確認為收入。

(iv) 經營租賃之租金收入

經營租賃之租金收入在租賃期內之會計年度以等額分期方式列入「其他營業收入」項內，但如有其他基準能更清楚地反映租賃資產所產生的收益模式則除外。租賃回贈於損益賬內確認為淨應收租賃之一部分。應收或然租金收入於賺取租金之會計期間確認為收入。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Revenue recognition (continued)

(ii) Fee and commission income

Fee and commission income arises on financial services provided by the Group including cash management services, brokerage services, investment service and financial planning, personal banking services, project and structured finance transactions, and asset management services. Fee and commission income is recognised when the corresponding service is provided, except where the fee is charged to cover the costs of a continuing service to, or risk borne for, the customer, or is interest in nature. In these cases, the fee is recognised as income in the accounting period in which the costs or risk is incurred and is accounted for as interest income.

Origination or commitment fees received by the Group which result in the creation or acquisition of a financial asset are deferred and recognised as an adjustment to the effective interest rate. If the commitment expires without the Group making a loan, the fee is recognised as revenue on expiry.

(iii) Finance income from finance lease and hire purchase contract

Finance income implicit in finance lease and hire purchase payments is recognised as interest income over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

(iv) Rental income from operating lease

Rental income received under operating leases is recognised as other operating income in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the profit and loss accounts as an integral part of the aggregate net lease payments receivable. Contingent rentals receivable are recognised as income in the accounting period in which they are earned.

2. 主要會計政策 (續)

(i) 收入確認 (續)

(v) 股息收入

非上市投資股息收入在股東收取權被確立時才予以確認。上市投資股息收入則在該投資的股價除息時才被確認。

(j) 入息稅項

入息稅項包括是年應繳稅項及遞延稅項資產及負債之增減。是年度稅項及遞延稅項資產及負債之增減均於損益賬內支銷，除非與儲備項目有關之遞延稅項增減，則在儲備賬內支銷。

本年度應繳稅項是按應課稅利潤以結算日已立法或實則生效之稅率計算，以及上年度應繳稅項之調整。

遞延稅項資產及負債是由財務報表之資產及負債之賬面值及課稅基礎值兩者間的暫時性差額而產生。遞延稅項資產亦可來自未扣減之稅務虧損及未運用之稅務優惠。

因課稅暫時差額而產生之所有遞延稅項負債，在一般情況下應全數確認。而遞延稅項資產則應在預期可取得足夠應課稅溢利扣減之情況下，方予以確認。

遞延稅項是按預期該等稅項負債或資產需清付或扣減時所適用之稅率計算。遞延稅項資產及負債毋須計算折現值。遞延稅項資產及負債結餘，須在結算日檢討。若預期沒有足夠應課稅溢利以供稅務扣減，則須減低遞延稅項資產額。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Revenue recognition (continued)

(v) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(j) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit and loss account except to the extent that they relate to items recognised directly in reserves, in which case they are recognised in reserves.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and their tax bases respectively. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. 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.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax assets and liabilities are not discounted. The carrying amount of deferred tax assets/liabilities is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised.

2. 主要會計政策 (續)

(j) 入息稅項 (續)

本年度應繳稅項結餘和遞延稅項結餘及其增減，均需獨立列賬而互不抵銷。本年度稅項資產抵銷本年度稅項負債，及遞延稅項資產抵銷遞延稅項負債，只在本銀行或本集團具有合法抵銷權抵銷本年度稅項資產和本年度稅項負債時方可進行。通常限於同一課稅單位在同一稅務機關範圍下，才能進行抵銷。

(k) 外幣折算

本年度內之外幣交易按交易日之匯率折算。是年底之外幣資產及負債賬目依結算日之匯率伸算。所有之匯兌損益已包括在損益計算表內。

以原值成本列賬之外幣非貨幣性資產及負債按交易日的匯率折算。以公平價值列賬的外幣非貨幣性資產及負債按其公平價值的匯率折算。

以公平價值誌入損益賬之投資及衍生金融工具的匯兌差額分別包括於投資損益及衍生工具淨溢利／(虧損)。

海外分行及海外附屬公司之業績按年度平均匯率折算為港幣。資產負債表內之賬項按結算日之匯率折算為港幣。換算之損益已進誌於儲備內。

(l) 有形固定資產及資產折低

(i) 根據香港會計師公會頒佈之香港會計準則第16號「物業、機械及設備」第80段過渡條款，在編制賬目時，並沒有在年結日對銀行物業重估至公平價值。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(j) *Income tax (continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, and only if, the Bank or the Group has the legally enforceable right to set off current tax assets against current tax liabilities. The principle of offsetting usually applies to income tax levied by the same tax authority on the same taxable entity.

(k) *Translation of foreign currencies*

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Exchange gains and losses are dealt with in the profit and loss account.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on investments and net gain/(loss) on derivatives, respectively.

The results of overseas branches and subsidiaries are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchanges ruling at the balance sheet date. The resulting exchange differences are dealt with as movements in reserves.

(l) *Tangible fixed assets and depreciation*

(i) In preparing these accounts, advantage has been taken of the transitional provisions set out in paragraph 80 of HKAS 16 "Property, Plant and Equipment" issued by the HKICPA, with the effect that bank premises have not been revalued to fair value at the balance sheet date.

2. 主要會計政策 (續)

(l) 有形固定資產及資產折低 (續)

- (ii) 設備包括傢俬、機械及其他設備按成本減除折舊後列示。折舊之計算乃按照資產之估計可用年數（一般在三至十年間），以直線折舊法攤銷。
- (iii) 永久業權之土地無需攤銷折低，非永久業權之土地（附註2(m)）按所餘年期平均攤銷折低。樓宇折低乃照其估計之有用年期以不超過五十年為限平均攤銷。
- (iv) 投資物業是指業權利益下擁有或持有用作賺取租金收益或資本增值（或二者皆是）的土地或樓宇（附註2(m)）。投資物業包括未明確日後用途之土地，該土地每年按具專業資格之測量師之公開市值於資產負債表內列賬。任何公平價值變動產生之溢價或虧損將於損益賬內確認。

(m) 融資租賃及經營租賃

- (i) 本集團租賃資產之分類
本集團租賃之資產若絕大部份風險及權益均轉移至本集團時，分類為融資租賃。不會轉移大部份風險及權益之租賃乃分類為經營租賃。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(l) Tangible fixed assets and depreciation (continued)

- (ii) Equipment, comprising furniture, plant and other equipment, is stated at cost less depreciation calculated on a straight-line basis to write off the assets over their estimated useful lives, which are generally between 3 to 10 years.
- (iii) No amortisation is provided on freehold land. Leasehold land (note 2(m)) is amortised in equal annual instalments over the remaining term of the lease. Buildings are amortised by equal instalments over the estimated useful lives which in no case exceed 50 years.
- (iv) Investment properties are land and/or buildings which are owned or held under a leasehold interest (note 2(m)) either to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use, which are stated in the balance sheet at their open market values which are assessed annually by professional qualified valuers. Any gain or loss arising from a change in fair value is recognised in the profit and loss account.

(m) Finance and operating leases

- (i) Classification of leased assets to the Group
Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

2. 主要會計政策 (續)

(m) 融資租賃及經營租賃 (續)

(ii) 融資租賃

當本集團為融資租賃之出租人，該等租賃之投資淨額將包括於資產負債表內「客戶貸款」項下。應收租賃款項包含之融資收入將於租賃期內按投入資金之比例在「利息收入」內確認。與融資租賃性質相同之租購合約亦作融資租賃處理。減值損失按附註2(p)所載會計政策計算。

(iii) 持作經營租賃之資產

若集團為經營租賃之出租人，用作租賃之資產將包括在「有形固定資產」內。經營租賃之應收租金在租賃期內之會計年度以等額分期方式誌入「其他營業收入」項內。減值損失是根據附註2(p)所載會計政策計算。

(iv) 經營租賃

當本集團以經營租賃方式租出資產，該資產根據其性質包括在資產負債表內，及按附註2(l)(ii)所載(如適用者)本集團的折舊會計政策計算折舊。減值損失是根據附註2(p)所載會計政策計算。來自經營租賃的收入會根據附註2(i)(iv)所載本行的收入確認政策計算。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Finance and operating leases (continued)

(ii) Finance leases

Where the Group is a lessor under finance leases, an amount representing the net investment in the lease is included in the balance sheet as "Advances to customers". Finance income implicit in the lease payment is recognised as "Interest income" over the period of the leases in proportion to the funds invested. Hire purchase contracts having the characteristics of finance leases are accounted for in the same manner as finance leases. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(p).

(iii) Assets held for use in operating leases

Where the Group is a lessor under operating leases, the leased assets are included in "Tangible fixed assets". Rentals receivable under operating leases are recognised as "Other operating income" in equal instalments over the accounting period covered by the lease term. Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(p).

(iv) Operating lease

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 2(l)(ii). Impairment losses are accounted for in accordance with the accounting policy as set out in note 2(p). Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 2(i)(iv).

2. 主要會計政策 (續)

(m) 融資租賃及經營租賃 (續)

(iv) 經營租賃 (續)

如本集團使用經營租賃資產時，租賃作出的付款會在租賃期的會計期間內，以等額在損益賬內支付；但如有其他基準能更清楚地反映租賃資產所產生的利益模式則除外。經營租賃的獎勵措施均在損益賬內確認為租賃淨付款總額。或有租金在其產生的會計期間內在損益賬內支付。

經營租賃所持有土地之收購成本乃於租賃期內以直線法攤銷，惟該物業分類為投資物業則例外。

(n) 收回資產

在收回減值貸款時，本集團會通過法庭程序或借款人自願交出擁有權抵押品資產。根據本集團附註2(p)所載的會計政策，計算減值貸款之減值準備已顧及收回資產之可實現淨值。收回資產繼續當作貸款及放款之抵押。

收回資產按有關貸款的賬面值或公平價值減除出售成本二者之較低者確認。收回資產毋須折舊或攤銷。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(m) Finance and operating leases (continued)

(iv) Operating lease (continued)

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit and loss account as an integral part of the aggregate net lease payments made. Contingent rentals are charged to the profit and loss account in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property.

(n) Repossessed assets

In the recovery of impaired loans and advances, the Group may take repossession of the collateral assets through court proceedings or voluntary delivery of possession by the borrowers. In accordance with the Group's accounting policy set out in note 2(p), impairment allowances for impaired loans and advances are maintained after taking into account the net realisable value of the repossessed assets. Repossessed assets continue to be treated as securities for loans and advances.

Repossessed assets are recognised at the lower of their carrying amount of the related loans and advances and fair value less costs to sell. They are not depreciated or amortised.

2. 主要會計政策 (續)

(n) 收回資產 (續)

在初始分類及期後再計量引致的減值損失於損益賬內確認。

(o) 準備及或然負債

當負債的限期或數額不確定，但有可能因過去事項構成法律或推定義務而須付出經濟利益以償責任，並能對此作可靠估計，此負債便確認為準備。當時間值之金額較大，則按履行責任所需開支的現值金額列為準備。

倘可能不需要付出經濟利益，或不能對金額作可靠估計，除非付出的機會是極微，則此項責任會視作被或然負債披露。除非付出的機會是極微，潛在責任只在會否發生一項或多項未來事件中獲肯定下以或然負債披露。

(p) 資產減值損失

如內部及對外資料來源均顯示於結算日有任何物業經已減值，均須估計該等資產之可收回數額，及當該資產的賬面值超過可收回數額時，確認減值損失於損益計算表內。

- (i) 持有至到期日之金融資產
就持有至到期日融資資產，減值損失按資產賬面值與按金融資產之原有有效利率折現估計未來現金流量之現值之差額計算(即該等資產初始確認時之有效利率)。如果折算影響不大，不會折算短期應收賬款。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(n) Repossessed assets (continued)

Impairment losses on initial classification and on subsequent re-measurement are recognised in the profit and loss account.

(o) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Bank or Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Impairment of assets

At each balance sheet date, if internal and external sources of information indicate that any of the Group's assets are impaired, the asset's recoverable amount is estimated, and an impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset exceeds its recoverable amount.

- (i) Held-to-maturity financial assets
For held-to-maturity financial assets, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. (i.e. the effective interest rate computed at initial recognition of these assets). Receivables with a short duration are not discounted if the effect of discounting is immaterial.

2. 主要會計政策 (續)

(p) 資產減值損失 (續)

- (i) 持有至到期日之金融資產 (續)

若在較後期間，減值損失的金額減少而該減少是可客觀地與減值後發生的事件有關連，減值損失可轉回損益賬內。減值損失轉回損益賬的金額不能超過假設該資產於往年從來未有確認減值損失的賬面值。

- (ii) 可供出售金融資產

當有客觀證據顯示可供出售金融資產已減值，已確認在股東權益內的累積虧損將被剔除，並於損益賬內確認。須於損益賬內確認累積虧損之金額，是購入價(減除任何本金償還及攤銷)與現時公平價值二者之差額，再減除往年已於損益賬內確認的減值損失。

就按成本列賬之無報價可供出售股票而言，減值損失按金融資產的賬面值及估計未來現金流量按同等金融資產的現時市場回報率折算為現值，以二者之差額計算。

有關已確認可供出售股票的減值損失不能轉回損益賬內。其後該資產之公平價值增加須直接在股東權益內確認。

有關可供出售債務證券的減值損失，如該資產之公平價值增加，而該增加是可客觀地與確認減值損失後發生的事件有關連，減值損失可轉回損益賬內確認。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (continued)

- (i) Held-to-maturity financial assets (continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the profit and loss account. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

- (ii) Available-for-sale financial assets

When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in profit and loss account. The amount of the cumulative loss that is recognised in profit and loss account is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit and loss account.

For unquoted available-for-sale equity securities that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit and loss account in respect of available-for-sale equity securities are not reversed through profit and loss account. Any subsequent increase in the fair value of such assets is recognised directly in equity.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in profit and loss account.

2. 主要會計政策 (續)

(p) 資產減值損失 (續)

(iii) 貸款及應收款項減值

貸款及應收款項之信用損失以資產賬面值與預期將來現金流量以原有有效利率折算之現值之差額。如果折算影響不大，不會折算短期應收賬款。

信貸損失撥備總額包括兩個組成部分：個別減值撥備，及整體減值撥備。

本集團會首先評估金額重大之個別金融資產有否出現客觀之減值證據，並個別或綜合地評估金額不重大之個別金融資產。若本集團確定被評估之個別金融資產並沒有存在減值之客觀證據，無論該金融資產重大與否，均需將該等金融資產包含於信貸風險特徵相若之組合中作出整體評估。整體評估並不包括已被個別評估為需減值或需繼續減值之金融資產。

撥備的準確性，須視乎本集團能否在評估個別準備時準確估計交易對手的未來現金流及在評估整體減值準備時所採用的推測模式及變數。雖然涉及判斷，本集團相信減值準備屬合理和足夠的。

在較後期間，任何因估計未來現金流量的金額及時間與先前估計的有所變動，而該變動是可客觀地與減值後發生的事件有關連，從而導致減值損失準備亦需變動，該變動會支銷或存入損益賬內。

倘再無實際機會收回時，則貸款及其應收利息會被撇銷。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (continued)

(iii) Impairment of loans and receivables

The credit losses of loans and receivables are measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Receivables with a short duration are not discounted if the effect of discounting is immaterial.

The total allowance for credit losses consists of two components: individual impairment allowances, and collective impairment allowances.

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

The accuracy of the impairment allowances the Group makes depends on how well the Group can estimate future cash flows for individually assessed impairment allowances and the model assumptions and parameters used in determining collective impairment allowances. While this necessarily involves judgment, the Group believes that the impairment allowances on loans and advances to customers are reasonable and supportable.

Any subsequent changes to the amounts and timing of the expected future cash flows compared to the prior estimates that can be linked objectively to an event occurring after the write-down, will result in a change in the impairment allowances on loans and receivables and be charged or credited to the profit and loss account.

When there is no reasonable prospect of recovery, the loan and the related interest receivables are written off.

2. 主要會計政策 (續)

(p) 資產減值損失 (續)

(iv) 其他資產

在結算日，須檢討對內及對外資料以辨別以下資產是否有減值情況。除商譽外，以往已確認之減值損失是否仍然存在或已經減少：

- 物業及設備（物業以重估金額列賬除外）；
- 附屬及聯營公司投資；及
- 商譽

如任何此等情況存在，須估計該資產的可收回金額。此外，就商譽而言，須每年估計可收回額以確定是否有減值徵兆。

- *可收回金額之計算*
可收回金額按出售淨值及使用值二者中之較高者。在評估使用值時，會採用市場評估貨幣的時間值及相對於該資產的風險的稅前折扣率將估計未來現金流量折實為現在價值。當某資產未能獨立於其他資產產生現金流量，其可收回金額取決於可獨立地產生現金流量的最小資產組合（即一個現金生產單位）。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (continued)

(iv) Other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property and equipment (other than properties carried at revalued amounts);
- investments in subsidiaries and associated companies; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its net selling price 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. 主要會計政策 (續)

(p) 資產減值損失 (續)

(iv) 其他資產 (續)

– 減值損失之確認

當資產的賬面值或其所屬的現金生產單位超過可收回金額時，須於損益賬內確認減值損失。有關確認現金生產單位減值損失時，首先減低現金生產單位（或單位組別）之賬面值，其後再按比例減低在該單位（或單位組別）其他資產的賬面值，但該資產的賬面值不可低過其個別公平價值減出售成本或使用值（如可確定的話）。

– 減值損失之轉回

除商譽外，有關資產，如用來釐定可收回金額的估計發生有利的變化，則減值損失會被轉回。商譽的減值損失不可轉回。

減值損失轉回只限至該資產的賬面值，猶如該等減值損失從未在往年被確認。減值損失轉回應在確認的年度計入損益賬內。

(q) 關連人士

若本集團有權直接或間接控制另一方或影響另一方在財務或經營決策，或另一方有權直接或間接控制本集團或對本集團的財務及經營決策作出重要的影響，或本集團與另一方均受制於同一的監控下，則被視為關連人士。關連人士可為個別人士或實體，包括受本集團關連人士重大影響的實體，而該關連人士屬個人，及提供福利予本集團僱員的在職福利計劃或某些與本集團關連的實體。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(p) Impairment of assets (continued)

(iv) Other assets (continued)

– Recognition of impairment losses

An impairment loss is recognised in the profit and loss account whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(q) Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

2. 主要會計政策 (續)

(r) 分項報告

分項乃指本集團可區分之部分，包括提供之產品及服務(業務分項)或提供產品及服務之特定經濟環境(區域分項)，均受有別於其他分項之風險及利益所限。

本集團選擇業務分項資料為主要報告形式，而區域分項資料則為次選報告形式。

分項收益、開支、業績、資產及負債均包括直接劃分入該區分項之項目或可合理劃分為該項之項目。分項收益、開支、資產及負債乃於集團間結算前釐定，集團間交易則予以抵銷作為綜合處理之部分，惟集團企業間之有關集團間結餘及交易乃為單一分項。分項間定價乃按給予外間人士之相似條款釐定。

分項資本開支乃指期內因收購預計可使用超過一年之分項資產(包括有形及無形資產)所產生之總成本。

(s) 等同現金

現金及等同現金包括銀行現金及存放銀行同業及其他金融機構，於購入日起三個月內到期；短期及高流動定期存放銀行同業及投資，可隨時轉換成預知之現金而其價值受較低風險影響，即期及構成本集團現金管理之銀行同業及其他金融機構款項，亦構成現金和現金等值，作為編製現金流量表。

(t) 僱員福利

(i) 薪金、年度花紅、有薪年假及本集團的非貨幣福利成本在本集團僱員提供相關服務的年度計算。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(r) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets (both tangible and intangible) that are expected to be used for more than one year.

(s) Cash equivalents

Cash and cash equivalents comprise cash and balances with banks and other financial institutions, and short-term, highly liquid inter-bank placements and investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Balances of banks and other financial institutions that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(t) Employee benefits

(i) Salaries, annual bonuses, paid annual leave and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

2. 主要會計政策 (續)

(t) 僱員福利 (續)

- (ii) 本銀行按香港《強制性公積金計劃條例》規定作出的強積金供款，在其發生時於損益賬內列支。
- (iii) 當本集團授予僱員認股權以購入本銀行股份，其所收取之代價於授予當日將確認為「其他賬項及準備」。認股權之公平價值以授出日計算，並在授出日與生效期內於損益賬內扣除及撥入股東資金內。當認股權已被行使，應收款項及已收代價之金額將導致股東資金上升。
- (iv) 根據僱員獎勵計劃（「僱員獎勵計劃」），本集團決定給予僱員獎賞以購入本銀行股份。獎賞之公平價值以授出日計算，並在獎賞授出日與生效期內於損益賬內扣除及撥入股東資金內。獎賞未生效期內所派發相等於股息之現金，將以花紅支出按應計基準於損益賬內扣除。

(u) 所發行之後償票據

所發行之後償票據乃按發行所得淨值計入資產負債表。

所發行之後償票據，其利息按票息率經攤銷發行溢價或折讓之調整後於損益計算表中扣除，由發行日至贖回日期間以固定比率支銷。

到期前購回或付清所發票據而於償還額與賬面值出現之差額，隨即入賬於損益賬。

2. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) *Employee benefits (continued)*

- (ii) Contributions to Mandatory Provident Funds as required under the Hong Kong Mandatory Provident Funds Scheme Ordinance are recognised as an expense in the profit and loss account when incurred.
- (iii) When the Group grants employees options to acquire shares of the Bank, the considerations received are recognised as "Other accounts and provisions" at the date of grant. The fair value of the options is measured at the grant date and is charged to the profit and loss account and credited to shareholders' funds between the grant date and the vesting date. When the options are exercised, shareholders' fund is increased by the amount of the proceeds and consideration received.
- (iv) When the Group grants employees awards to acquire shares of the Bank under Employee Incentive Plan ("EIP"). The fair value of the awards is measured at the grant date and is charged to the profit and loss account and credited to shareholders' funds between the grant date and the vesting date. The cash amount equal to the dividend that would have been paid during the period up to vesting will be charged to the profit and loss account as bonus expenses on an accrual basis.

(u) *Subordinated notes issued*

Subordinated notes issued are included in the balance sheet at the value of the net proceeds received upon issue.

Interest on subordinated notes issued is charged to the profit and loss account at the coupon rate adjusted for the amortisation of any premium or discount arising on issue so as to achieve a constant rate of charge over the period from the date of issue to the date of redemption.

When notes issued are repurchased or settled before maturity, any difference between the amount repaid and the carrying amount is recognised immediately in the profit and loss account.

3. 會計估計及判斷

在編製本集團的賬項時，管理層必須作出若干估計和假定，對報告資產及負債數額，或然資產及負債披露有影響，同時亦影響報告年度內收入及支出金額。如本集團更改此等假定，便可能對作出有關變動期間的賬項產生重大影響。採用此等假定和估計意味，若本集團選用不同的假定，本集團所報告的資料便會有所不同。本集團認為，本集團已作出適當假定，因此在各個重要層面，本集團的財務報表均能公平地反映本身的財政狀況和業績。

管理層已與審核委員會商討關於本集團重要會計政策的制定、選擇和披露，以及此等政策的估計及應用。

附註26、42及43載述有關商譽減值、已授予認股權的公平價值和金融工具的公平價值的假定及其風險因素。估計不穩定因素的其他主要來源如下：

(a) 估計不穩定因素的主要來源

減值損失

(i) 貸款

本集團會定期檢討貸款組合，以評估其價值是否有減值損失。評估過程分為兩階段。於第一階段本集團需決定有否任何客觀證據證明貸款組合已須減值，即估計將來現金流量有所減少。減值客觀證據包括與借款團體的付款狀況出現逆轉有關的可觀察資料，此等資料與本集團的不履行資產是互相關連的。如管理層就其判斷認為減值之客觀證據存在，需獨立估計預期未來現金流量或將根據與本集團資產的信用風險特徵相似之資產之過往損失經驗作出預計。以往損失經驗是以目前的可觀察資料為基礎作為調整。管理層亦會定期檢討用以估計將來現金流量的方法和假定，從而減少估計損失與實際損失之間的差額。

3. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of accounts requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The application of assumptions and estimates means that any selection of different assumptions would cause the Group's reporting to differ. The Group believes that the assumptions that have been made are appropriate and that the financial statements therefore present the financial position and results fairly, in all material respects.

Management discussed with the Audit Committee the development, selection and disclosure of the Group's significant accounting policies and estimates and the application of these policies and estimates.

Notes 26, 42 and 43 contain information about the assumptions and their risk factors relating to goodwill impairment, fair value of share options granted and fair values of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Key sources of estimation uncertainty

Impairment losses

(i) Loan and advances

Loan portfolios are reviewed periodically to assess whether impairment losses exist. The assessment process consists of two stages. During the first stage, the Group makes judgements as to whether there is any objective evidence that a loan portfolio is impaired, i.e. whether there is a decrease in estimated future cash flows. Objective evidence for impairment includes observable data that the payment status of borrowers in a group has adversely changed. It may also include observable data that correlate with defaults on the assets in the group. If management has determined, based on their judgement, that objective evidence for impairment exists, expected future cash flows are estimated individually or based on historical loss experience for assets with credit risk characteristics similar to those of the group. Historical loss experience is adjusted on the basis of the current observable data. Management reviews the methodology and assumptions used in estimating future cash flows regularly to reduce any difference between loss estimates and actual loss experience.

3. 會計估計及判斷(續)

(a) 估計不穩定因素的主要來源(續)

減值損失(續)

(ii) 可供出售股份投資

若可供出售股票投資的公平價值明顯或持續地低於其成本，本集團判定其價值已有所下降。本集團需要判斷公平價值低於成本的金額會在合理時間內不可收回，而有關投資的損益或會受到判斷的不同影響。

(b) 本集團採用會計政策的關鍵會計判斷

本集團採用會計政策的若干關鍵會計判斷如下：

持有至到期日投資

本集團將固定或可確定付款金額和固定到期日而有預算及能力持有至到期日的非衍生金融資產，列作持有至到期投資。在作出有關判斷時，本集團會評估本身是否有預算及能力持有此等投資至到期日。

若本集團未能持有此等投資至到期日(因若干特殊情況者除外)，本集團會將整個可持至到期日的投資組合，重列作可供出售。這是由於此類投資已被視為蒙污。

因此，原以攤銷成本計量的可持至到期投資會改以公平價值計量。

3. ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Key sources of estimation uncertainty (continued)

Impairment losses (continued)

(ii) Available-for-sale equity investments

The Group determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. The determination of when a decline in fair value below cost is not recoverable within a reasonable time period is judgmental by nature, so profit and loss could be affected by differences in this judgement.

(b) Critical accounting judgements in applying the Group's accounting policies

Certain critical accounting judgements in applying the Group's accounting policies are described below.

Held-to maturity investments

The Group classifies non-derivative financial assets with fixed or determinable payments and fixed maturity and where the Group has a positive intention and ability to hold to maturity as held-to-maturity investments. In making this judgement, the Group evaluates its intention and ability to hold such investments till maturity.

If the Group fails to hold these investments to maturity other than for certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for sale, as such class is deemed to have been tainted.

This would result in held-to-maturity investments being measured at fair value instead of at amortised cost.

4. 會計政策變更

香港會計師公會頒佈多項於二零零五年一月一日或之後開始之會計期間生效之新訂及經修訂之香港財務報告準則。

本集團及／或本銀行於採納新增及經修訂香港財務報告準則後之會計政策於附註2概述。本年及往年會計政策重大變更之資料，已於本財務報告中反映。

本集團尚未應用披露於附註44本會計年度尚未生效之新增準則或詮釋。

(a) 往年及期初結餘重報

下表披露所有根據有關香港財務報告準則之過渡條款而須在截至二零零四年十二月三十一日止之年度內已作匯報之綜合損益賬、綜合資產負債表及本銀行資產負債表中每一項目，以及其他重大相關披露項目已作出的調整。會計政策變更已在二零零四年一月一日及二零零五年一月一日結餘作披露，詳情載於附註35內。

4. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1st January, 2005.

The accounting policies of the Group and/or the Bank after the adoption of these new and revised HKFRSs have been summarised in note 2. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in this financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period as disclosed in note 44.

(a) Restatement of prior year and opening balances

The following tables disclose the adjustments that have been made in accordance with the transitional provisions of the respective HKFRSs to each of the line items in the consolidated profit and loss account and balance sheet and the Bank's balance sheet and other significant related disclosure items as previously reported for the year ended 31st December, 2004. The effects of the changes in accounting policies on the balances at 1st January, 2004 and 2005 are disclosed in note 35.

4. 會計政策變更(續)

(a) 往年及期初結餘重報(續)

- (i) 對綜合財務報表之影響
截至二零零四年十二月三十一日止年度之綜合損益賬：

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Restatement of prior year and opening balances (continued)

- (i) Effect on the consolidated financial statements
Consolidated profit and loss account for the year ended 31st December, 2004:

		新會計政策之影響(年度溢利增加/(減少)) Effect of new policy (increase/(decrease) in profit for the year)						
		香港財務報告 2004 (往年報告) (as previously reported)		香港會計 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港會計 準則第1號 (附註4(g)) HKAS 1 (note 4(g))	香港 會計準則 詮釋第21號 及香港會計 準則第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	小計 Sub-total	2004 (重報) (restated)
利息收入	Interest income	2,877,006	-	-	-	-	2,877,006	
利息支出	Interest expenses	(1,082,689)	-	-	-	-	(1,082,689)	
淨利息收入	Net interest income	1,794,317	-	-	-	-	1,794,317	
其他營業收入	Other operating income	640,070	-	-	(53)	(53)	640,017	
營業收入	Operating income	2,434,387	-	-	(53)	(53)	2,434,334	
營業支出	Operating expenses	(1,028,107)	(4,932)	-	-	(4,932)	(1,033,039)	
扣除準備金前之營業 溢利	Operating profit before provisions	1,406,280	(4,932)	-	(53)	(4,985)	1,401,295	
呆壞賬準備	Charge for bad and doubtful debts	(54,434)	-	-	-	-	(54,434)	
營業溢利	Operating profit	1,351,846	(4,932)	-	(53)	(4,985)	1,346,861	
重估投資物業及出售 有形固定資產及 聯營公司之溢利	Gains on revaluation of investment properties, disposal of tangible fixed assets and associated company	43,743	-	-	11,809	11,809	55,552	
出售持有至到期日 證券之溢利	Profits on disposal of held-to-maturity securities	201	-	-	-	-	201	
出售非持作買賣用途 證券之溢利	Profits on disposal of non-trading securities	6,307	-	-	-	-	6,307	
持有至到期日證券之 準備金回撥	Provisions written back for held-to-maturity securities	4,848	-	-	-	-	4,848	
正常業務的溢利/ (虧損)	Profit/(loss) on ordinary activities	1,406,945	(4,932)	-	11,756	6,824	1,413,769	

賬項附註

Notes to the Accounts

4. 會計政策變更(續)

(a) 往年及期初結餘重報(續)

(i) 對綜合財務報表之影響(續)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Restatement of prior year and opening balances (continued)

(i) Effect on the consolidated financial statements (continued)

		新會計政策之影響(年度溢利增加/(減少))						
		Effect of new policy (increase/(decrease) in profit for the year)						
		香港會計準則第21號及香港會計準則第40號(附註4(d))						
		香港財務報告準則第2號	香港會計準則第1號	香港會計準則第21號及香港會計準則第40號	小計	2004		
		2004 (往年報告) (as previously reported)	(附註4(c)) (note 4(c))	(附註4(g)) (note 4(g))	HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	Sub-total	(重報) (restated)	
應佔聯營公司之淨溢利/(虧損)	Share of net profits/(losses) in associated companies	5,229	-	(684)	-	(684)	4,545	
除稅前溢利/(虧損)	Profit/(loss) before taxation	1,412,174	(4,932)	(684)	11,756	6,140	1,418,314	
稅項	Taxation	(242,561)	-	684	(8,156)	(7,472)	(250,033)	
除稅後溢利/(虧損)	Profit/(loss) after taxation	1,169,613	(4,932)	-	3,600	(1,332)	1,168,281	
可分配之溢利/(虧損)：	Profits/(losses) attributable to:							
本銀行股東	Shareholders of the Bank	1,168,021	(4,932)	-	3,600	(1,332)	1,166,689	
少數股東權益	Minority interests	1,592	-	-	-	-	1,592	
除稅後溢利/(虧損)	Profit/(loss) after taxation	1,169,613	(4,932)	-	3,600	(1,332)	1,168,281	
每股盈利	Earnings per share							
基本	Basic	3.97	(0.01)	-	0.01	-	3.97	
攤薄	Diluted	3.97	(0.02)	-	0.01	(0.01)	3.96	

4. 會計政策變更(續)

(a) 往年及期初結餘重報(續)

- (i) 對綜合財務報表之影響(續)
於二零零四年十二月三十一
日之綜合資產負債表:

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Restatement of prior year and opening balances (continued)

- (i) Effect on the consolidated financial statements (continued)
Consolidated balance sheet at 31st December, 2004:

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))						
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)						
		香港會計準則 詮釋第21號 及香港會計 準則第40號 (附註4(d))						
		香港財務報告 2004 (往年報告) (as previously reported)	香港會計 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港會計 準則第1號 (附註4(g)) HKAS 1 (note 4(g))	HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	小計 Sub-total	2004 (重報) (restated)	
資產	Assets							
現金及短期資金	Cash and short-term funds	20,529,318	-	-	-	-	20,529,318	
定期存放銀行同業 及其他金融機構款項 (一至十二個月內到期)	Placements with banks and other financial institutions maturing between one and twelve months	1,435,527	-	-	-	-	1,435,527	
貿易票據已減除準備	Trade bills less provisions	551,124	-	-	-	-	551,124	
存款證	Certificates of deposit held	30,000	-	-	-	-	30,000	
買賣用途證券	Trading securities	12,067	-	18,741	-	18,741	30,808	
客戶之貸款及其他 賬項已減除準備	Advances to customers and other accounts less provisions	49,712,008	-	(18,741)	-	(18,741)	49,693,267	
持有至到期日證券	Held-to-maturity securities	18,867,918	-	-	-	-	18,867,918	
非持作買賣用途證券	Non-trading securities	1,520,822	-	-	-	-	1,520,822	
聯營公司投資	Investments in associated companies	135,706	-	-	-	-	135,706	
有形固定資產	Tangible fixed assets							
— 投資物業	— Investment properties	209,560	-	-	-	-	209,560	
— 其他物業、機械 及設備	— Other properties, plants and equipment	1,563,010	-	-	-	-	1,563,010	
商譽	Goodwill	847,713	-	-	-	-	847,713	
可收回本期稅項	Current tax recoverable	5,381	-	-	-	-	5,381	
遞延稅項資產	Deferred tax assets	27,950	-	-	-	-	27,950	
總資產	Total assets	95,448,104	-	-	-	-	95,448,104	

賬項附註

Notes to the Accounts

4. 會計政策變更(續)

(a) 往年及期初結餘重報(續)

(i) 對綜合財務報表之影響(續)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Restatement of prior year and opening balances (continued)

(i) Effect on the consolidated financial statements (continued)

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))						
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)						
		香港會計準則第21號及香港會計準則第40號(附註4(d))						
		香港財務報告	香港會計	香港	HK (SIC)			
		2004	準則第2號	準則第1號	Interpretation			
		(往年報告)	(附註4(c))	(附註4(g))	21 &			
		(as previously	HKFRS 2	HKAS 1	HKAS 40	小計	2004	
		reported)	(note 4(c))	(note 4(g))	(note 4(d))	Sub-total	(重報)	
							(restated)	
股東權益及負債	Equity and liabilities							
銀行同業及其他	Deposits and balances							
金融機構之存款	of banks and other							
	financial institutions	1,209,582	-	-	-	-	1,209,582	
客戶之存款	Deposits from customers	78,569,161	-	-	-	-	78,569,161	
已發行之存款證	Certificates of deposit							
	issued	4,616,090	-	-	-	-	4,616,090	
買賣用途負債	Trading liabilities	-	-	8,628	-	8,628	8,628	
應付本期稅項	Current tax payable	63,381	-	-	-	-	63,381	
遞延稅項負債	Deferred tax liabilities	55,884	-	-	9,069	9,069	64,953	
其他賬項及準備	Other accounts and							
	provisions	983,750	-	(8,628)	-	(8,628)	975,122	
借貸資本	Loan capital	2,526,485	-	-	-	-	2,526,485	
總負債	Total liabilities	88,024,333	-	-	9,069	9,069	88,033,402	
股本	Share capital	293,911	-	-	-	-	293,911	
儲備	Reserves							
—股本溢價賬	- Share Premium	342,102	4,932	-	-	4,932	347,034	
—資本儲備	- Capital reserve	215,909	-	-	-	-	215,909	
—一般儲備	- General reserve	2,091,174	-	-	-	-	2,091,174	
—銀行行址重估	- Bank premises							
儲備	revaluation reserve	269,039	-	-	-	-	269,039	
—投資物業重估	- Investment properties							
儲備	revaluation reserve	12,683	-	-	(12,683)	(12,683)	-	
—投資重估儲備	- Investment							
	revaluation reserve	22,241	-	-	-	-	22,241	
—股本贖回儲備	- Capital redemption							
	reserve	769	-	-	-	-	769	
—盈餘滾存	- Unappropriated							
	profits	4,156,059	(4,932)	-	3,614	(1,318)	4,154,741	
儲備	Reserves	7,109,976	-	-	(9,069)	(9,069)	7,100,907	

4. 會計政策變更(續)

(a) 往年及期初結餘重報(續)

(i) 對綜合財務報表之影響(續)

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))						
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)						
		香港會計準則						
		詮釋第21號及香港會計準則第40號(附註4(d))						
		香港財務報告	香港會計	香港會計	HK (SIC)			
		2004	準則第2號	準則第1號	Interpretation			
		(往年報告)	(附註4(c))	(附註4(g))	21 &			
		(as previously	HKFRS 2	HKAS 1	HKAS 40	小計	2004	
		reported)	(note 4(c))	(note 4(g))	(note 4(d))	Sub-total	(restated)	
股東資金	Shareholders' funds	7,403,887	-	-	(9,069)	(9,069)	7,394,818	
少數股東權益	Minority interests	19,884	-	-	-	-	19,884	
股東權益總額	Total equity	7,423,771	-	-	(9,069)	(9,069)	7,414,702	
總股東權益及負債	Total equity and liabilities	95,448,104	-	-	-	-	95,448,104	

- (ii) 對本銀行資產負債表之影響由二零零五年一月一日起，按照香港財務報告準則第二號，本集團須於認股權授予日至生效日期間將授予僱員之認股權之公平價值於損益賬內確認為僱員支出，而在股東權益內之股本溢價作出相應確認。

此變動已追溯應用，予以調整，於二零零五年一月一日盈餘滾存之期初結餘減少港幣4,932,000元，而股本溢價賬之期初結餘則以同一金額增加。此外，買賣用途之金融衍生工具之公平價值約港幣18,741,000元及8,628,000元分別由「客戶之貸款及其他賬項已減除減值準備」及「其他賬項及準備」重列為「買賣用途資產」及「買賣用途負債」。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Restatement of prior year and opening balances (continued)

(i) Effect on the consolidated financial statements (continued)

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))						
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)						
		香港會計準則						
		詮釋第21號及香港會計準則第40號(附註4(d))						
		香港財務報告	香港會計	香港會計	HK (SIC)			
		2004	準則第2號	準則第1號	Interpretation			
		(往年報告)	(附註4(c))	(附註4(g))	21 &			
		(as previously	HKFRS 2	HKAS 1	HKAS 40	小計	2004	
		reported)	(note 4(c))	(note 4(g))	(note 4(d))	Sub-total	(restated)	
股東資金	Shareholders' funds	7,403,887	-	-	(9,069)	(9,069)	7,394,818	
少數股東權益	Minority interests	19,884	-	-	-	-	19,884	
股東權益總額	Total equity	7,423,771	-	-	(9,069)	(9,069)	7,414,702	
總股東權益及負債	Total equity and liabilities	95,448,104	-	-	-	-	95,448,104	

- (ii) Effect on the Bank's balance sheet
With effect from 1st January, 2005, in order to comply with HKFRS 2, the Group recognises the fair value of share options granted to employee as staff expense in the profit and loss account between the grant date and the vesting date. A corresponding credit is recognised in the share premium in equity.

The changes have been applied retrospectively, resulting in prior year adjustments with the opening balance of unappropriated profits as at 1st January, 2005 decreasing by HK\$4,932,000 and share premium increasing by same amount. In addition, the fair value of trading financial derivatives amounting of HK\$18,741,000 and HK\$8,628,000 were reclassified as "Trading assets" and "Trading Liabilities" from "Advances to customers and other accounts less impairment allowances" and "Other accounts and provisions" respectively.

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響

在實際可作估計情況下，以下分析假設以往的會計政策在本年仍被沿用計算截至二零零五年十二月三十一日止年度的綜合損益賬、綜合資產負債表及本銀行資產負債表中每一項，以及其他重大相關披露項目將會增加或減少的估計金額。

(i) 對綜合財務報表之影響

截至二零零五年十二月三十一日止年度之綜合損益賬的估計影響：

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year

The following tables provide estimates of the extent to which each of the line items in the consolidated profit and loss account and balance sheet and the Bank's balance sheet and other significant related disclosure items for the year ended 31st December, 2005 is higher or lower than it would have been had the previous policies still been applied in the year, where it is practicable to make such estimates.

(i) Effect on the consolidated financial statements

Estimated effect on the consolidated profit and loss account for the year ended 31st December, 2005:

		新會計政策之影響(年度溢利增加/(減少))							
		Effect of new policy (increase/(decrease) in profit for the year)							
				香港會計準則 第32號及 第39號 (附註4(e))		香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40			
		香港財務報告 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港財務報告 準則第3號 (附註4(f)) HKFRS 3 (note 4(f))	香港會計準則 第1號 (附註4(g)) HKAS 1 (note 4(g))	香港會計準則 第32號及 第39號 (附註4(e)) HKAS 32 & 39 (note 4(e))	香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	合計		
							Total		
利息收入	Interest income	-	-	-	(229,950)	-	(229,950)		
利息支出	Interest expenses	-	-	-	110,181	-	110,181		
淨利息收入	Net interest income	-	-	-	(119,769)	-	(119,769)		
持作買賣用途及 以公平價值誌 入損益賬內之 金融工具之 淨利息收入	Net interest income on financial instruments held for trading and measured at fair value through profit or loss	-	-	-	135,876	-	135,876		
總淨利息收入	Total net interest income	-	-	-	16,107	-	16,107		
其他營業收入	Other operating income	-	-	-	96,732	-	96,732		
營業收入	Operating income	-	-	-	112,839	-	112,839		
營業支出	Operating expenses	(6,588)	45,196	-	-	-	38,608		
扣除減值貸款之 減值準備前營 業溢利	Operating profit before impairment allowances on impaired loans and advances	(6,588)	45,196	-	112,839	-	151,447		
減值貸款之減值 損失及準備回撥	Impairment losses and allowances release for impaired loans and advances	-	-	-	24,162	-	24,162		
營業溢利	Operating profit	(6,588)	45,196	-	137,001	-	175,609		

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

(i) 對綜合財務報表之影響(續)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

(i) Effect on the consolidated financial statements (continued)

		新會計政策之影響(年度溢利增加/(減少))					
		Effect of new policy (increase/(decrease) in profit for the year)					
		香港會計準則 第21號及 香港會計準則 第40號		香港會計準則 第32號及 第39號 (附註4(d))			
		香港財務報告 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港財務報告 準則第3號 (附註4(f)) HKFRS 3 (note 4(f))	香港會計準則 第1號 (附註4(g)) HKAS 1 (note 4(g))	香港會計準則 第39號 (附註4(e)) HKAS 32 & 39 (note 4(e))	香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	合計 Total
重估投資物業及 出售有形固定 資產及聯營 公司之溢利	Gains on revaluation of investment properties, disposal of tangible fixed assets and associated company	-	-	-	-	12,797	12,797
出售持有至到期 日及可供銷售 金融資產之溢利	Profits on disposal of held-to-maturity and available-for-sale financial assets	-	-	-	-	-	-
持有至到期日金融 資產減值準備回撥	Impairment allowances release for held-to-maturity financial assets	-	-	-	-	-	-
正常業務的溢利/ (虧損)	Profit/(loss) on ordinary activities	(6,588)	45,196	-	137,001	12,797	188,406
應佔聯營公司之 淨溢利	Share of net profits in associated companies	-	-	(2,597)	-	-	(2,597)
除稅前溢利/(虧損)	Profit/(loss) before taxation	(6,588)	45,196	(2,597)	137,001	12,797	185,809
稅項	Taxation	-	-	2,597	(24,538)	(2,239)	(24,180)
除稅後溢利/(虧損)	Profit/(loss) after taxation	(6,588)	45,196	-	112,463	10,558	161,629
可分配之溢利/(虧損)：	Profits/(losses) attributable to:						
本銀行股東	Shareholders of the Bank	(6,588)	45,196	-	112,463	10,558	161,629
少數股東權益	Minority interests	-	-	-	-	-	-
除稅後溢利/(虧損)	Profit/(loss) after taxation	(6,588)	45,196	-	112,463	10,558	161,629
每股盈利 基本及攤薄	Earnings per share Basic and diluted	(0.02)	0.15	-	0.38	0.04	0.55

賬項附註

Notes to the Accounts

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

(i) 對綜合財務報表之影響(續)

二零零五年十二月三十一日
止年度之綜合資產負債表的
估計影響：

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

(i) Effect on the consolidated financial statements
(continued)
Estimated effect on the consolidated balance sheet at
31st December, 2005:

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))							
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)							
				香港會計準則 第32號及 第39號 (附註4(e))		香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40			
		香港財務報告 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港財務報告 準則第3號 (附註4(f)) HKFRS 3 (note 4(f))	香港會計準則 第1號 (附註4(g)) HKAS 1 (note 4(g))	香港會計準則 第32號及 第39號 (附註4(e)) HKAS 32 & 39 (note 4(e))	香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	合計		
							Total		
資產	Assets								
現金及短期資金	Cash and short-term funds	-	-	-	-	-	-	-	-
定期存放銀行同業及 其他金融機構款項 (一至十二個月內到期)	Placements with banks and other financial institutions maturing between one and twelve months	-	-	-	-	-	-	-	-
貿易票據已減除 減值準備	Trade bills less impairment allowances	-	-	-	-	-	-	-	-
存款證	Certificates of deposit held	-	-	-	-	-	-	-	-
買賣用途資產 以公平價值法 入損益賬內之 金融資產	Trading assets Financial assets measured at fair value through profit or loss	-	-	-	816,431	-	-	816,431	-
客戶之貸款及 其他賬項已 減除減值準備	Advances to customers and other accounts less impairment allowances	-	-	-	345,360	-	-	345,360	-
持有至到期日及 可供銷售金融資產	Held-to-maturity and available-for-sale financial assets	-	-	-	(4,833,845)	-	-	(4,833,845)	-
非持作買賣用途證券 聯營公司投資	Non-trading securities Investments in associated companies	-	-	-	(1,175,115)	-	-	(1,175,115)	-
有形固定資產 — 投資物業 — 其他物業、機械 及設備	Tangible fixed assets — Investment properties — Other properties, plants and equipment	-	-	-	-	-	-	-	-
商譽	Goodwill	-	45,196	-	-	-	-	45,196	-
可收回本期稅項	Current tax recoverable	-	-	-	-	-	-	-	-
遞延稅項資產	Deferred tax assets	-	-	-	-	-	-	-	-
總資產	Total assets	-	45,196	-	1,077,255	-	-	1,122,451	-

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

(i) 對綜合財務報表之影響(續)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

(i) Effect on the consolidated financial statements (continued)

新會計政策之影響(總資產、總股東權益及負債增加/(減少))
Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)

		香港財務報告 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港財務報告 準則第3號 (附註4(f)) HKFRS 3 (note 4(f))	香港會計準則 第1號 (附註4(g)) HKAS 1 (note 4(g))	香港會計準則 第32號及 第39號 (附註4(e)) HKAS 32 & 39 (note 4(e))	香港會計準則 第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	合計 Total
股東權益及負債	Equity and liabilities						
銀行同業及其他 金融機構之存款	Deposits and balances of banks and other financial institutions	-	-	-	-	-	-
客戶之存款	Deposits from customers	-	-	-	-	-	-
已發行之存款證	Certificates of deposit issued	-	-	-	(145,102)	-	(145,102)
買賣用途負債	Trading liabilities	-	-	-	857,334	-	857,334
應付本期稅項	Current tax payable	-	-	-	2,408	-	2,408
遞延稅項負債	Deferred tax liabilities	-	-	-	54,952	11,308	66,260
其他賬項及準備	Other accounts and provisions	-	-	-	13,501	-	13,501
借貸資本	Loan capital	-	-	-	-	-	-
總負債	Total liabilities	-	-	-	783,093	11,308	794,401
股本	Share capital	-	-	-	-	-	-
儲備	Reserves						
—股本溢價賬	— Share premium	11,520	-	-	-	-	11,520
—資本儲備	— Capital reserve	-	-	-	-	-	-
—一般儲備	— General reserve	-	-	-	-	-	-
—銀行行址重估 儲備	— Bank premises revaluation reserve	-	-	-	-	-	-
—投資物業重估 儲備	— Investment properties revaluation reserve	-	-	-	-	(25,480)	(25,480)
—投資重估儲備	— Investment revaluation reserve	-	-	-	(506)	-	(506)
—股本贖回儲備	— Capital redemption reserve	-	-	-	-	-	-
—盈餘滾存	— Unappropriated profits	(11,520)	45,196	-	294,668	14,172	342,516
儲備	Reserves	-	45,196	-	294,162	(11,308)	328,050
股東資金	Shareholders' funds	-	45,196	-	294,162	(11,308)	328,050
少數股東權益	Minority interests	-	-	-	-	-	-
股東權益總額	Total equity	-	45,196	-	294,162	(11,308)	328,050
總股東權益及負債	Total equity and liabilities	-	45,196	-	1,077,255	-	1,122,451

賬項附註

Notes to the Accounts

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

- (i) 對綜合財務報表之影響(續)
截至二零零五年十二月三十一日止年度於綜合股東權益直接確認的淨收入之估計影響：

		新會計政策之影響 (總股東權益增加/(減少)) Effect of new policy (increase/(decrease) in total equity)		
		香港會計準則 第39號 (附註4(e)) HKAS 39 (note 4(e))	香港會計準則 第40號 (附註4(d)) HKAS 40 (note 4(d))	合計 Total
可分配予本銀行 股東	Attributable to shareholders of the Bank	(5,637)	(12,797)	(18,434)
少數股東權益	Minority interests	-	-	-
股東權益總額	Total equity	(5,637)	(12,797)	(18,434)

截至二零零五年十二月三十一日止年度內確認與集團擁有人進行股本交易之估計影響金額：

		新會計政策之影響 (總股東權益增加/(減少)) Effect of new policy (increase/(decrease) in total equity)	
		香港財務報告 準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	合計 Total
可分配予本銀行 股東	Attributable to shareholders of the Bank	6,588	6,588
少數股東權益	Minority interests	-	-
股東權益總額	Total equity	6,588	6,588

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

- (i) Effect on the consolidated financial statements (continued)
Estimated effect on net income recognised directly in consolidated equity for the year ended 31st December, 2005:

Estimated effect on amounts recognised as capital transactions with owners of the Group for the year ended 31st December, 2005:

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

- (ii) 對本銀行資產負債表之影響
二零零五年十二月三十一日
止年度之資產負債表的估計
影響：

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

- (ii) Effect on the Bank's balance sheet

Estimated effect on the balance sheet at 31st December, 2005:

		新會計政策之影響(總資產、總股東權益及負債增加/(減少))						
		Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)						
		香港	香港	香港會計	香港	香港會計		
		財務報告	財務報告	準則第1號	會計準則	會計準則		
		準則第2號	準則第3號	準則第1號	第32號及	第21號及		
		(附註4(c))	(附註4(f))	(附註4(g))	第39號	第40號		
		HKFRS 2	HKFRS 3	HKAS 1	(附註4(e))	HK (SIC)		
		(note 4(c))	(note 4(f))	(note 4(g))	HKAS	Interpretation		
					32 & 39	21 &		
					(note 4(e))	HKAS 40		
						(note 4(d))	合計	
							Total	
資產	Assets							
現金及短期資金	Cash and short-term funds	-	-	-	-	-	-	-
定期存放銀行同業及 其他金融機構款項 (一至十二個月內到期)	Placements with banks and other financial institutions maturing between one and twelve months	-	-	-	-	-	-	-
貿易票據已減除減值準備	Trade bills less impairment allowances	-	-	-	-	-	-	-
存款證	Certificates of deposit held	-	-	-	-	-	-	-
買賣用途資產 以公平價值計入損益賬內 之金融資產	Trading assets Financial assets measured at fair value through profit or loss	-	-	-	842,877	-	842,877	-
客戶之貸款及其他賬項 已減除減值準備	Advances to customers and other accounts less impairment allowances	-	-	-	255,793	-	255,793	-
持有至到期日及可供 銷售金融資產	Held-to-maturity and available-for-sale financial assets	-	-	-	(4,859,466)	-	(4,859,466)	-
非持作買賣用途證券	Non-trading securities	-	-	-	(1,175,115)	-	(1,175,115)	-
聯營公司投資	Investments in associated companies	-	-	-	-	-	-	-
有形固定資產	Tangible fixed assets							
- 投資物業	- Investment properties	-	-	-	-	-	-	-
- 其他物業、機械及設備	- Other properties, plants and equipment	-	-	-	-	-	-	-
商譽	Goodwill	-	45,196	-	-	-	45,196	-
遞延稅項資產	Deferred tax assets	-	-	-	-	-	-	-
總資產	Total assets	-	45,196	-	988,513	-	1,033,709	-

賬項附註

Notes to the Accounts

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

(ii) 對本銀行資產負債表之影響(續)

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

(ii) Effect on the Bank's balance sheet (continued)

		新會計政策之影響(總資產、總股東權益及負債增加/(減少)) Effect of new policy (increase/(decrease) in total assets, total equity and liabilities)							
				香港會計準則第32號及第39號 (附註4(e))		香港會計準則第21號及香港會計準則第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40			
		香港財務報告準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	香港財務報告準則第3號 (附註4(f)) HKFRS 3 (note 4(f))	香港會計準則第1號 (附註4(g)) HKAS 1 (note 4(g))	香港會計準則第32號及第39號 (附註4(e)) HKAS 32 & 39 (note 4(e))	香港會計準則第21號及香港會計準則第40號 (附註4(d)) HK (SIC) Interpretation 21 & HKAS 40 (note 4(d))	合計 Total		
股東權益及負債	Equity and liabilities								
銀行同業及其他金融機構之存款	Deposits and balances of banks and other financial institutions	-	-	-	-	-	-	-	-
客戶之存款	Deposits from customers	-	-	-	-	-	-	-	-
已發行之存款證	Certificates of deposit issued	-	-	-	(145,102)	-	-	(145,102)	-
買賣用途負債	Trading liabilities	-	-	-	861,120	-	-	861,120	-
應付本期稅項	Current tax payable	-	-	-	2,183	-	-	2,183	-
遞延稅項負債	Deferred tax liabilities	-	-	-	41,911	910	-	42,821	-
其他賬項及準備	Other accounts and provisions	-	-	-	13,501	-	-	13,501	-
借貸資本	Loan capital	-	-	-	-	-	-	-	-
總負債	Total liabilities	-	-	-	773,613	910	-	774,523	-
股本	Share capital	-	-	-	-	-	-	-	-
儲備	Reserves								
- 股本溢價賬	- Share premium	11,520	-	-	-	-	-	11,520	-
- 資本儲備	- Capital reserve	-	-	-	-	-	-	-	-
- 一般儲備	- General reserve	-	-	-	-	-	-	-	-
- 銀行行址重估儲備	- Bank premises revaluation reserve	-	-	-	-	-	-	-	-
- 投資物業重估儲備	- Investment properties revaluation reserve	-	-	-	-	(5,200)	-	(5,200)	-
- 投資重估儲備	- Investment revaluation reserve	-	-	-	(506)	-	-	(506)	-
- 股本贖回儲備	- Capital redemption reserve	-	-	-	-	-	-	-	-
- 盈餘滾存	- Unappropriated profits	(11,520)	45,196	-	215,406	4,290	-	253,372	-
儲備	Reserves	-	45,196	-	214,900	(910)	-	259,186	-
股東資金	Shareholders' funds	-	45,196	-	214,900	(910)	-	259,186	-
少數股東權益	Minority interests	-	-	-	-	-	-	-	-
股東權益總額	Total equity	-	45,196	-	214,900	(910)	-	259,186	-
總股東權益及負債	Total equity and liabilities	-	45,196	-	988,513	-	-	1,033,709	-

4. 會計政策變更(續)

(b) 會計政策變更對本年度的估計影響(續)

(ii) 對本銀行資產負債表之影響(續)

截至二零零五年十二月三十一日止年度於本銀行股東權益直接確認的淨收入估計影響：

可分配予本銀行股東

截至二零零五年十二月三十一日止年度內確認與本銀行擁有人進行股本交易之估計影響：

可分配予本銀行股東

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) Estimated effect of changes in accounting policies on the current year (continued)

(ii) Effect on the Bank's balance sheet (continued)

Estimated effect on net income recognised directly in the Bank's equity for the year ended 31st December, 2005:

新會計政策之影響
(總股東權益增加／(減少))

Effect of new policy
(increase/(decrease) in total equity)

香港會計 準則第39號 (附註4(e)) HKAS 39 (note 4(e))	香港會計 準則第40號 (附註4(d)) HKAS 40 (note 4(d))	合計 Total

Attributable to shareholders
of the Bank

(5,637) (5,200) (10,837)

Estimated effect on amounts recognised as capital transactions with owners of the Bank for the year ended 31st December, 2005:

新會計政策之影響
(總股東權益增加／(減少))

Effect of new policy
(increase/(decrease) in total equity)

香港財務 報告準則第2號 (附註4(c)) HKFRS 2 (note 4(c))	合計 Total

Attributable to shareholders
of the Bank

6,588 6,588

4. 會計政策變更(續)

(c) 僱員認股權計劃(香港財務報告準則第2號「以股份償付」)

於過往年度，概無任何金額在若干行政人員獲派發以購入本銀行股份之認股權時被確認。如僱員選擇行使認股權，分別將面值記入股本及股本溢價賬內之金額只限於認股權行使價之應收金額。

由二零零五年一月一日起，按照香港財務報告準則第2號，本集團須於認股權授予日至生效日期間將認股權之公平價值於損益賬內確認為僱員支出。而在股東權益內之股本溢價亦作相應的增加。

當僱員選擇行使認股權，相關之行使金額撥入股本及股本溢價賬內。如認股權失效而未被行使，則相關之股本溢價直接撥入盈餘滾存。

此新會計政策已追溯應用，除本集團按照香港財務報告準則第二號第五十三段之過渡條文規定並未對下列認股權採用新的確認及計量政策外，比較數字已按照香港財務報告準則第二號之要求重列：

- (i) 所有於二零零二年十一月七日或之前已授予僱員之認股權；及
- (ii) 所有於二零零二年十一月七日後已授予僱員並於二零零五年一月一日前已有效但尚未行使之認股權。

往年調整金額、對截至二零零五年十二月三十一日止年度業績之影響及當日之股東權益內之股本溢價載於附註4(a)及4(b)。由於在二零零五年一月一日並無任何尚未有效之認股權，因此，並未對二零零四年一月一日的期初結餘作任何調整。

有關僱員認股權計劃的詳情載於附註42。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) *Employee share option scheme (HKFRS 2, "Share-based payment")*

In prior years, no amounts were recognised when certain executives were granted share options over shares in the Bank. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1st January, 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as staff expense in the profit and loss account between the grant date and vesting date. A corresponding increase is recognised in share premium in equity.

If an employee chooses to exercise options, the exercise price is transferred to share capital and share premium. If the options lapse unexercised, the related share premium is transferred directly to unappropriated profits.

The new accounting policy has been applied retrospectively with comparatives restated in accordance with HKFRS 2, except that the Group has taken advantage of the transitional provisions set out in paragraph 53 of HKFRS 2 under which the new recognition and measurement policies have not been applied to the following grants of options:

- (i) all options granted to employees on or before 7th November, 2002; and
- (ii) all options granted to employees after 7th November, 2002 but which had vested before 1st January, 2005.

The amount of prior year adjustments and the effect on the results for the year ended 31st December, 2005, and the share premium in equity as of that date, are set out in notes 4(a) and 4(b). No adjustments to the opening balances as at 1st January, 2004 are required as no options existed at that time which were unvested at 1st January, 2005.

Details of the employee share option scheme can be found in note 42.

4. 會計政策變更(續)

(d) 投資物業(香港會計準則第40號「投資物業」及香港會計準則詮釋第21號「利得稅—收回重估不作折舊資產」)

有關投資物業之會計政策變更如下：

(i) 於損益賬內確認公平價值變動的時間

於過往年度，本集團投資物業之公平價值變動直接於投資物業重估儲備確認，惟按個別投資組合而言，儲備不足以抵銷該組合之虧損，或先前已於損益賬內確認之虧損予已回撥，或個別投資物業已出售，此等公平價值之變動則在損益賬內確認。

此外，於過往年度，本集團持有未釐定未來用途之土地(包括租賃土地)乃根據會計實務準則17「物業、廠房及設備」估值模式，將土地按公平價值列賬，土地公平價值任何變動則正常計入銀行物業重估儲備扣除其遞延稅項。

由二零零五年一月一日起，本集團對此等公平價值變動所產生之任何收益或虧損於損益賬內確認。此外，倘土地為永久業權或本集團選擇確認租賃土地為投資物業而非持作租賃物業，持有而未釐定未來用途之土地則確認為「投資物業」。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) *Investment properties (HKAS 40, "Investment property", and HK(SIC) Interpretation 21, "Income taxes – Recovery of revalued non-depreciable assets")*

Change in accounting policies relating to investment properties are as follows.

(i) Timing of recognition of movements in fair value in the profit and loss account

In prior years, movements in the fair value of the Group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the profit and loss account had reversed, or when an individual investment property was disposed of. In these limited circumstances, movements in the fair value were recognised in the profit and loss account.

In addition, in prior years land (including leasehold land) which the Group held for an undetermined future purpose was accounted for under the valuation model in SSAP 17 "Property, plant and equipment", whereby the land was carried at fair value, with any movements in the fair value of the land being normally taken to the bank premises revaluation reserve, net of deferred tax thereon.

As from 1st January, 2005, the Group recognises any gain or loss arising from change in fair value in the profit and loss account. In addition, land held for an undetermined future purpose is recognised as "investment property" if the property is freehold or, if the property is leasehold, the Group has chosen to recognise such land as investment property rather than as land held under an operating lease.

4. 會計政策變更(續)

(d) 投資物業(香港會計準則第40號「投資物業」及香港會計準則詮釋第21號「利得稅—收回重估不作折舊資產」)(續)

(ii) 計算公平價值變動所產生遞延稅項

於過往年度，本集團須按適用於出售投資物業之稅率釐定於重估投資物業時須確認之遞延稅項。由於出售本集團投資物業毋須繳交任何稅款，故於過往年度並無就遞延稅項作出撥備。

由二零零五年一月一日起，按照香港會計準則詮釋第21號，如本集團並無計劃出售投資物業，及假設本集團沒有採用公平價值模式入賬引致該等物業需要折舊，本集團須採用適用於該物業用途的稅率以確認該等投資物業在價值變動時所產生之遞延稅項。

(iii) 過渡條款及調整影響的陳述

往年調整金額對截至二零零五年十二月三十一日止年度業績之影響及當日之儲備載於附註4(a)及4(b)。

(e) 金融工具(香港會計準則第32號「金融工具：披露與呈報」及香港會計準則第39號「金融工具：確認與計量」)

(i) 於過往年度，若干金融工具之會計政策如下：

- 持有至到期日證券是指本集團有能力及預算持有至到期日之有期債務證券。持有至到期日證券按已攤銷成本減除任何減值撥備在資產負債表列賬。持有至到期日證券之賬面值於每一結算日檢討，按其信貸風險及預算可收回之金額列賬。當預計不能收回所有賬面值時，則會提撥準備金，並於損益賬內確認列作支出。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(d) Investment properties (HKAS 40, "Investment property", and HK(SIC) Interpretation 21, "Income taxes – Recovery of revalued non-depreciable assets") (continued)

(ii) Measurement of deferred tax on movements in fair value

In prior years, the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1st January, 2005, in accordance with HK(SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use. If the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

(iii) Description of transitional provisions and effect of adjustments

The amount of prior year adjustments and the effect on the results for the year ended 31st December, 2005, and the reserves as of that date, are set out in notes 4(a) and 4(b).

(e) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement")

(i) In prior years, the accounting policies for certain financial instruments were as follows:

- Dated debt securities that the Group had the ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated in the balance sheet at amortised cost less any provisions for diminution in value. The carrying amounts of held-to-maturity securities were reviewed as at each balance sheet date in order to assess the credit risk and whether the carrying amounts were expected to be recovered. Provisions were made when carrying amounts were not expected to be recovered and were recognised as an expense in the profit and loss account.

4. 會計政策變更(續)

(e) 金融工具(香港會計準則第32號「金融工具：披露與呈報」及香港會計準則第39號「金融工具：確認與計量」)(續)

- 買賣用途證券按公平價值於資產負債表列賬。公平價值變動在損益賬內確認。
- 非持作買賣用途證券按公平價值於資產負債表列賬。公平價值之變動則計入投資重估儲備賬直至該證券出售、收回或有可信證據顯示該證券將減值，其累計收益或虧損由投資重估儲備賬撥入損益賬內。
- 交易組合項下之衍生工具已按市值入賬，其收益及虧損計入交易收益或虧損。
- 在資產負債管理過程中，用以對沖未平倉坐盤額或特定資產或負債之衍生工具已按應計基準入賬，此等組合所持有之有關資產與負債一致。
- 已發行之存款證按成本值列賬。
- 呆壞賬準備包括一般準備。一般準備已反映根據過往經驗及對現行情況之判斷釐定固有虧損風險；而特殊準備則按照董事所訂之指引，對不履行貸款之預計虧損作出提撥。
- 貸款服務費收入及支出以應計基準按相關合約或票據息率確認。不履行貸款之應計利息均不列作收入而計入暫記賬內，並於資產負債表相關之項目中減除。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(e) Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (continued)

- Trading securities were stated in the balance sheet at fair value. Changes in fair value were recognised in the profit and loss account as they arose.
- Non-trading securities were stated in the balance sheet at fair value. Changes in the fair value were recognised in the investment revaluation reserve until the security was sold, collected, or otherwise disposed of, or until there was objective evidence that the security was impaired, at which time the relevant cumulative gain or loss was transferred from the investment revaluation reserve to the profit and loss account.
- Derivatives carried in dealing portfolios were marked-to-market, and gains and losses were included in dealing profits or losses.
- Derivatives used in balance sheet management to hedge open positions for specific assets or liabilities, were accounted for on an accrual basis, consistent with the underlying assets and liabilities held in these portfolios.
- Certificates of deposit issued were stated at cost.
- Provisions for bad and doubtful debts included general provision which reflected the inherent risk of losses based on the past experience and judgments about current conditions; and specific provisions reflected the expected loss for non-performing loans following guidelines established by the Directors.
- Loan fee income and expense were recognised on an accrual basis using the relative contract or coupon interest rates. The interest accrued on non-performing loans was not taken as income but credited to a suspense account, which was netted in the balance sheet against the appropriate balance sheet headings.

4. 會計政策變更(續)

(e) 金融工具(香港會計準則第32號「金融工具：披露與呈報」及香港會計準則第39號「金融工具：確認與計量」)(續)

由二零零五年一月一日起，本集團已採納香港會計準則第32號及香港會計準則第39號。新會計政策有關金融工具分類、初始及其後確認及計量、計量公平價值之原則、對沖、減值測試及確認準備與及收益確認之詳情載於賬目附註2。

(ii) 過渡條款及調整影響的陳述

採納以上各項之會計政策變更是通過於二零零五年一月一日調整若干儲備之期初結餘及重新分類之金融工具類別。因期初結餘調整引致本集團於二零零五年一月一日之盈餘滾存及投資重估儲備分別增加港幣182,205,000元及港幣5,131,000元。因受香港會計準則第39號的過渡條款所禁止，故未重報比較數字。

(f) 正商譽及負商譽之攤銷(香港財務報告準則第3號「業務合併」及香港會計準則第36號「資產減值」)

於過往年度，正商譽按直線法於20年內在損益賬攤銷。就受控制附屬公司而言，正商譽按成本值扣減任何累計攤銷及任何減值虧損列賬。至於收購聯營公司，正商譽成本扣減任何累計攤銷及任何減值虧損計入於聯營公司投資之賬面值。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(e) *Financial instruments (HKAS 32, "Financial instruments: Disclosure and presentation" and HKAS 39, "Financial instruments: Recognition and measurement") (continued)*

From 1st January, 2005, the Group has adopted HKAS 32 and HKAS 39. Details of new accounting policies in respect of classification of financial instruments, initial and subsequent recognition and measurement, fair value measurement principles, hedging, impairment testing and recognition of allowance and revenue recognition are set out in note 2 to the accounts.

(ii) Description of transitional provisions and effect of adjustments

The change in accounting policies of the above items were adopted by way of opening balance adjustments to certain reserves and redesignation of financial instruments as at 1st January, 2005. As a result of these opening balance adjustments, the unappropriated profits and investment revaluation reserve of the Group as at 1st January, 2005 has been increased by HK\$182,205,000 and HK\$5,131,000 respectively. Comparative amounts have not been restated as this is prohibited by the transitional arrangements in HKAS 39.

(f) *Amortisation of positive and negative goodwill (HKFRS 3, "Business combinations" and HKAS 36, "Impairment of assets")*

In prior years, positive goodwill was amortised to the profit and loss account on a straight-line basis over not more than 20 years. In respect of controlled subsidiaries, positive goodwill was stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses. In respect of acquisition of associated companies, the cost of positive goodwill less any accumulated amortisation and any impairment losses was included in the carrying amount of the investments in associated companies.

4. 會計政策變更(續)

(f) 正商譽及負商譽之攤銷(香港財務報告準則第3號「業務合併」及香港會計準則第36號「資產減值」)(續)

由二零零五年一月一日起，按照香港財務報告準則第3號及香港會計準則第36號，本集團不再攤銷正商譽。正商譽須每年評估減值，包括在初始確認的年度及當有跡象顯示可能減值時。當分配為該商譽之現金生產單位的賬面值超過其可收回數額時需確認減值產生之虧損。

亦由二零零五年一月一日起及按照香港財務報告準則第3號，如在業務合併中購入資產淨額的公平價值超過所付代價(即按照以往會計政策稱為負商譽)，超出的金額於產生時即時在損益賬確認。

有關正商譽之新會計政策已按照香港財務報告準則第3號的過渡安排追溯應用。截至二零零五年十二月三十一日止年度綜合財務報表受影響之每一項之調整載於附註4(b)。

另根據香港財務報告準則第3號之過渡性安排，先前直接記入儲備之商譽(即二零零一年一月一日前產生之商譽)於被收購業務出售或減值時或任何其他情況下將不會確認於損益賬內。

有關負商譽政策之變動對財務報表並無影響，因二零零四年十二月三十一日並無負商譽遞延。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(f) *Amortisation of positive and negative goodwill (HKFRS 3, "Business combinations" and HKAS 36, "Impairment of assets") (continued)*

With effect from 1st January, 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortises positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1st January, 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognised immediately in the profit and loss account as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. The adjustments for each consolidated financial statement line affected for the year ended 31st December, 2005 are set out in note 4(b).

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserves (i.e. goodwill which arose before 1st January, 2001) will not be recognised in profit and loss account on disposal or impairment of the acquired business or under any other circumstances.

The change in policy relating to negative goodwill had no effect on the financial statements as there was no negative goodwill deferred as at 31st December, 2004.

4. 會計政策變更(續)

(g) 呈報方式之轉變

- (i) 損益賬及資產負債表的呈報方式(香港會計準則第30號「銀行及類同金融機構之披露」)

於過往年度，並未有特定的會計準則規範銀行財務報表的呈報方式。管理層為顧及整體透明度及香港金融管理局的披露要求，決定按每一項目在損益賬及資產負債表上相對之重要性作披露。

由二零零五年一月一日起，為符合香港會計準則第30號之要求，並計及已採納的計量基準，本集團已更改若干於損益賬內之項目的呈報方式。

由二零零五年一月一日起，為符合香港會計準則第30號之要求及幫助了解買賣金融工具的表現，本集團已將持作買賣用途及以公平價值誌入損益賬內之金融工具的有關利息收入及利息支出重新分類及重組。分別由「利息收入」、「利息支出」及「其他營業收入」轉入「持作買賣用途及以公平價值誌入損益賬內之金融工具之淨利息收入」。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(g) Changes in presentation

- (i) Presentation of profit and loss account and balance sheet (HKAS 30, "Disclosures in financial statements of banks and similar financial institutions")

In prior years, there were no specific accounting standards governing the presentation of the accounts of banks. Management, having regard to the overall clarity and the disclosure requirements of the Hong Kong Monetary Authority, exercised its judgement in deciding on the relative prominence given to each item presented on the face of the profit and loss account and balance sheet.

With effect from 1st January, 2005, in order to comply with HKAS 30 and take into account the measurement basis that has been applied, the Group has changed its presentation of certain items on the face of the profit and loss account.

With effect from 1st January, 2005, in order to comply with HKAS 30 and to assist in an understanding of the performance in financial instruments, the Group has reclassified and grouped the interest income and interest expenses arising from financial instruments for trading and measured at fair value through profit or loss from "Interest income", "Interest expense" and "Other operating income" to "Net interest income on financial instruments held for trading and measured at fair value through profit or loss".

4. 會計政策變更(續)

(g) 呈報方式之轉變(續)

- (ii) 應佔聯營公司及共同控制實體稅項的呈報方式(香港會計準則第1號「財務報表披露」)

於過往年度，應佔聯營公司及共同控制實體稅項按權益會計法計算，並計入本集團綜合損益賬內之利得稅項下。由二零零五年一月一日起，按照香港會計準則第1號執行指引規定，本集團已更改呈報方式，以權益會計法計算應佔聯營公司及共同控制實體稅項，改為計入本集團綜合損益賬中除稅前溢利的應佔聯營公司溢利或虧損項下。此改變是追溯應用的，比較數字經已重報及載於附註4(a)及4(b)。

- (iii) 少數股東權益(香港會計準則第1號「財務報表披露」及香港會計準則第27號「綜合與個別財務報表」)

於過往年度，於結算日之少數股東權益在綜合資產負債表內與負債分別呈報及從資產淨額減除。在計算股東應佔溢利(本銀行股東)，少數股東權益與集團期內溢利在損益賬內分別呈報及減除。

由二零零五年一月一日起，為符合香港會計準則第1號及第27號的要求，本集團已更改少數股東之呈報方式。在新的會計政策下，少數股東權益改為屬股東權益之一部分，並與本銀行股東應佔權益分開列示。詳情已載於附註2(c)內。

4. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(g) Changes in presentation (continued)

- (ii) Presentation of shares of associated companies' and jointly controlled entities' taxation (HKAS 1, "Presentation of financial statements")

In prior years, the Group's share of taxation of associated companies and jointly controlled entities accounted for using the equity method was included as part of the Group's income tax in the consolidated profit and loss account. With effect from 1st January, 2005, in accordance with the implementation guidance in HKAS 1, the Group has changed the presentation and includes the share of taxation of associated companies and jointly controlled entities accounted for using the equity method in the respective shares of profit or loss reported in the consolidated profit and loss account before arriving at the Group's profit or loss before tax. These changes in presentation have been applied retrospectively with comparatives restated as shown in notes 4(a) and 4(b).

- (iii) Minority interests (HKAS 1, "Presentation of financial statements" and HKAS 27, "Consolidated and separate financial statements")

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the profit and loss account as a deduction before arriving at the profit attributable to shareholders (the shareholders of the Bank).

With effect from 1st January, 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the shareholders of the Bank. Further details of the new policy are set out in note 2(c).