

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

1. GENERAL

The Company is a limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent company is Island New Finance Limited, a limited company incorporated in the British Virgin Islands. Its ultimate holding company is Allied Group Limited, a limited company incorporated and listed in Hong Kong. The address of the registered office of the Company is disclosed in the corporate information of the annual report. The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company. The principal activities of the Company and its subsidiaries (the "Group") are investment holding, treasury investments and the provision of mortgage finance and other related services.

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

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

1. 一般資料

本公司為一間於香港註冊成立之有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之母公司為 Island New Finance Limited，乃一間於英屬處女群島註冊成立之有限公司。本公司之最終控股公司為聯合集團有限公司，該公司乃於香港註冊成立及上市之有限公司。本公司之註冊辦事處地址於本年報公司資料一節中披露。本綜合財務報表以港元，即本公司之功能貨幣列值。本公司及其附屬公司（「本集團」）之主要業務為投資控股、財務投資及提供按揭融資及其他相關服務。

2. 應用新訂及經修訂香港財務報告準則

於本年度，本集團及本公司已首次應用由香港會計師公會頒佈之多項於二零零五年十二月一日或二零零六年一月一日以後開始之會計期間生效的新訂準則、修訂及詮釋（以下統稱「新香港財務報告準則」）。應用新香港財務報告準則對本會計年度及過往會計年度業績編製及呈列方式並無重大影響。因此，無需對過往年度作出調整。

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2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group and the Company have not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective. The Directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group and the Company.

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

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

2. 應用新訂及經修訂香港財務報告準則 (續)

本集團及本公司尚未提早應用以下已頒布惟未生效之新準則、修訂或詮釋。本公司董事預期應用該等新準則、修訂或詮釋不會對本集團及本公司之業績及財務狀況產生重大影響。

香港會計準則第1號(修訂本)	資本披露 ¹
香港財務報告準則第7號	金融工具之披露 ¹
香港財務報告準則第8號	營業分部 ²
香港(IFRIC) – 詮釋第7號	根據香港會計準則第29號「於惡性通脹經濟中之財務申報」應用重列法 ³
香港(IFRIC) – 詮釋第8號	香港財務報告準則第2號的範圍 ⁴
香港(IFRIC) – 詮釋第9號	重估隱含之衍生工具 ⁵
香港(IFRIC) – 詮釋第10號	中期財務報告及減值 ⁶
香港(IFRIC) – 詮釋第11號	香港財務報告準則第2號 – 集團及庫存股份交易 ⁷
香港(IFRIC) – 詮釋第12號	服務讓步安排 ⁸

- ¹ 於二零零七年一月一日或以後開始之年度期間生效。
- ² 於二零零九年一月一日或以後開始之年度期間生效。
- ³ 於二零零六年三月一日或以後開始之年度期間生效。
- ⁴ 於二零零六年五月一日或以後開始之年度期間生效。
- ⁵ 於二零零六年六月一日或以後開始之年度期間生效。
- ⁶ 於二零零六年十一月一日或以後開始之年度期間生效。
- ⁷ 於二零零七年三月一日或以後開始之年度期間生效。
- ⁸ 於二零零八年一月一日或以後開始之年度期間生效。

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3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

Basis of consolidation

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

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

Interests in subsidiaries

Interests in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss. Results of subsidiaries are accounted for by the Company on the basis of dividends received or receivable during the year.

3. 主要會計政策

綜合財務報表乃根據歷史成本基準編製，惟若干金融工具按公平價值計量除外，有關詳情見下文載列之會計政策之解釋。

綜合財務報表乃根據香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載列聯交所證券上市規則及公司條例所規定之適用披露。

綜合基準

綜合財務報表包括本公司及受本公司（其附屬公司）控制的企業（包括特殊目的企業）之財務報表。控制是本公司對一家企業財務和經營政策有控制權並從其經營活動中獲得收益。

所有集團內部交易、結餘、收入及開支均於編製綜合財務報表時對銷。

於附屬公司之權益

於附屬公司之權益乃按成本值減任何已識別減值虧損列於本公司資產負債表。本公司按本年度已收及應收股息之基準把附屬公司之業績入賬。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (i) interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.
- (ii) dealings in securities and disposals of investments are recognised on the trade dates when the relevant contract notes are exchanged.
- (iii) dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Plant and equipment

Plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of plant and equipment over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method.

3. 主要會計政策 (續)

收入確認

收益按已收及應收代價之公平價值計量。當經濟利益極有可能歸本集團所有及當收益能可靠地計算時方被確認，所按基準如下：

- (i) 金融資產之利息收入按時間基準，並參照未償還本金及可適用之實際利率累計，而實際利率為按金融資產之預計年期將估計日後現金收入實際折算至該資產之賬面淨值之比率。
- (ii) 證券交易及出售投資，於有關合約票據交換時之交易日確認。
- (iii) 投資之股息收入，於股東收取股息之權利確立時確認。

機器及設備

機器及設備乃按成本值減累積折舊及累積減值虧損列賬。

機器及設備之折舊按其估計可使用之年期並計及其估計剩餘價值以直線法撇銷其成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Plant and equipment (continued)

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

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

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

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

3. 主要會計政策 (續)

機器及設備 (續)

機器及設備項目乃於出售時或當預期持續使用該資產將不會產生未來經濟利益時不再確認。於不再確認該資產時產生之任何收益或虧損(以出售所得款項淨額與該項目之賬面值之差額計算)乃計入於該項目不再確認時之年度之綜合收益表內。

退休福利成本

強制性公積金計劃供款於僱員就提供服務而使其享有供款時列作開支。

稅項

所得稅開支指現時應付稅項及遞延稅項之總和。

即期應付稅項乃按本年應課稅溢利計算。應課稅溢利與綜合收益表所列溢利不同，此乃由於前者不包括其他年度的應課稅或應扣減之收入或開支項目，亦不包括從未課稅或可扣稅之項目。本集團及本公司之本期稅項負債乃按已於結算日實施或實質上實施之稅率計算。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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

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

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

3. 主要會計政策 (續)

稅項 (續)

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所採用相應稅基之差額確認，並以資產負債表負債法計算。遞延稅項負債一般就所有應課稅臨時差額確認，遞延稅項資產則按可能出現可供動用之可扣減臨時差額之應課稅溢利而予以確認。倘若臨時差額由商譽或由初次確認一項不影響應課稅溢利或會計溢利之其他資產及負債(業務合併除外)所產生，則不會確認有關資產及負債。

遞延稅項資產之賬面值乃於各個結算日進行檢討，並在於將來不大可能有足夠應課稅溢利可供回收全部或部分資產之情況下予以扣減。

遞延稅項按預期於負債償還或資產變現時之期間適用之稅率計算。遞延稅項從損益賬中扣除或計入，除非遞延稅項關乎直接從權益扣除或計入之項目，則在該情況下遞延稅項亦於權益中處理。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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

Financial assets

The Group's and the Company's financial assets are classified into two categories, including financial assets at fair value through profit or loss and loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of each category of financial assets are set out below:

3. 主要會計政策 (續)

金融工具

當一家集團公司成為工具合約條文之一方，則於資產負債表內確認金融資產及金融負債。金融資產及金融負債初步按公平價值計量。收購或發行金融資產及金融負債直接應佔之交易成本(透過損益賬按公平價值處理之金融資產及金融負債除外)乃於初步確認時加入金融資產或金融負債之公平價值，或從金融資產或金融負債之公平價值扣除。收購透過損益賬按公平價值處理之金融資產或金融負債直接應佔之交易成本，即時於損益賬內確認。

金融資產

本集團及本公司之金融資產分類為以下兩個類別，包括透過損益賬按公平價值處理之金融資產，以及貸款及應收款項。所有正常購買或銷售之金融資產，按交易日之基準確認及不予確認。正常購買或銷售之金融資產是指按照市場規條或慣例須在一段期限內進行資產交付之金融資產買賣。就每類金融資產採納之會計政策載於下文：

**3. SIGNIFICANT ACCOUNTING POLICIES
(continued)****Financial instruments (continued)***Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss comprise held-for-trading investments. At each balance sheet date subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Loans and receivables

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

3. 主要會計政策 (續)

金融工具 (續)

透過損益賬按公平價值處理之金融資產
透過損益賬按公平價值處理之金融資產包括持作買賣投資。於初次確認後之每個結算日，透過損益賬按公平價值處理之金融資產按公平價值計量，公平價值變動於產生期間之損益賬內直接確認。

貸款及應收款項

貸款及應收款項為不於交投活躍之市場內報價而附帶固定或可議定付款之非衍生金融資產。於初步確認後之每個結算日，貸款及應收款項(包括按揭貸款、按金及其他應收款項)使用實際利率法按攤銷成本減任何可識別之減值虧損列賬。當有客觀證據顯示資產已減值，則於損益賬內確認減值虧損，並以資產之賬面值與按原實際利率折現其估計未來現金流量之現值兩者之差額計量。當於確認減值後發生一項事件可以客觀地與資產可收回款項增加有關，減值虧損於其後期間撥回，惟受限於該減值撥回日期之資產賬面值為限，不得超過該項資產原未確認減值之已攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

The financial liabilities are generally classified into financial liabilities at fair value through profit or loss and other financial liabilities. The accounting policy adopted in respect of other financial liabilities is set out below:

Other financial liabilities

The Group's and the Company's other financial liabilities include other creditors and accruals which are subsequently measured at amortised cost, using the effective interest rate method.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及股本

本集團及本公司所發行之金融負債及股本工具乃根據所訂立合約安排之內容及金融負債和股本工具之定義予以分類。

股本工具為一任何合約，證明於本集團及本公司資產經扣除其所有負債後之餘額權益。本公司所發行之股本工具乃按已收的所得款項扣除直接發行成本後記錄。

金融負債一般分類為透過損益賬按公平價值處理之金融負債及其他金融負債。就其他金融負債採納之會計政策載列如下：

其他金融負債

本集團及本公司之其他金融負債包括其後使用實際利率法按攤銷成本計量之其他應付賬款及應計項目。

**3. SIGNIFICANT ACCOUNTING POLICIES
(continued)****Impairment losses**

At each balance sheet date, the Group and the Company review the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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).

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

3. 主要會計政策 (續)**減值虧損**

本集團及本公司於每個結算日審閱其資產之賬面值，以判斷是否有跡象顯示該等資產已蒙受減值虧損。倘若估計資產之可收回金額低於其賬面值，則資產賬面值須減低至其可收回金額。減值虧損會即時確認為支出。

資產的可收回數額是其淨售價與使用值兩者中的較高額。在評估使用值時，預計未來現金流量會按照能反映當時市場對貨幣時間值和資產特定風險的評估的稅前折現率，折現至其現值。如資產所產生的現金流入基本上並非獨立於其它資產所產生的現金流入，則以能產生獨立現金流入的最小資產組合(即現金產生單位)來釐定可收回數額。

凡減值虧損其後出現撥回，則資產賬面值須調升至經修訂之估計可收回金額，惟該調升之賬面值不得超逾假設以往年度並無確認任何資產減值虧損而釐定之賬面值。減值虧損撥回即時確認為收入。

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

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

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

Taxation

At 31st December, 2006, deferred tax assets of HK\$2,612,000 (2005: HK\$3,396,000) and HK\$2,398,000 (2005: HK\$3,396,000) in relation to deductible temporary differences and unused tax losses have been recognised in the Group's and the Company's balance sheet respectively. No deferred tax asset has been recognised on the tax losses of HK\$21,903,000 (2005: HK\$21,903,000) in the Group's and the Company's balance sheet due to unpredictability of future profit streams. The realisability of the deferred tax assets mainly depend on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a reversal or additional recognition of deferred tax assets may arise, which would be recognised in the income statement for the period in which such a reversal or additional recognition takes place.

3. 主要會計政策 (續)

營業租約

該等營業租約之應付租金按租期以直線法自損益賬扣除。以作獎勵訂立一項營業租約之已收及應收福利，乃以直線法按租約年期確認為租金支出之減少。

4. 估計不確定性之主要來源

稅項

於二零零六年十二月三十一日，有關可扣減臨時差額及未使用稅務虧損之遞延稅項資產為2,612,000港元(二零零五年：3,396,000港元)及2,398,000港元(二零零五年：3,396,000港元)已分別於本集團及本公司之資產負債表內確認。由於未來溢利來源之不可預測性，概無遞延稅項資產未被確認於本集團及本公司之資產負債表內之稅務虧損為21,903,000港元(二零零五年：21,903,000港元)。遞延稅項資產之可變現性主要視乎日後是否具有足夠之未來溢利或應課稅臨時差額。倘若未來之實際溢利低於或高於預期，可能產生遞延稅項資產撥回或增加之確認，該項確認將於出現撥回或增加發生之期間內在收益表內確認。

**4. KEY SOURCE OF ESTIMATION
UNCERTAINTY (continued)****Impairment allowances on mortgage loans**

The Group and the Company establish, through charges against profit, impairment allowances in respect of estimated incurred loss in mortgage loans. The allowances consist of individual impairment allowances and collective impairment allowances. The overall impairment allowances represent the aggregate amount by which management considers necessary to write down its loan portfolio in order to state it in the balance sheet at its estimated net recoverable value.

In determining individual impairment allowances, management considers objective evidence of impairment. When a loan is impaired, an individual impairment allowance is assessed by a discounted cash flow method, measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. The quantum of the allowance is also impacted by the collateral value and this in turn, may be discounted in certain circumstances to recognise the impact of forced sale or quick liquidation.

In determining collective impairment allowances, management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio adjusted for current conditions.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

4. 估計不確定性之主要來源 (續)**按揭貸款減值撥備**

本集團及本公司就按揭貸款估計產生之虧損通過於溢利扣除而作出減值撥備。撥備包括個別減值撥備及整體減值撥備。總體減值撥備為管理層認為有需要為其貸款組合作出撇減總額，以按其估計可收回價值淨額於資產負債表內列賬。

於釐定個別減值撥備時，管理層考慮減值之客觀證據。當貸款出現減值時，會使用折算現金流量法評估個別減值撥備，以資產之賬面值及按原實際利率折算估計未來現金流量之現值之差額計量。撥備之數額亦受抵押品之價值所影響，而在若干情況下，抵押品價值可能需予以折讓，以確認強制出售或迅速套現之影響。

在釐定整體減值撥備時，管理層使用根據具備相近信貸特色以及與組合之減值相似之客觀減值證據之資產之過往虧損經驗作出之估計，再就現行情況作出調整。

估計未來現金流量金額及時間之方法及假設須予定期評估，以削減虧損估計與實際虧損經驗之任何差額。

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5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's major financial instruments include mortgage loans and held-for-trading investments. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Fair value and cash flow interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has no material exposure to fair value interest rate risk as the fixed-rate mortgage loans are short term. The Group's and the Company's exposure to cash flow interest rate risk is caused by both the variable-rate mortgage loans and bank deposits. Interest income will fluctuate because of changes in market interest rates. The Group and the Company are currently debt-free and the management of the Group believes that the Group's and the Company's exposure to the cash flow interest rate risk is insignificant.

5. 財務風險管理目標與政策

本集團及本公司之主要金融工具包括按揭貸款及持作買賣之投資。該等金融工具之詳情披露於各附註內。該等金融工具附帶之風險及有關如何降低該等風險之政策載於下文。管理層管理及監察該等風險，確保能以有效方式及時實施適當之措施。

市場風險

(i) 公平價值利率風險及現金流量利率風險

公平價值利率風險乃指由於市場利率變動，導致金融工具價值出現波動之風險。現金流量利率風險乃指由於市場利率變動，導致金融工具之未來現金流量出現波動之風險。由於本集團之定息按揭貸款乃屬短期性質，故本集團無須承受重大之公平價值利率風險。本集團及本公司承受現金流量利率風險來自浮息按揭貸款及銀行存款。其利息收入將會因市場利率變動而波動。本集團及本公司目前並無任何債項，而本集團管理層相信，本集團及本公司之現金流量利率風險並不重大。

**5. FINANCIAL RISK MANAGEMENT
OBJECTIVES AND POLICIES (continued)****Market risk (continued)**

(ii) Equity price risk

The Group's and the Company's held-for-trading investments are measured at fair value at each balance sheet date. Therefore, the Group and the Company are exposed to equity security price risk. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Credit risk

The Group's and the Company's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at 31st December, 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet and balance sheet. In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue loans. In addition, the Group and the Company review the recoverable amount of each individual loan and advance at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. The credit risk on liquid funds is limited because the counterparties are banks located in Hong Kong subject to the supervision by the Hong Kong Monetary Authority. The Group and the Company have no significant concentration of credit risk, with exposure spread over a number of counterparties and customers. In this regard, the Directors of the Company consider that the Group's and the Company's credit risk is significantly reduced.

5. 財務風險管理目標與政策 (續)

市場風險 (續)

(ii) 股本價格風險

本集團及本公司之持作買賣投資按每個結算日之公平價值計量。因此，本集團及本公司承受股本證券價格風險。管理層透過持有具不同風險狀況之投資組合管理此項風險。

信貸風險

倘若交易對手無法履行彼等截至二零零六年十二月三十一日有關每類已確認金融資產之責任，本集團及本公司承受之最大信貸風險為綜合資產負債表內及資產負債表內所列示之該等資產之賬面值。為盡量降低信貸風險，本集團管理層已指派一組人員負責釐定信貸額度、信貸批核及其他監控程序，以確保能採取跟進行動追收逾期貸款。此外，於每個結算日，本集團及本公司檢討每宗個別貸款及墊款之可收回款項，以確保就無法收回款項作出足夠之減值虧損。流動資金信貸風險有限，因為交易對手乃受香港金融管理局監管之香港銀行。本集團及本公司並無高度集中之信貸風險，其風險分散於多個交易對手及客戶。就此而言，本公司董事認為本集團及本公司之信貸風險已大幅降低。

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6. REVENUE

Revenue represents interest income on mortgage loans and gross income on treasury investments which includes interest income on bank deposits, sales proceeds from securities trading and dividend income.

An analysis of the revenue of the Group by principal activity is as follows:

6. 收益

收益指按揭貸款利息收入及財務投資收入總額，而財務投資收入總額包括銀行存款之利息收入、出售證券之銷售款項及股息收入。

按主要業務劃分之本集團收益之分析如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Mortgage finance:	按揭融資：		
Interest on mortgage loans	按揭貸款利息	1,381	205
Treasury investments:	財務投資：		
Interest on bank deposits	銀行存款利息	6,395	4,084
Sales proceeds of held-for-trading investments	出售持作買賣投資之 銷售款項	52,519	68,333
Other investment income	其他投資收入	1,221	937
		61,516	73,559

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – mortgage finance and treasury investments. These divisions are the basis on which the Group reports its primary segment information. Principal activities are as follows:

- the mortgage finance segment engages in the provision of mortgage finance and other related services; and
- the treasury investments segment includes interest income on bank deposits, securities trading and dividend income.

7. 業務及地區分部

業務分部

就管理而言，本集團目前分為兩個經營分部 – 按揭融資及財務投資。該等分部乃本集團呈報其主要分部資料之基準。主要業務如下：

- 按揭融資分部從事提供按揭融資及其他相關服務；及
- 財務投資分部包括銀行存款之利息收入，以及證券交易及股息收入。

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7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

7. 業務及地區分部 (續)

Business segments (continued)

業務分部 (續)

Segment information about these businesses is presented below:

有關該等業務之分部資料現呈列如下：

		2006 二零零六年		
		Mortgage finance 按揭融資 HK\$'000 千港元	Treasury investments 財務投資 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Revenue	收益	1,381	60,135	61,516
Interest income	利息收入	1,381	6,395	7,776
Net gain on sales of held-for-trading investments	出售持作買賣 投資之溢利 淨額	-	3,942	3,942
Segment result	分部業績	1,400	14,348	15,748
Unallocated expenses	未分配支出			(3,693)
Profit before taxation	除稅前溢利			12,055
Taxation	稅項			(784)
Profit for the year	本年度溢利			11,271
Segment assets	分部資產	8,845	221,117	229,962
Unallocated assets	未分配資產			2,796
Total assets	總資產			232,758
Segment liabilities	分部負債	320	-	320
Unallocated liabilities	未分配負債			557
Total liabilities	總負債			877
Other information:	其他資料：			
Impairment allowances on mortgage loans	按揭貸款減值 撥備	(163)	-	(163)
Unallocated: Capital additions	未分配： 資本開支			(12)
Depreciation	折舊			(5)

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7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

7. 業務及地區分部 (續)

Business segments (continued)		業務分部 (續)		
		2005 二零零五年		Total 合計 HK\$'000 千港元
		Mortgage finance 按揭融資 HK\$'000 千港元	Treasury investments 財務投資 HK\$'000 千港元	
Revenue	收益	205	73,354	73,559
Interest income	利息收入	205	4,084	4,289
Net gain on sales of held-for-trading investments	出售持作買賣 投資之溢利 淨額	-	1,067	1,067
Segment result	分部業績	299	5,482	5,781
Unallocated expenses	未分配支出			(4,546)
Profit before taxation	除稅前溢利			1,235
Taxation	稅項			-
Profit for the year	本年度溢利			1,235
Segment assets	分部資產	5,207	212,652	217,859
Unallocated assets	未分配資產			3,585
Total assets	總資產			221,444
Segment liabilities	分部負債	364	-	364
Unallocated liabilities	未分配負債			470
Total liabilities	總負債			834
Other information:	其他資料:			
Impairment allowances on mortgage loans	按揭貸款減值 撥備	(34)	-	(34)
Unallocated: Capital additions	未分配: 資本開支			(12)
Depreciation	折舊			(16)
Loss on disposal of plant and equipment	出售機器及設備 虧損			(38)

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7. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Geographical segments

No geographical segment analysis is presented as all of the Group's business activities during the year under review were conducted in Hong Kong.

7. 業務及地區分部 (續)

地區分部

於回顧年度內，本集團全部業務活動均在香港進行，因此，並無呈列地區分部資料。

8. PROFIT BEFORE TAXATION

Profit before taxation has been arrived at after charging:

8. 除稅前溢利

除稅前溢利已扣除：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Employee benefits expense (including Directors' emoluments (note 10)):	員工成本 (包括董事酬金 (附註10)):		
Wages and salaries	工資及薪金	1,239	1,344
Retirement benefit costs (note 27)	退休福利計劃供款 (附註27)	34	28
		1,273	1,372
Depreciation	折舊	5	16
Auditor's remuneration	核數師酬金	482	239
Loss on disposal of plant and equipment	出售機器及設備虧損	-	38
Operating leases payments	租金支出	85	832
Impairment allowances on mortgage loans	按揭貸款減值撥備	163	34

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9. TAXATION

9. 稅項

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Hong Kong	香港		
Current tax	本年度稅項	-	-
Deferred tax (<i>note 24</i>):	遞延稅項 (附註 24) :		
Current year	本年度	784	-
		784	-

No current tax is payable on the profit for the year arising in Hong Kong since the assessable profit is wholly absorbed by tax losses brought forward. The tax charge for the year represents utilisation of deferred tax assets recognised in prior years.

由於應課稅溢利全部被承前之稅務虧損抵銷，故本年度於香港產生之溢利並無應付稅項。年內稅項開支乃動用過往年度已確認之遞延稅項資產。

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

香港利得稅乃按兩個年度之估計應課稅溢利按 17.5% 之稅率計算。

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

本年度稅項開支可與綜合收益表內之除稅前溢利對賬如下：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Profit before taxation	除稅前溢利	12,055	1,235
Tax at the domestic income tax rate of 17.5%	以本地所得稅稅率 17.5% 計算之稅項	2,110	216
Tax effect of income not taxable for tax purpose	毋需課稅之收入之稅務影響	(1,340)	(892)
Tax effect of expenses not deductible for tax purpose	不可就稅務扣減之開支之稅務影響	14	697
Utilisation of tax losses previously not recognised	動用過往未確認之稅務虧損	-	(21)
Tax charge for the year	本年度稅項開支	784	-

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10. DIRECTORS' EMOLUMENTS

The emoluments paid or payable to each of the 7 (2005: 17) Directors were as follows:

10. 董事酬金

支付予7名(二零零五年: 17名)董事之酬金如下:

		Directors' fees	
		董事袍金	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
<i>Executive Directors:</i>		<i>執行董事:</i>	
Akihiro Nagahara (<i>Chairman</i>)	長原彰弘 (主席)	10	2
Stephen Lo Kam Fai (<i>Chief Executive</i>)	羅錦輝 (行政總裁)	10	2
Poon Mo Yiu	潘慕堯	3	-
Edwin Lo King Yau	勞景祐	7	2
David T. Yeh	葉大衛	-	-
Lee Jark Pui, O.B.E., J.P.	李澤培, O.B.E., J.P.	-	-
Jonathan Miles Foxall	霍忠誠	-	-
Ng Tai Chiu	吳大釗	-	-
<i>Non-Executive Directors:</i>		<i>非執行董事:</i>	
Ning Gaoning	寧高寧	-	200
Chan Wai Lam	陳渭林	-	12
Leon Chan Nim Leung	陳念良	-	156
Michael Chan Kwok Shung	陳國淳	-	6
<i>Independent Non-Executive Directors:</i>		<i>獨立非執行董事:</i>	
Chan Bo Ching	陳步青	75	13
Li Chak Hung	李澤雄	90	13
Yuen Wai Ho	阮煒豪	75	13
Leung Nai Kong, B.B.S., J.P.	梁乃江, B.B.S., J.P.	-	63
Tsui King Fai	徐景輝	-	63
Victor Yung Ha Kuk	容夏谷	-	63
Total emoluments	酬金總額	270	608

There were no arrangements under which a Director waived or agreed to waive any emoluments.

並無董事就放棄或同意放棄任何酬金而作出之安排。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2005: two) was a Director of the Company whose emoluments are included in the disclosures in note 10 above. The emoluments of the remaining four (2005: three) individuals were as follows:

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Basic salaries, allowances and benefits in kind	基本薪金、津貼與非現金利益	969	518
Retirement benefit costs	退休福利計劃供款	34	21
		1,003	539

Their emoluments were within the following band:

		2006 二零零六年 Number of employees 僱員人數	2005 二零零五年 Number of employees 僱員人數
Nil – HK\$1,000,000	無 – 1,000,000港元	4	3

12. DIVIDENDS

No dividend was paid or proposed during 2006, nor has any dividend been proposed since the balance sheet date (2005: Nil).

11. 僱員酬金

本年度五位最高酬金人士包括一位(二零零五年：兩位)本公司董事，其酬金詳情見上文附註10。其餘四位(二零零五年：三位)人士之酬金如下：

彼等之酬金介乎以下組別：

二零零六年度並無支付或擬派任何股息，自結算日以來亦無建議派付任何股息(二零零五年：無)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006
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13. EARNINGS PER SHARE

Basic earnings per share is calculated based on the profit for the year attributable to equity holders of the Company of HK\$11,271,000 (2005: HK\$1,235,000) and on 225,000,000 (2005: 225,000,000) ordinary shares in issue during the year.

No diluted earnings per share is presented as there were no potential ordinary shares during the years.

13. 每股盈利

每股基本盈利乃根據本公司股東應佔溢利11,271,000港元(二零零五年: 1,235,000港元)及本年度內已發行普通股225,000,000股(二零零五年: 225,000,000股)計算。

由於該等年度並無潛在普通股股份，故並無呈列攤薄後之每股盈利。

14. PLANT AND EQUIPMENT

14. 機器及設備

		The Group 本集團 Furniture and equipment 傢俬及設備 HK\$'000 千港元
COST	成本值	
At 1st January, 2005	於二零零五年一月一日	347
Additions	添置	12
Eliminated on disposals	出售時撇銷	(348)
		<hr/>
At 31st December, 2005	於二零零五年十二月三十一日	11
Additions	添置	12
		<hr/>
At 31st December, 2006	於二零零六年十二月三十一日	23
DEPRECIATION	折舊	
At 1st January, 2005	於二零零五年一月一日	295
Provided for the year	年度撥備	16
Eliminated on disposals	出售時撇銷	(310)
		<hr/>
At 31st December, 2005	於二零零五年十二月三十一日	1
Provided for the year	年度撥備	5
		<hr/>
At 31st December, 2006	於二零零六年十二月三十一日	6
CARRYING VALUES	賬面值	
At 31st December, 2006	於二零零六年十二月三十一日	17
		<hr/>
At 31st December, 2005	於二零零五年十二月三十一日	10
		<hr/>

Furniture and equipment are depreciated on a straight-line basis at 20% to 33 $\frac{1}{3}$ % per annum.

傢俬及設備以直線法按每年20%至33 $\frac{1}{3}$ %之比率折舊。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

14. PLANT AND EQUIPMENT (continued)

14. 機器及設備(續)

		The Company 本公司 Furniture and equipment 傢俬及設備 HK\$'000 千港元
COST		
At 1st January, 2005	於二零零五年一月一日	347
Additions	添置	12
Eliminated on disposals	出售時撇銷	(348)
At 31st December, 2005 & 31st December, 2006		11
DEPRECIATION		
At 1st January, 2005	於二零零五年一月一日	295
Provided for the year	年度撥備	16
Eliminated on disposals	出售時撇銷	(310)
At 31st December, 2005		1
Provided for the year	年度撥備	3
At 31st December, 2006		4
CARRYING VALUES		
At 31st December, 2006	於二零零六年十二月三十一日	7
At 31st December, 2005	於二零零五年十二月三十一日	10

Furniture and equipment are depreciated on a straight-line basis at 20% to 33 $\frac{1}{3}$ % per annum.

傢俬及設備以直線法按每年20%至33 $\frac{1}{3}$ %之比率折舊。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

15. MORTGAGE LOANS

15. 按揭貸款

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Fixed-rate loan receivables	固定利率應收貸款	1,705	4,000
Variable-rate loan receivables	浮動利率應收貸款	7,040	1,180
		8,745	5,180
Carrying amount analysed for reporting purposes:	按申報目的分析之賬面值：		
Current assets (receivables within 12 months from the balance sheet date)	流動資產(自結算日起十二個月內之應收貸款)	3,906	4,457
Non-current assets (receivables after 12 months from the balance sheet date)	非流動資產(自結算日起十二個月後之應收貸款)	4,839	723
		8,745	5,180

Fixed-rate loan receivables and variable-rate loan receivables are secured by mortgage loan properties, bearing interest at market interest rates.

固定利率應收貸款及浮動利率應收貸款以按揭貸款物業抵押，並按市場利率計息。

Balance of mortgage loans at 31st December, 2006 is net of accumulated impairment allowances of HK\$168,000 (2005: HK\$151,000).

於二零零六年十二月三十一日之按揭貸款結餘已扣除累計減值撥備168,000港元(二零零五年：151,000港元)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

15. MORTGAGE LOANS (continued)

The maturity profile of mortgage loans, net of impairment allowances, at the balance sheet date is analysed by the remaining periods to their contractual maturity dates as follows:

15. 按揭貸款 (續)

於結算日，已扣除減值撥備之按揭貸款到期情況，按合約到期日尚剩餘的期限分析如下：

		The Group	
		本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Repayable:	到期還款：		
Within 3 months	三個月內	3,528	177
Between 3 months and 1 year	三個月 至一年	378	4,280
Between 1 and 5 years	一年至五年	1,410	629
After 5 years	五年以後	3,429	94
		8,745	5,180

The fair value of the Group's mortgage loans, determined based on the present value of the estimated future cash flows discounted using the effective interest rate at 31st December, 2006 approximates to the carrying amount of the mortgage loans.

於二零零六年十二月三十一日，本集團之按揭貸款之公平價值乃根據估計未來現金流量按實際利率折現之現值，與按揭貸款之賬面值相若。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

15. MORTGAGE LOANS (continued)

15. 按揭貸款(續)

		The Company	
		本公司	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Fixed-rate loan receivable	固定利率應收貸款	-	4,000
Variable-rate loan receivables	浮動利率應收貸款	3,217	1,180
		3,217	5,180
Carrying amount analysed for reporting purposes:	按申報目的分析之賬面值：		
Current assets (receivables within 12 months from the balance sheet date)	流動資產(自結算日起十二個月內之應收貸款)	292	4,457
Non-current assets (receivables after 12 months from the balance sheet date)	非流動資產(自結算日起十二個月後之應收貸款)	2,925	723
		3,217	5,180

Fixed-rate loan receivable and variable-rate loan receivables are secured by mortgage loan properties, bearing interest at market interest rates.

固定利率應收貸款及浮動利率應收貸款以按揭貸款物業抵押，並按市場利率計息。

Balance of mortgage loans at 31st December, 2006 is net of accumulated impairment allowances of HK\$80,000 (2005: HK\$151,000).

於二零零六年十二月三十一日之按揭貸款結餘已扣除累計減值撥備80,000港元(二零零五年：151,000港元)。

NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

15. MORTGAGE LOANS (continued)

The maturity profile of mortgage loans, net of impairment allowances, at the balance sheet date is analysed by the remaining periods to their contractual maturity dates as follows:

15. 按揭貸款 (續)

於結算日，已扣除減值撥備之按揭貸款到期情況，按合約到期日尚剩餘的期限分析如下：

		The Company	
		本公司	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Repayable:	到期還款：		
Within 3 months	三個月內	73	177
Between 3 months and 1 year	三個月 至一年	219	4,280
Between 1 and 5 years	一年至五年	363	629
After 5 years	五年以後	2,562	94
		3,217	5,180

The fair value of the Company's mortgage loans, determined based on the present value of the estimated future cash flows discounted using the effective interest rate at 31st December, 2006 approximates to the carrying amount of the mortgage loans.

於二零零六年十二月三十一日，本公司之按揭貸款之公平價值乃根據估計未來現金流量按實際利率折現之現值，與按揭貸款之賬面值相若。

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財務報表附註

For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

16. IMPAIRMENT ALLOWANCES ON MORTGAGE LOANS

16. 按揭貸款減值撥備

		The Group 本集團		
		Impairment allowances 減值撥備		
		Individual 個別	Collective 整體	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st January, 2005	於二零零五年 一月一日	403	62	465
Charge during the year	年度撥備	-	34	34
Amounts written off	撇銷數額	(348)	-	(348)
Transfer	轉撥	91	(91)	-
At 31st December, 2005	於二零零五年 十二月三十一日	146	5	151
Charge during the year	年度撥備	-	163	163
Amounts written off	撇銷數額	(146)	-	(146)
At 31st December, 2006	於二零零六年 十二月三十一日	-	168	168
		The Company 本公司		
		Impairment allowances 減值撥備		
		Individual 個別	Collective 整體	Total 合計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1st January, 2005	於二零零五年 一月一日	403	62	465
Charge during the year	年度撥備	-	34	34
Amounts written off	撇銷數額	(348)	-	(348)
Transfer	轉撥	91	(91)	-
At 31st December, 2005	於二零零五年 十二月三十一日	146	5	151
Charge during the year	年度撥備	-	75	75
Amounts written off	撇銷數額	(146)	-	(146)
At 31st December, 2006	於二零零六年 十二月三十一日	-	80	80

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006

截至二零零六年十二月三十一日止年度

17. HELD-FOR-TRADING INVESTMENTS

Held-for-trading investments include:

Equity securities listed in
Hong Kong

於香港上市之
股本證券

The fair value of the above held-for-trading investments is determined based on the quoted market bid prices available on the relevant exchange.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The fair value of the Group's and the Company's prepayments, deposits and other receivables at 31st December, 2006 approximates to the corresponding carrying amount. Included in the Group's and the Company's other receivables are receivables from fellow subsidiaries of HK\$2,908,000 (2005: Nil) in relation to the trading of listed securities.

19. CASH AND BANK BALANCES

The amounts comprise cash held by the Group and the Company and short-term bank deposits at market interest rates with an original maturity of three months or less. The fair value of these assets at 31st December, 2006 approximates to the corresponding carrying amount.

17. 持作買賣投資

持作買賣投資包括：

The Group and the Company

本集團及本公司

2006	2005
二零零六年	二零零五年
HK\$'000	HK\$'000
千港元	千港元

26,060	41,495
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上述持作買賣投資之公平價值乃按有關交易所所報之市場買入價釐定。

18. 預付款項、按金及其他應收款項

於二零零六年十二月三十一日，本集團及本公司之預付款項、按金及其他應收款項之公平價值與其賬面值相若。與買賣上市證券有關之同系附屬公司應收款項2,908,000港元(二零零五年：無)已列入本集團及本公司之其他應收款項內。

19. 現金及銀行結餘

該等款項指本集團及本公司持有之現金，及於購入後三個月內到期且按市場利率計息之短期銀行存款。於二零零六年十二月三十一日，該等資產之公平價值與其賬面值相若。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31st December, 2006
截至二零零六年十二月三十一日止年度

20. SHARE CAPITAL OF THE COMPANY

20. 本公司股本

		2006 & 2005 二零零六年及二零零五年 HK\$'000 千港元
Authorised:	法定：	
300,000,000 ordinary shares of HK\$1.00 each	300,000,000股每股面值1.00港元 之普通股股份	300,000
Issued and fully paid:	已發行及繳足：	
225,000,000 ordinary shares of HK\$1.00 each	225,000,000股每股面值1.00港元 之普通股股份	225,000

21. RESERVE

21. 儲備

		The Company 本公司 (Accumulated losses)/ Retained profits (累積虧損)/ 保留溢利 HK\$'000 千港元
At 1st January, 2005	於二零零五年一月一日	(6,044)
Profit for the year	本年度溢利	1,694
At 31st December, 2005	於二零零五年十二月三十一日	(4,350)
Profit for the year	本年度溢利	12,242
At 31st December, 2006	於二零零六年十二月三十一日	7,892

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財務報表附註

For the year ended 31st December, 2006
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22. INTERESTS IN SUBSIDIARIES

22. 於附屬公司之權益

		The Company 本公司	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
Unlisted shares, at cost	非上市股份，按成本	2	2

Particulars of subsidiaries at 31st December, 2006
are as follows:

於二零零六年十二月三十一日之附屬
公司之資料如下：

Name of Company 公司名稱	Place of incorporation and operation 註冊成立及經營地點	Issued and fully paid ordinary share capital 已發行及繳足普通股股本	Percentage of equity attributable to the Company 本公司應佔權益百分比	Principal activities 主要業務
The Building and Loan Agency (Asia) Limited 建屋貸款(亞洲)有限公司	Hong Kong 香港	HK\$2 2港元	100%	Money lending 借貸
Winbest Holdings Limited	British Virgin Islands 英屬處女群島	US\$1 1美元	100%	Investment holding 投資控股

23. AMOUNTS DUE FROM SUBSIDIARIES

23. 附屬公司欠款

		The Company 本公司	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
Amounts due from subsidiaries	附屬公司欠款	14,584	7,906
Allowance for impairment loss	減值虧損撥備	(7,876)	(7,872)
		6,708	34

The amounts due from subsidiaries are unsecured,
interest-free and repayable on demand.

附屬公司之欠款為無抵押、免息及於
要求時償還。

NOTES TO THE FINANCIAL STATEMENTS

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For the year ended 31st December, 2006
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24. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Group and the Company and movements thereon during the current and prior year:

24. 遞延稅項

以下為於本年度及過往年度由本集團及本公司確認之主要遞延稅項資產及負債及其變動：

		The Group 本集團			
		Accelerated tax depreciation 加速 稅務折舊 HK\$'000 千港元	Impairment allowances on mortgage loans 按揭貸款 減值撥備 HK\$'000 千港元	Tax losses 稅務虧損 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1st January, 2005 & 31st December, 2005	於二零零五年一月一日 及二零零五年 十二月三十一日	-	-	3,396	3,396
(Charge) credit to income for the year	本年度(扣除)計入 收益賬	(1)	15	(798)	(784)
At 31st December, 2006	於二零零六年 十二月三十一日	(1)	15	2,598	2,612

For the purpose of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

就資產負債表之呈列而言，若干遞延稅項資產及負債已被抵銷。以下為就財務報告而言之遞延稅項結餘分析：

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	2,613	3,396
Deferred tax liabilities	遞延稅項負債	(1)	-
		2,612	3,396

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財務報表附註

For the year ended 31st December, 2006

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24. DEFERRED TAXATION (continued)

At the balance sheet date, the Group has unused tax losses of approximately HK\$36,751,000 (2005: HK\$41,311,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK\$14,848,000 (2005: HK\$19,408,000) of such losses.

No deferred tax asset has been recognised in respect of the following balances as it is uncertain that there will be sufficient future profits available to utilise the balances, and the unrecognised tax losses may be carried forward indefinitely.

24. 遞延稅項 (續)

於結算日，本集團之未運用稅務虧損約為36,751,000港元(二零零五年：41,311,000港元)可用於抵銷未來溢利。已就該等虧損確認之遞延稅項資產為14,848,000港元(二零零五年：19,408,000港元)。

由於並不確定將來是否有足夠未來溢利可供動用結餘，故並無就以下結餘確認遞延稅項資產，尚未確認之稅務虧損可無限期地結轉。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unrecognised tax losses	未確認稅務虧損	21,903	21,903
Deductible temporary differences	可扣減臨時差額	95	21

The Company

本公司

Tax losses

稅務虧損

HK\$'000

千港元

At 1st January, 2005 & 31st December, 2005	於二零零五年一月一日及 二零零五年十二月三十一日	3,396
Charge to income for the year	本年度自收益賬扣除	(998)
At 31st December, 2006	於二零零六年十二月三十一日	2,398

At the balance sheet date, the Company has unused tax losses of HK\$35,608,000 (2005: HK\$41,311,000) available for offset against future profits. Deferred tax assets have been recognised in respect of HK\$13,705,000 (2005: HK\$19,408,000) of such losses.

於結算日，本公司之未運用稅務虧損為35,608,000港元(二零零五年：41,311,000港元)可用於抵銷未來溢利。已就該等虧損確認之遞延稅項資產為13,705,000港元(二零零五年：19,408,000港元)。

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24. DEFERRED TAXATION (continued)

No deferred tax asset has been recognised in respect of the following balances as it is uncertain that there will be sufficient future profits available to utilise the balances, and the unrecognised tax losses may be carried forward indefinitely.

24. 遞延稅項 (續)

由於並不確定將來是否有足夠未來溢利可供動用結餘，故並無就以下結餘確認遞延稅項資產，尚未確認之稅務虧損可無限期地結轉。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Unrecognised tax losses	未確認稅務虧損	21,903	21,903
Deductible temporary differences	可扣減臨時差額	95	21

25. OTHER CREDITORS AND ACCRUALS

25. 其他應付賬款及應計費用

		The Group 本集團	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Other creditors and accruals	其他應付賬款及應計費用	877	834

		The Company 本公司	
		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Other creditors and accruals	其他應付賬款及應計費用	738	829

The fair value of the Group's and the Company's other creditors and accruals at 31st December, 2006 approximates to the corresponding carrying amount.

於二零零六年十二月三十一日，本集團及本公司之其他應付賬款及應計費用之公平價值與其賬面值相若。

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26. OPERATING LEASES

At the balance sheet date, the Group and the Company had commitments for future minimum leases payments under non-cancellable operating leases which fall due as follows:

		The Group 本集團	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
Within one year	一年內	72	57

		The Company 本公司	
		2006 二零零六年	2005 二零零五年
		HK\$'000 千港元	HK\$'000 千港元
Within one year	一年內	36	22

Operating leases payments represent rentals payable by the Group and the Company for certain of its office properties. Leases are negotiated for an average term of one year and rentals are fixed for the respective lease term.

於結算日，本集團及本公司根據不可撤銷營業租約而須於未來支付之最低租賃款項如下：

營業租約付款指本集團及本公司就其若干辦公室物業應付之租金。租約平均商定為一年期，並已就各相關的租期固定租金。

27. RETIREMENT BENEFIT SCHEME

The Group and the Company participate in a defined contribution scheme which is registered under a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the scheme are held separately from those of the Group and the Company, in funds under the control of trustee.

For members of the MPF Scheme, the Group and the Company contribute 5% of relevant payroll costs to the scheme, which contribution is matched by employees.

27. 退休福利計劃

本集團及本公司參與一項根據於二零零零年十二月起生效之強制性公積金計劃條例建立之強制性公積金計劃（「強積金計劃」）註冊之界定供款計劃。計劃之資產與本集團及本公司之資產分開保管，並由信託人所控制之基金管理。

對於強積金計劃之成員，本集團及本公司向計劃作出相等於相關薪金成本5%之供款，與僱員之供款額相同。

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27. RETIREMENT BENEFIT SCHEME (continued)

The total cost charged to the consolidated income statement of HK\$34,000 (2005: HK\$28,000) represents contributions payable to the scheme by the Group in respect of the current accounting period.

27. 退休福利計劃 (續)

自綜合收益表扣除之成本總額34,000港元(二零零五年: 28,000港元)為本集團及本公司就本會計期間應付計劃之供款。

28. RELATED PARTY TRANSACTIONS

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

A) Expense items:

28. 有關連人士交易

本年度內本集團與有關連人士訂立以下交易：

(A) 開支項目：

		The Group	
		本集團	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		千港元	千港元
Rental paid to an intermediate holding company	向中間控股公司支付租金	72	15
Commissions paid to fellow subsidiaries	向同系附屬公司支付佣金	243	6
Rental paid to a former intermediate holding company	向前中間控股公司支付租金	-	660
Commissions paid to a former fellow subsidiary	向前同系附屬公司支付佣金	-	276

Except for the above, details of balances with related parties are set out in note 18.

除上述外，與有關連人士之結餘載於附註18。

B) Compensation of key management personnel

The key management of the Group comprises all Directors, details of their remuneration are disclosed in note 10. The remuneration of Directors is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

(B) 主要管理職員之酬金

本集團之主要管理層包括全體董事，其酬金詳情於附註10披露。董事之酬金由薪酬委員會視乎個人表現及市場趨勢釐定。