

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

1. PRINCIPAL ACTIVITIES

China Everbright Limited (the "Company") is incorporated in Hong Kong with its shares listed on The Stock Exchange of Hong Kong Limited. The directors of the Company consider China Everbright Holdings Company Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Company and Honorich Holdings Limited, a company incorporated in the British Virgin Islands, to be the immediate holding company of the Company.

The principal activity of the Company is investment holding. The Company, through its subsidiaries and associates, is principally engaged in investment activities and the provision of financial services.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collectively 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 financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in associates.

1. 主要業務

中國光大控股有限公司(「本公司」)是一間在香港註冊成立的公司。本公司之股份於香港聯合交易所有限公司上市。本公司董事認為在香港註冊成立的中國光大集團有限公司為本公司之最終控股公司，而 Honorich Holdings Limited 則為本公司之直接控股公司，該公司於英屬維京群島成立。

本公司之主要業務為投資控股。本公司並透過其附屬公司及聯營公司，進行主要為投資活動及提供金融服務之業務。

2. 主要會計政策

(a) 符合指引聲明

本賬項乃按照香港會計師公會頒佈所有適用的《香港財務報告準則》(其統稱已包括個別適用的《香港財務報告準則》、《香港會計準則》及詮釋)編製，並符合《香港公認會計準則》及香港《公司條例》之規定。此外，本財務報表亦符合《香港聯合交易所有限公司證券上市規則》有關的披露規定。本集團採納的主要會計政策簡列如下。

(b) 財務報表編製基準

截至二零零六年十二月三十一日止年度之綜合財務報表包括本公司與其附屬公司(統稱「本集團」)及本集團應佔聯營公司之權益。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements (continued)

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

- investment property (note 2(h)); and
- financial instruments classified as trading or available-for-sale securities (note 2(f)).

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, 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.

2. 主要會計政策 (續)

(b) 財務報表編製基準 (續)

除以下資產及負債是以公平值列賬外，本財務報表是以原值成本作為計量基準。有關詳情載列於下列會計政策：

- 投資物業 (附註2(h))；及
- 分類作交易用途或備供銷售證券之金融工具 (附註2(f))。

按《香港財務報告準則》之要求，在編製財務報表時，管理層須作判斷、估計及假設從而影響政策實施對資產、負債、收入與支出之呈報金額。

估計及有關假設乃按在既定情況下可合理地相信，根據過往之經驗及其他因素而作出判斷那些未能從其他來源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。

估計及有關假設須不斷檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and controlled entities

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. An investment in a subsidiary is consolidated from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. 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 represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries. Minority interests are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest 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 profit until the minority's share of losses previously absorbed by the Group has been recovered.

2. 主要會計政策(續)

(c) 附屬公司及控制實體

附屬公司是指由本集團控制的實體。當本集團有權支配該實體的財務及經營政策，並藉此從其活動中取得利益，則該實體將視為受集團控制。可行使的潛在投票權是包括在釐定對附屬公司控制權的考慮因素。於受控制之附屬公司投資，其賬項是由受控制日起直至控制終止日歸納入綜合財務報表內。集團內部結餘與交易及交易中未實現盈利已於綜合財務報表完全抵銷。集團內部交易中未實現虧損跟未實現盈利之抵銷是作相同之抵銷處理，但只限於當中並無減值之證據。

少數股東權益是指集團以外股東直接或間接應佔附屬公司之淨資產。少數股東權益在綜合資產負債表內的股東權益列示，但與本公司股東應佔權益分開。少數股東權益佔集團年度內溢利在綜合損益表賬面上以分配為少數股東權益及本公司股東應佔權益形式呈報。

如歸屬於少數股東的虧損超出少數股東於附屬公司之權益，其虧損超出部分會由本集團權益中抵扣，除非少數股東有約束性的責任，並且有能力作增加投資以抵償虧損。如日後該附屬公司錄得盈利，本集團將獲分配所有盈利直至以前年度本集團分擔少數股東應佔虧損全部補回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Subsidiaries and controlled entities (continued)

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(d) Associates and jointly controlled entities

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

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group or Company and other parties, where the contractual arrangement establishes that the Group or Company and one or more of the other parties share joint control over economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the consolidated financial statements 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 associate's or the jointly controlled entity's net assets, unless it is classified as held for sale or included in a disposal group that is classified as held for sale. The consolidated income statement includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the year, including any impairment loss on goodwill relating to the investment in associates and jointly controlled entities recognised for the year (see note 2(e) and 2(m)).

2. 主要會計政策 (續)

(c) 附屬公司及控制實體 (續)

在本公司的資產負債表中，附屬公司投資是以成本減除減值損失（附註2(m)）列賬，除非有關投資是分類為持有作出售之投資（或包括在分類為持有作出售之出售組別）。

(d) 聯營公司及共同控制實體

聯營公司是指本集團或本公司可對其管理發揮重大影響力，包括制定其財務及經營政策，但並不控制或共同控制其管理層。

共同控制實體是指本集團或本公司與第三者在合約安排下經營之實體，而有關合約安排亦訂定本集團或本公司與一個或多個第三者對該實體之經濟活動分享共同控制。

於聯營公司或共同控制實體之投資在綜合財務報表是按權益會計法入賬，最初是以成本列賬，隨後則按本集團應佔該聯營公司或共同控制實體之購入後應佔淨資產變動作調整，除非有關投資是分類為持有作出售之投資或包括在分類為持有作出售之出售組別。綜合損益表已反映本集團應佔購入聯營公司與共同控制實體權益後年度除稅後之業績，及減除於有關年度內聯營公司與共同控制實體投資的商譽減值損失（附註2(e)及2(m)）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and jointly controlled entities (continued)

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, 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 associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In the Company's balance sheet, its investments in associates and jointly controlled entities are stated at cost less impairment losses (see note 2(m)), unless it is classified as held for sale or included in a disposal group that is classified as held for sale.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate or a jointly controlled entity over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

2. 主要會計政策 (續)

(d) 聯營公司及共同控制實體 (續)

除不超出本集團對該聯營公司或共同控制實體所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或共同控制實體的虧損超出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或共同控制實體之權益將被減值至零。為此，按權益會計法計算本集團應佔該聯營公司或共同控制實體權益即按權益會計法計算投資賬面值及實質上構成本集團應佔該聯營公司或共同控制實體淨資產的其他長期權益。

本集團與聯營公司及共同控制實體交易而產生之未實現溢利及虧損，以本集團應佔該聯營公司或共同控制實體之權益為限作沖銷。除非有證據顯示未實現虧損屬資產轉讓的減值損失，須立即於損益賬內確認。

於本公司之資產負債表內，聯營公司及共同控制實體之投資是以成本減除減值損失列賬（附註2(m)），除非有關投資是分類為持有作出售之投資或包括在分類為持有作出售之出售組別。

(e) 商譽

商譽即商業合併或投資聯營公司或共同控制實體的成本超過本集團應佔被收購者的可辨別資產、負債及或有負債的公平淨值。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill (continued)

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(m)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit, an associate or a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the gain or loss on disposal.

Goodwill on acquisitions that occurred prior to 1 January 2001 was eliminated against reserves. Such goodwill is not recognised in profit or loss when all or part of the business to which the goodwill is related to is disposed of or when a cash-generating unit to which the goodwill is related to becomes impaired.

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in securities held for trading are initially stated at fair value and classified, depends on the anticipated investment period, being as either trading securities under current assets or other non-trading securities under non-current assets. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

2. 主要會計政策(續)

(e) 商譽(續)

商譽按成本減累計減值損失列賬。商譽被分配予現金生產單位，並須每年作減值測試(附註2(m))。就聯營公司或共同控制實體而言，商譽的賬面值已包括於聯營公司或共同控制實體權益之賬面值內。

在商業合併或投資聯營公司或共同控制實體時，若本集團應佔被收購者的可辨別資產、負債及或然負債的公平淨值高於成本價，超出的金額立即在損益賬確認。

在年度內出售單一現金生產單位或聯營公司或共同控制實體，計算出售溢利或虧損時會計入任何可歸屬的購入商譽金額。

於二零零一年一月一日前產生之收購商譽已於儲備中對銷。當出售全部或部分與該等商譽相關之業務，或與該等商譽相關之現金生產單位減值時，有關商譽並不會在損益賬內確認。

(f) 其他債權與股票證券投資

本集團與本公司在附屬公司、聯營公司與共同控制實體以外的其他債權與股票證券投資之會計政策如下：

持有作交易之證券投資初步以公平值列賬，並按預計之投資期分類為交易證券列於流動資產或其他非交易證券列於非流動資產，而公平值會於每一結算日作重新計量，所得盈虧在損益賬中被確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investments in debt and equity securities (continued)

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet at amortised cost less impairment losses (see note 2(m)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(m)).

Other investments in securities are classified as available-for-sale securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in the investment revaluation reserve, except for impairment losses (see note 2(m)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in investment revaluation reserve is recognised in profit or loss.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

2. 主要會計政策 (續)

(f) 其他債權與股票證券投資 (續)

本集團及／或本公司有明確能力和意向持至到期日之有期限債權證券是分類為持有至到期證券。持有至到期證券最初是以公平值連同交易成本列賬於資產負債表，隨後乃按攤銷成本並減除減值損失列賬於資產負債表（附註2(m)）。

就股票證券投資，如未能從活躍市場中取得市場報價，其公平值亦不能夠可靠的計量，則該等投資會以成本減除減值損失列賬於資產負債表（附註2(m)）。

其他證券投資則分類為備供銷售證券，於始初期按公平值連同交易成本確認。而公平值會於每一結算日作重新計量，除減值損失外（附註2(m)），所得盈虧直接在投資重估儲備中被確認。就貨幣性質工具如債權證券，匯兌盈虧會於損益賬內確認。如此等投資屬帶息，其利息是按有效利率方式計算並直接於損益賬內確認。當此等投資被取消確認時，以前直接於投資重估儲備確認之累計盈利或虧損會於損益賬內確認。

在本集團及／或本公司於承諾購入／出售投資或投資已到期當日，有關投資會被確認／取消確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(t)(iii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(l)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(l).

2. 主要會計政策 (續)

(g) 衍生金融工具

衍生金融工具於始初時以公平值確認。而公平值會於每一結算日作重新計量，公平值重新計量所產生之盈虧會即時於損益賬反映，除非該衍生工具符合現金流量對沖或為海外業務淨投資對沖，在此情況下其最終盈虧之確認會視乎所對沖之專案而定。

(h) 投資物業

投資物業為擁有或以經營租賃方式(附註2(l))持有之土地與／或房產用作賺取租金收益及／或資本增值的物業。當中包括現時仍未決定將來用途之土地。

投資物業在資產負債表中是按公平值列賬。投資物業因公平值變更或退出或出售而產生的盈虧在損益賬內確認。投資物業租金收入按附註2(t)(iii)所載入賬。

本集團以經營租賃方式持有用作租金收入及／或資本增值的物業權益是按個別物業作投資物業分類。此等被分類為投資物業之物業權益是假定以融資租賃方式持有入賬(附註2(l))，與應用在其他以融資租賃方式持有的投資物業權益之會計政策相同。租金支出按附註2(l)所載入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other property and equipment

The following items of property and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(m)):

- buildings held for own use which are situated on leasehold land, where the fair value could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 2(l)); and
- other items of equipment comprising leasehold improvements, furniture, fixtures and equipment, and motor vehicles.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(j) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Buildings situated on leasehold land are depreciated over the shorter of unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of purchase
- Leasehold improvements 5 years
- Furniture, fixtures and equipment 5 years
- Motor vehicles 5 years

2. 主要會計政策(續)

(i) 其他物業與設備

以下各項物業與設備在資產負債表中是按成本減累計折舊減累計減值損失列賬(附註2(m)):

- 存在於租賃土地持有作自用的房產,而其公平值是不能夠與租賃初始時已存在之租賃土地的公平值分開計量(附註2(l));與
- 其他設備專案包括裝修、傢具、裝置與設備及汽車。

一項物業與設備在退掉或出售時所帶來的損益是以出售所得款項淨額與資產賬面值的差價計算,並在停用或出售時於損益賬內確認。

(j) 折舊

物業與設備之折舊計算是按成本或估值減除估計剩餘值(如有)後,以如下直線法於其估計可用年限內撇銷:

- 存在於租賃土地的房產以租約年期與估計可用年限較短者計算,但不多於房產購買後五十年
- 裝修 五年
- 傢具、裝置與設備 五年
- 汽車 五年

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Depreciation (continued)

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets – trading rights

Trading rights are stated at cost upon initial recognition and they are deemed to have indefinite lives and are not amortised but are tested for impairment annually.

(l) Leased assets

(i) Classification of assets leased 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, except for property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(h)).

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss 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 assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

2. 主要會計政策(續)

(j) 折舊(續)

如一項物業與設備有不同之可用年限，其成本會按合理之比例攤分與所有部分，而每部分則獨立折舊。每項資產每年需作可用年限與剩餘值(如有)之評審。

(k) 無形資產－交易權

交易權以最初的成本列賬，並且被認為有無限的使用期而無需攤銷，但每年需進行減值評估。

(l) 租賃資產

(i) 租賃與本集團的資產分類

本集團所持有之租賃資產，如絕大部分歸屬於擁有者之風險及報酬已轉移至本集團，該等租賃資產會被列為融資租賃。如絕大部分歸屬於擁有者之風險及報酬並無轉移至本集團，該等租賃資產會被列為經營租賃；但以經營租賃方式持有而被分類為投資物業的物業則屬例外，該等物業會作個別分類作投資物業分類訂定，並以融資租賃列賬(附註2(h))。

(ii) 經營租賃費用

當本集團使用經營租賃資產，除非有其他更具代表性的基準以衡量從該等經營租賃資產獲得利益的模式，其租賃付款按該租賃期所涵蓋的會計年期以等額分期記入損益賬。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨付款的組成部分。或有租金在其產生的會計期內在損益賬扣除。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

(ii) Operating lease charges (continued)

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.

(m) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

2. 主要會計政策 (續)

(l) 租賃資產 (續)

(ii) 經營租賃費用 (續)

購入以經營租賃持有之土地的成本按直線法於租賃期內作攤銷，但被分類為投資物業的物業則屬例外。

(m) 資產減值損失

(i) 債權與股票證券投資及其他應收款之減值

債權與股票證券投資及其他流動與非流動應收款皆會於每一結算日就其成本或已攤銷成本或被分類為備供銷售證券之公平價值作客觀評估以評定有否減值。如存在有減值之證據，其減值損失在訂定後會按如下所載被確認：

- 就按成本列賬之無報價股票證券與流動應收款而言，減值損失按金融資產的賬面值及估計未來現金流按相同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。流動應收款減值損失如在以後期間減少會在賬項中沖回，但股票證券之減值損失則不會在賬項中沖回。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

- For financial assets carried at amortised cost, 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).

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 profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that had been recognised directly in the investment revaluation reserve is removed from the reserve and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss 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 or loss.

2. 主要會計政策 (續)

(m) 資產減值損失 (續)

(i) 債權與股票證券投資及其他應收款之減值 (續)

- 以攤銷成本列賬之金融資產，減值損失按資產的賬面值及估計未來現金流按原定有效利率（即在始初確認資產時所用作計算之有效利率）折算為現值，以二者之差額計算。

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撤銷後發生的事件有關連，減值損失轉回損益賬內。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。

- 就備供銷售證券，已直接確認在投資重估儲備內的累積虧損將會從儲備中剔除，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）與現時公平值二者之差額，再減除往年已於損益賬內確認的減值損失。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(i) Impairment of investments in debt and equity securities and other receivables (continued)

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

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 or loss.

(ii) Impairment of 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;
- pre-paid interests in leasehold land classified as being held under an operating lease;
- intangible assets;
- investments in subsidiaries, associates and joint ventures (except for those classified as held for sale or included in a disposal group that is classified as held for sale); and
- goodwill.

2. 主要會計政策 (續)

(m) 資產減值損失 (續)

(i) 債權與股票證券投資及其他應收款之減值 (續)

有關已確認備供銷售股票證券的減值損失是不能轉回損益賬的。其後該資產之公平價值增加須直接在投資重估儲備內確認。

就備供銷售債務證券而言，如其後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。在此情況下，轉回減值損失於損益賬內確認。

(ii) 其他資產之減值

在結算日，須檢討對內及對外資料來源以辨別以下資產（除商譽以外）是否有減值徵兆或，以往已確認之減值損失是否已無需存在或可能已經減少：

- 物業與設備；
- 被分類為以經營租賃持有之租賃土地，其相關之預付權益；
- 無形資產；
- 附屬公司、聯營公司及共同控制實體投資，除非有關投資是分類為持有作出售之投資或包括在分類為持有作出售之出售組別；及
- 商譽。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, 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 assets. 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).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss 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.

2. 主要會計政策 (續)

(m) 資產減值損失 (續)

(ii) 其他資產之減值 (續)

如任何此等徵兆存在，須估計該資產的可收回額。此外，就商譽、仍未能作出售之無形資產及被認為有無限使用期的無形資產而言，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

資產之可收回金額是出售淨值及使用值二者中之較高者。在評估使用值時，會採用一項當時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。當某資產未能大部分地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）。

— 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，首先減低分配予現金生產單位（或其單位組別）商譽之賬面值，其後再按比例減低在該單位（或其單位組別）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值減出售成本或使用值（如可確定的話）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

– 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 an impairment loss 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 profit or loss in the year in which the reversals are recognised.

(n) Accounts and other receivables

Accounts and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(m)).

(o) Accounts and other payables

Accounts and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. 主要會計政策 (續)

(m) 資產減值損失 (續)

(ii) 其他資產之減值 (續)

– 減值損失之轉回

除商譽外的有關資產，如用於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。

減值損失轉回只局限於該資產的賬面值，猶如該等減值損失從未在往年被確認。減值損失轉回在該被確認的年度計入損益賬內。

(n) 應收賬款與其他應收款

應收賬款與其他應收款始初時以公平值確認，往後以攤銷後成本減呆壞賬減值損失列賬（附註2(m)），但應收關聯者之免息（或折現效應不大）及無訂定償還期貸款則屬例外。在此情況下，有關應收款以成本減呆壞賬減值損失列賬（附註2(m)）。

(o) 應付賬款與其他應付款

應付賬款與其他應付款始初時以公平值確認，往後以攤銷後成本列賬，但在折現效應不大情況下，有關應付款以成本列賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts 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 consolidated cash flow statement.

(q) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in an option premium reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策 (續)

(p) 現金及現金等價物

現金及現金等價物包括銀行存款及現金、銀行與其他金融機構活期存款，以及短期和高流動性的投資，這些投資可以隨時換算為已知的現金額，其價值變動風險不大，並在購入後三個月內到期。就編製綜合現金流量表而言，作為本集團現金管理一部分之即時可被要求還款的銀行透支亦被視為現金及現金等價物。

(q) 僱員福利

(i) *短期僱員福利及定額供款退休計劃供款*

薪金、年度花紅、有薪年假、定額供款退休計劃作出的供款及非貨幣福利之成本在僱員提供相關服務的年度內累計。如屬遞延付款或結算，而其影響可能重大，則這些數額會以現值列示。

(ii) *以股份償付*

授予僱員的認股權按公平值確認為僱員成本，而權益中的認股權溢價儲備亦會相應增加。公平值是在授予日以二項期權定價模型計量，並考慮認股權授予條款。如果僱員須符合生效條件才能無條件地享有認股權附帶的權利，在考慮到認股權會否生效的可能性後，便會將認股權的估計公平值總額於生效期間前確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(ii) Share-based payments (continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior year is charged / credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the option premium reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the option premium reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the option premium reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(r) Income tax

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

2. 主要會計政策 (續)

(q) 僱員福利 (續)

(iii) 以股份償付 (續)

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原來的僱員支出符合資產確認之要求，任何已在往年確認的累積公平值之調整須在檢討期內的損益賬支銷或回撥，並在認股權溢價儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本公司股份的市價有關，否則確認為支出之金額按歸屬認股權的實際數目作調整（並在認股權溢價儲備作相應調整）。權益數額在認股權溢價儲備中確認，直至認股權獲行使（轉入股本溢價賬）或認股權到期（直接撥入保留盈利）時為止。

(iii) 合約終止補償

合約終止補償只會在本集團根據正式、具體，且不大可能撤回的計劃終止僱員合約或因僱員自願遣散而終止合約而作出補償時確認。

(r) 所得稅

本年度所得稅包括本期及遞延稅項資產和負債的變動。除該項目應在股東權益內入賬的數額外，本期稅項及遞延稅項資產和負債的變動計入損益賬內。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

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

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策 (續)

(r) 所得稅 (續)

本期稅項為年度對應課稅收入按結算日已生效或基本上已生效的稅率計算的預計應付稅項，並已包括以往年度的應付稅項的任何調整。

遞延稅項資產及負債是因納稅基礎計算的資產及負債與其賬面值之間的差異而分別產生的可扣稅及應課稅的暫時性差異。遞延稅項資產也包括未使用的可抵扣稅損及稅項抵免。

除了某些有限的例外情況外，所有遞延稅項負債及未來可能有應課稅溢利予以抵銷的遞延稅項資產均予確認。未來有應課稅溢利可支持由可扣稅之暫時性差異引致遞延稅項資產之確認，包括現存之應課稅暫時性差異的轉回，但該等差異須屬於同一稅務機關及應課稅實體，以及預計在同期內該可扣稅之暫時性差異轉回或在某些期限內由該遞延稅項資產產生的稅損可以收回或留存。相同標準應用在判斷現時可扣稅暫時性差異能否支援由未使用的可抵扣稅損或稅免產生的稅遞延稅項資產確認，即：如屬於同一稅務機關及應課稅實體，以及預計在某期間內因該稅損或稅免可使用而轉回時，會計入該等差異。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策 (續)

(r) 所得稅 (續)

在有限例外情況下，不確認遞延稅項資產及負債的暫時性差異包括不可扣稅的商譽、初始時已確認不影響會計及應課稅溢利的資產或負債（須不是商業合併的一部分）、及有關投資附屬公司的暫時性差異。就應課稅差異而言，不超過本集團可控制該差異轉回的時間而該差異在可見將來不會轉回；而就可扣稅差異而言，除非該差異在可見將來可以轉回。

確認遞延稅項的金額是根據該資產及負債的賬面值之預期收回及結算的方式，按在結算日已生效或基本上已生效的稅率計算。遞延稅項資產及負債不作折讓。

於結算日，遞延稅項資產的賬面金額須重新檢視，對預期不再有足夠的應課稅溢利以實現相關稅務利益予以扣減。被扣減的遞延稅項資產若於預期將來出現足夠的應課稅溢利時，應予轉回。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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 the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and 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.

2. 主要會計政策 (續)

(r) 所得稅 (續)

本期稅項與遞延稅項結餘及其變動之數額會分別列示而不會相互抵銷。本公司或本集團只有在有合法權利對本期稅項資產及負債抵銷及符合以下附帶條件的情況下，才對本期及遞延稅項資產及負債作出抵銷：

- 就本期稅項資產及負債而言，本公司或本集團計劃支付淨額或同時間收回資產及償還負債；或
- 有關的遞延稅項資產及負債為同一稅務機關對以下機構徵收所得稅所產生：
 - 同一個應課稅實體；或
 - 不同的應課稅實體：在未來每一個預計實現重大遞延稅項的期間，該實體計劃以淨額形式結算本期稅項資產及負債或兩者同時收回及償還。

(s) 準備及或然負債

如果本集團或本公司須就已發生的事件承擔法律或推定責任，因而預期會導致經濟利益外流，在可以作出可靠的估計時，會就該時間或數額不定的負債計提準備。如果貨幣時間值重大，則按預計所需支出的現值計列準備。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Provisions and contingent liabilities (continued)

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.

(t) 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 profit or loss as follows:

(i) *Brokerage commission and service income*

Brokerage commission and service income is recognised on a trade date basis when the relevant transactions are executed and related services are provided.

(ii) *Sale of trading securities*

Revenue on sale of trading securities is recognised on a trade date basis when the relevant transactions are executed.

2. 主要會計政策 (續)

(s) 準備及或然負債 (續)

如果經濟利益外流的可能性較低，或是無法對有關數額作出可靠的估計，便會作為或有負債披露，但經濟利益外流的可能性極低則除外。如果潛在責任須視乎某宗或多宗未來事件是否發生才能確定是否存在，此潛在責任亦會披露為或有負債，但經濟利益外流的可能性極低則除外。

(t) 收入確認

在經濟效益可能會流入本集團及能夠可靠地計算收入和成本（如適用）時，收入會根據下列基準確認：

(i) *經紀佣金與服務收入*

經紀佣金與服務收入之確認乃基於有關交易執行之交易日作基準及有關服務已提供。

(ii) *出售交易證券*

出售交易證券之收入確認以有關交易執行之交易日作基準。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Revenue recognition (continued)

(iii) Rental income from operating leases

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

(iv) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised directly in equity.

2. 主要會計政策 (續)

(t) 收入確認 (續)

(iii) 經營租賃之租金收入

除非有更具代表性的基準衡量從租賃資產獲取利益的模式，其經營租賃之租金收入按該租期所涵蓋的會計年期以等額分期確認為其他經營收入。經營租賃協議所涉及的激勵措施均在損益賬中確認為租賃淨收款總額的組成部分。或有租金以該收入產生的會計期間列作收入。

(iv) 股息收入

上市投資股息收入在該投資的股價除息時才被確認。

非上市投資股息收入在股東收取權被確立時才予以確認。

(v) 利息收入

利息收入乃依據有效利率計算方式累計確認。

(u) 外幣換算

於年內所發生之外幣交易按交易日的匯率折算為港幣。以外幣為單位的貨幣性資產及負債按結算日的匯率折算為港幣。匯兌差額則計入損益賬內，但源於海外業務淨投資對沖之外幣借貸則在權益中直接確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Translation of foreign currencies (continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign 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.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the gain or loss on disposal.

(v) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

2. 主要會計政策 (續)

(u) 外幣換算 (續)

以原值成本列賬但以外幣為單位的非貨幣性資產及負債按交易日的匯率折算。以公平值列賬的非貨幣性資產及負債按釐定其公平值日的匯率折算。

海外業務之業績是按照貼近交易日的匯率折算為港幣。資產負債表項目(包括二零零五年一月一日或以後購入之海外業務在綜合賬目時所產生之商譽)以結算日的匯率折算。所得匯兌差額會直接於權益內作獨立確認。就二零零五年一月一日或以後購入之海外業務在綜合賬目時所產生之商譽，以在購入該海外業務當日的匯率作折算。

計算出售海外業務的損益包括該業務所確認於權益內的累積匯兌差額。

(v) 借貸成本

借貸成本在發生期間在損益賬中列支，但與購置或建設需要長時間才可以投入擬定用途資產直接相關的借貸成本則會資本化。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

- (i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
- (ii) the Group and the party are subject to common control;
- (iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
- (iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals; or
- (v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by that individual in their dealings with the entity.

(x) 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.

2. 主要會計政策(續)

(w) 關聯人士

在編製本賬項時，與集團關聯人士是指：

- (i) 該人士有能力直接或間接透過一個或多個中介人控制，或可發揮重大影響集團的財務及經營決策，或共同控制本集團；
- (ii) 集團及該人士均受共同控制；
- (iii) 該人士為本集團的聯營公司或本集團為合資人的合資企業；
- (iv) 該人士為本集團或本集團母公司的主要管理人員，或該等主要管理人員的直系家庭成員，或由該等主要管理人員直接控制，共同控制，或可發揮重大影響力的實體。
- (v) 該人士為上述(i)項人士的直系家庭成員，或由(i)項人士直接控制，或可發揮重大影響力的實體；或

個別人士之近親家庭成員指可影響該個別人士與該實體交易之家庭成員，或受該個別人士與該實體交易影響之家庭成員。

(x) 分項報告

分項是指本集團內可明顯區分的組成部分，並且負責提供相關的產品或服務(業務分項)，或在一個特定的經濟環境中提供產品或服務(地區分項)。分項之間的風險和回報水平也不一樣。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Segment reporting (continued)

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

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. For example, segment assets may include trading securities, trade receivables and property and equipment. 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 entities 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.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

2. 主要會計政策 (續)

(x) 分項報告 (續)

就本財務賬項而言，根據本集團內部採用之財務報表系統，本集團選取業務分項為基本報告形式，而地區分項為次要報告形式。

分項收入、支出、業績、資產和負債包括可直接地歸屬於一分項及所有可以合理地分配予該分項的項目。舉例：分項資產可包括交易證券、應收賬款及物業與設備。除發生於集團企業內單一分項之間的集團內部結餘及交易外，分項收入、支出、資產及負債是包括集團內部結餘，而集團內部交易已經在賬項綜合時抵銷。業務間之轉移事項定價與給予外界人士的條款相同。

分項資本開支是用作購入估計可用期超過一年的分項資產（包括有形及無形的）的總成本。

未分配之項目主要包括財務及公司資產、計息貸款、借貸、稅項、公司與財務費用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

3. TURNOVER AND OTHER INCOME

Turnover and other income recognised during the year are as follows:

3. 營業額和其他收入

本年內列賬之營業額與其他收入如下：

	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Turnover		
Sale of trading securities		
– equity securities	2,245,535	1,286,439
– debt securities	73,269	388,025
– derivatives and others	87,366	74,281
Net unrealised gain/(loss) on trading investments		
– trading securities	217,424	21,516
– derivatives	(241,900)	(10,087)
Brokerage commission and service income	123,097	100,481
Interest income		
– bank deposits	100,443	65,044
– advances to customers	96,905	34,156
– finance lease	589	4,783
– others	23,746	14,995
Dividend income from listed investments	44,945	33,130
Gross rental income from investment properties	1,014	1,349
	2,772,433	2,014,112
Other income		
Net gain on disposal of available-for-sale securities	323,174	147,871
Exchange gain, net	6,955	–
Surplus on revaluation of investment properties	368	2,300
Compensation from legal claims	–	12,314
Gain on disposal of fixed assets	51	28
Recovery of doubtful debts previously written off	–	7,909
Write back of doubtful debts provision	–	3,500
Others	1,735	7,244
	332,283	181,166

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

4. STAFF COSTS

Salaries and allowances	薪酬工資及津貼
Share-based payments	以股份償付
Staff welfare and insurance	員工福利及保險
Staff training and recruitment	員工培訓及招聘
Pension costs – mandatory provident fund and defined contribution plans	退休成本 – 強積金及定額供款計劃

4. 員工費用

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
152,207	68,669
14,921	12,281
4,336	3,078
1,341	848
1,206	1,148
174,011	86,024

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the followings:

5. 經營盈利

經營盈利已扣除下列項目：

Depreciation on owned assets	自置固定資產折舊
Exchange loss, net	匯兌虧損·淨額
Operating lease rentals in respect of rented premises	土地及房產經營租賃 租金
Operating lease rentals in respect of rented equipment	設備經營租賃 租金
Auditors' remuneration	核數師酬金
Provision and write-off of bad and doubtful debts	呆壞賬準備 及撇除

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
4,596	5,067
–	5,802
4,614	3,459
–	10
1,637	1,259
833	202

6. FINANCE COSTS

Interest on bank loans	銀行貸款之利息
Interest to ultimate holding company (note 32(a))	最終控股公司貸款之利息 (附註32(a))

6. 財務費用

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
40,843	6,184
21,374	14,748
62,217	20,932

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS 7. 董事及最高酬金之五名人員的酬金

(a) Directors' emoluments:

Directors' remunerations disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

(a) 董事酬金：

根據香港《公司條例》第一百六十一條列報之董事酬金如下：

		Salaries, allowances and benefits	Share-based payments	Retirement scheme	2006		
Directors' fee	in kind Discretionary bonuses	(Note 1) contributions	retirement scheme	2006 Total			
薪金、津貼及 董事袍金	實物利益 酌情花紅	以股份償付 (註1)	退休 計劃供款	二零零六年 合計			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			
港幣千元	港幣千元	港幣千元	港幣千元	港幣千元			
<i>Executive directors</i> 執行董事							
Wang Mingquan (Note 2)	王明權 (註2)	-	2,095	-	1,034	-	3,129
Guo You	郭友	-	100	-	345	-	445
Zhou Liqun	周立群	-	915	6,500	1,034	-	8,449
He Ling	賀玲	-	890	3,000	690	-	4,580
Chen Shuang	陳爽	-	880	4,800	982	-	6,662
Xu Haoming	許浩明	-	85	-	-	-	85
<i>Independent non-executive directors</i> 獨立非執行董事							
Ng Ming Wah, Charles	吳明華	100	165	-	-	-	265
Seto Gin Chung, John	司徒振中	100	175	-	364	-	639
Lin Zhijun	林志軍	100	165	-	-	-	265
Tung Wai, David (Note 3)	董偉 (註3)	40	40	-	182	-	262
Tung Iring	董愛菱	46	62	-	-	-	108
		386	5,572	14,300	4,631	-	24,889

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued) 7. 董事及最高酬金之五名人員的酬金 (續)

(a) Directors' emoluments: (continued)

(a) 董事酬金：(續)

		Salaries, allowances and benefits	in kind	Discretionary bonuses	Share-based payments (Note 1)	Retirement scheme contributions	2005 Total	
	Directors' fee	薪金、津貼及 董事袍金	實物利益	酌情花紅	以股份償付 (註1)	退休 計劃供款	二零零五年 合計	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
<i>Executive directors</i>		<i>執行董事</i>						
	Wang Mingquan (Note 2)	王明權 (註2)	170	2,233	-	1,586	-	3,989
	Guo You	郭友	125	-	-	479	-	604
	Zhou Liqun	周立群	170	780	2,200	1,140	-	4,290
	He Ling	賀玲	125	780	1,800	810	-	3,515
	Chen Shuang	陳爽	125	780	1,800	1,434	-	4,139
	Xu Haoming	許浩明	78	-	-	-	-	78
	Xu Bin	許斌	83	-	-	479	-	562
	Xie Zhichun	解植春	40	-	-	149	-	189
	Lau Chung Man, Louis	劉仲文	44	461	-	50	394	949
<i>Independent non-executive directors</i>		<i>獨立非執行董事</i>						
	Ng Ming Wah, Charles	吳明華	165	-	-	30	-	195
	Tung Wai, David	董偉	185	-	-	385	-	570
	Seto Gin Chung, John	司徒振中	190	-	-	385	-	575
	Lin Zhijun	林志軍	45	-	-	-	-	45
			1,545	5,034	5,800	6,927	394	19,700

Note:

註：

- (1) The above emoluments include the value of share options granted to certain directors under the Company's share option scheme as estimated at the date of grant. Details of the share option scheme are disclosed in note 29 and in the directors' report.
- (2) Chairman Wang Mingquan has elected to waive annual bonus payable to him of HK\$8,000,000 (2005: HK\$2,300,000).
- (3) Mr. Tung Wai, David retired from the capacity of Director with effect from 26 May 2006.

- (1) 以上報酬已包括根據本公司的認股權計劃授予某些董事之認股權價值(按授出日之估值)。有關認股權計劃之詳情載於財務報表附註29及董事會報告書內。
- (2) 王明權主席選擇不收取其本年年終花紅港幣8,000,000元(二零零五年:港幣2,300,000元)。
- (3) 董偉先生已於二零零六年五月二十六日退任董事職務。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued) 7. 董事及最高酬金之五名人員的酬金 (續)

(b) Five highest paid individuals' emoluments

Salaries and other emoluments	薪金及其他報酬
Discretionary bonus	酌情花紅
Share-based payments	以股份償付
Retirement scheme contributions	退休計劃供款

(b) 最高酬金之五名人員

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
-----------------------------------	-----------------------------------

5,529	5,376
31,977	8,680
5,355	5,602
72	24

42,933	19,682
---------------	---------------

2006 二零零六年	2005 二零零五年
---------------	---------------

Number of directors	董事人數
Number of employees	僱員人數

2	3
3	2
5	5

Their emoluments were within the following bands:

支付酬金組別如下:

		Number of individuals 人數	
		2006 二零零六年	2005 二零零五年
HK\$2,500,001 to HK\$5,000,000	港幣2,500,001至港幣5,000,000元	-	5
HK\$5,000,001 to HK\$7,500,000	港幣5,000,001至港幣7,500,000元	3	-
HK\$7,500,001 to HK\$10,000,000	港幣7,500,001至港幣10,000,000元	1	-
HK\$10,000,001 to HK\$12,500,000	港幣10,000,001至港幣12,500,000元	-	-
HK\$12,500,001 to HK\$15,000,000	港幣12,500,001至港幣15,000,000元	-	-
HK\$15,000,001 to HK\$17,500,000	港幣15,000,001至港幣17,500,000元	1	-
		5	5

During the year, no emoluments were paid to the five highest paid individuals (including directors and employees) as an inducement to join the Group or as compensation for loss of office (2005: Nil).

於本年度，本集團並無支付酬金予最高酬金的五名人士（包括董事及僱員）以吸引其加入或作離職損失的賠償（二零零五年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

8. INCOME TAX

The provision for Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation in the relevant countries.

The amount of taxation charged/(credited) to the consolidated income statement represents:

8. 稅項

香港利得稅乃按本年之估計應課稅盈利按17.5% (二零零五年: 17.5%) 作稅項準備。海外盈利之稅款, 則按照本年度估計應課稅盈利依集團經營業務地區之現行稅率計算。

於綜合損益表內計提/(記賬)之稅項組成如下:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Company and subsidiaries	公司及附屬公司		
Current taxation	本年準備		
– Hong Kong profits tax	– 香港利得稅	72,033	27,408
– Overseas taxation	– 海外稅項	9,554	243
– Under provision in respect of prior years	– 往年不足之準備數	9,370	40
Deferred taxation	遞延稅項		
– Deferred taxation relating to the origination and reversal of temporary differences	– 遞延稅項暫時差異的產生及回撥	(2,619)	6,174
		88,338	33,865

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

8. INCOME TAX (continued)

The taxation on the Group's profit before taxation differs from that using the Hong Kong profits tax rate as follows:

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Profit before taxation	除稅前盈利	1,010,292	338,365
Calculated at a tax rate of 17.5% (2005: 17.5%)	按稅率17.5% (二零零五年: 17.5%)		
	計算之稅項	176,801	59,214
Tax effect of income not subject to taxation	無須課稅之收入	(135,732)	(58,258)
Tax effect of expenses not deductible for taxation purpose	不可扣稅之支出	3,447	21,038
Tax effect of utilisation of previously unrecognised losses	使用以前未有確認 之稅損	(3,655)	(2,949)
Tax effect of tax losses and other deductible temporary differences not recognised	未確認之稅損及其他 可扣減暫時差異 的稅務影響	39,613	14,773
Under provision in respect of prior years	往年不足之準備數	9,370	40
Effect of different tax rates of overseas subsidiaries	海外附屬公司稅率差異	(1,506)	7
Taxation charge	稅項費用	88,338	33,865

8. 稅項 (續)

本集團除稅前盈利之稅項，與按香港利得稅率計算之差異如下：

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Net profit for the year of approximately HK\$455,344,000 (2005: net loss of HK\$85,886,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

The directors do not recommend a payment of final dividend for the year (2005: HK\$nil).

9. 股東應佔盈利

本年度於本公司賬上之淨盈利約為港幣455,344,000元(二零零五年: 約港幣85,886,000元之淨虧損)已於本公司之財務報表作處理。

10. 股息

董事會不建議就截至二零零六年十二月三十一日止年度派發末期股息(二零零五年: 無)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of the Company of HK\$878,976,000 (2005: HK\$295,746,000) and the weighted average number of 1,566,028,602 ordinary shares (2005: 1,564,147,527 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

Issued ordinary shares at 1 January	於一月一日已發行股數
Effect of share options exercised	行使認股權之影響

(a) 每股基本盈利

每股基本盈利是按本公司股東應佔盈利港幣878,976,000元(二零零五年:港幣295,746,000元)及本年內已發行股份之加權平均股數1,566,028,602股普通股(二零零五年:1,564,147,527股普通股),計算如下:

股份之加權平均股數

	2006 二零零六年	2005 二零零五年
	1,564,875,712	1,563,600,712
	1,152,890	546,815
	1,566,028,602	1,564,147,527

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to shareholders of the Company of HK\$878,976,000 (2005: HK\$295,746,000) and the weighted average number of 1,576,435,626 ordinary shares (2005: 1,566,243,072 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

Weighted average number of ordinary shares at 31 December	於十二月三十一日已發行股份之加權平均股數
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	根據本公司之認股權計劃,假設無需支付金額而發行之股數

(b) 每股攤薄盈利

每股攤薄盈利是按本公司股東應佔盈利港幣878,976,000元(二零零五年:港幣295,746,000元)及經調整行使購股權而產生有潛在攤薄性股份之加權平均股數1,576,435,626股普通股(二零零五年:1,566,243,072股普通股),計算如下:

股份之加權平均股數(攤薄)

	2006 二零零六年	2005 二零零五年
	1,566,028,602	1,564,147,527
	10,407,024	2,095,545
	1,576,435,626	1,566,243,072

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

12. FIXED ASSETS

(a) Group

		Interests in leasehold land held for own use under operating leases 以經營租賃 持有作自用 之租賃土地 HK\$'000 港幣千元	Buildings held for own use carried at cost 持作自用 房產以 成本列賬 HK\$'000 港幣千元	Investment properties 投資物業 HK\$'000 港幣千元	Leasehold improvements 租賃 物業裝修 HK\$'000 港幣千元	Furniture, fixtures, equipment and motor vehicles 傢具、裝置、 設備及汽車 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Cost or valuation:	成本或估值:						
At 1 January 2005	於二零零五年一月一日	186,666	23,403	24,212	10,895	38,098	283,274
Additions	添置	-	-	-	43	1,148	1,191
Disposal	出售	-	(958)	-	-	-	(958)
Surplus on revaluation	重估增值	-	-	2,300	-	-	2,300
		<u>186,666</u>	<u>22,445</u>	<u>26,512</u>	<u>10,938</u>	<u>39,246</u>	<u>285,807</u>
At 31 December 2005	於二零零五年十二月三十一日	186,666	22,445	26,512	10,938	39,246	285,807
Representing:	組成如下:						
Cost	成本	186,666	22,445	-	10,938	39,246	259,295
Valuation	專業估值	-	-	26,512	-	-	26,512
		<u>186,666</u>	<u>22,445</u>	<u>26,512</u>	<u>10,938</u>	<u>39,246</u>	<u>285,807</u>
At 1 January 2006	於二零零六年一月一日	186,666	22,445	26,512	10,938	39,246	285,807
Additions	添置	115,862	17,512	-	1,117	2,918	137,409
Disposal	出售	-	-	(11,978)	(123)	(1,462)	(13,563)
Surplus on revaluation	重估增值	-	-	368	-	-	368
		<u>302,528</u>	<u>39,957</u>	<u>14,902</u>	<u>11,932</u>	<u>40,702</u>	<u>410,021</u>
At 31 December 2006	於二零零六年十二月三十一日	302,528	39,957	14,902	11,932	40,702	410,021
Representing:	組成如下:						
Cost	成本	302,528	39,957	-	11,932	40,702	395,119
Valuation	專業估值	-	-	14,902	-	-	14,902
		<u>302,528</u>	<u>39,957</u>	<u>14,902</u>	<u>11,932</u>	<u>40,702</u>	<u>410,021</u>
Accumulated amortisation, depreciation and impairment:	累積攤銷、折舊及減值:						
At 1 January 2005	於二零零五年一月一日	95,704	2,507	-	9,026	31,914	139,151
Charge for the year	本年度計提	1,588	467	-	654	2,358	5,067
Written back on disposal	出售時回撥	-	(40)	-	-	-	(40)
		<u>97,292</u>	<u>2,934</u>	<u>-</u>	<u>9,680</u>	<u>34,272</u>	<u>144,178</u>
At 31 December 2005	於二零零五年十二月三十一日	97,292	2,934	-	9,680	34,272	144,178
At 1 January 2006	於二零零六年一月一日	97,292	2,934	-	9,680	34,272	144,178
Charge for the year	本年度計提	1,836	542	-	468	1,750	4,596
Written back on disposal	出售時回撥	-	-	-	(95)	(1,264)	(1,359)
		<u>99,128</u>	<u>3,476</u>	<u>-</u>	<u>10,053</u>	<u>34,758</u>	<u>147,415</u>
At 31 December 2006	於二零零六年十二月三十一日	99,128	3,476	-	10,053	34,758	147,415
Net book value:	賬面淨值:						
At 31 December 2006	於二零零六年十二月三十一日	203,400	36,481	14,902	1,879	5,944	262,606
At 31 December 2005	於二零零五年十二月三十一日	89,374	19,511	26,512	1,258	4,974	141,629

12. 固定資產

(a) 集團

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

12. FIXED ASSETS (continued)

12. 固定資產 (續)

(b) Company

(b) 公司

		Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Cost	成本：				
At 1 January 2005	於二零零五年一月一日	95	2,012	2,232	4,339
Additions	添置	-	24	-	24
At 31 December 2005	於二零零五年 十二月三十一日	95	2,036	2,232	4,363
At 1 January 2006	於二零零六年一月一日	95	2,036	2,232	4,363
Disposal	出售	-	-	(884)	(884)
At 31 December 2006	於二零零六年 十二月三十一日	95	2,036	1,348	3,479
Accumulated depreciation	累積折舊				
At 1 January 2005	於二零零五年一月一日	11	1,861	906	2,778
Charge for the year	本年度計提	19	38	270	327
At 31 December 2005	於二零零五年 十二月三十一日	30	1,899	1,176	3,105
At 1 January 2006	於二零零六年一月一日	30	1,899	1,176	3,105
Charge for the year	本年度計提	19	39	270	328
Written back on disposal	出售時回撥	-	-	(884)	(884)
At 31 December 2006	於二零零六年 十二月三十一日	49	1,938	562	2,549
Net book value:	賬面淨值：				
At 31 December 2006	於二零零六年 十二月三十一日	46	98	786	930
At 31 December 2005	於二零零五年 十二月三十一日	65	137	1,056	1,258

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

12. FIXED ASSETS (continued)

- (c) The Group's interests in leasehold land and buildings and investment properties at 31 December 2006 were appraised by Messrs. S.H. Ng & Co. Limited, an independent professional valuer in Hong Kong and Mainland China. These properties were appraised on an open market basis and are carried in the balance sheet at market value.

As at 31 December 2006, had the Group's interests in leasehold land and buildings been carried at fair value, their carrying amount would have been HK\$271,830,000 (2005: HK\$120,688,000).

Investment properties of HK\$6,856,000 (2005: HK\$13,356,000) of the Group are rented out under operating leases, of which HK\$5,650,000 (2005: HK\$5,300,000) are rented to the ultimate holding company.

- (d) The analysis of net book value of properties is as follows:

12. 固定資產 (續)

- (c) 本集團於香港及中國大陸之租賃土地及房產與投資物業由香港的獨立專業評估師吳世熙測量師行按二零零六年十二月三十一日之價值重估。這些物業均以公開市值重估，投資物業於資產負債表以市價入賬。

於二零零六年十二月三十一日，本集團之租賃土地及房產的價值若按公平值列賬，則其賬面值應約港幣271,830,000元（二零零五年：約港幣120,688,000元）。

本集團價值約港幣6,856,000元（二零零五年：約港幣13,356,000元）之投資物業已根據經營租約租出，其中約港幣5,650,000元（二零零五年：約港幣5,300,000元）已出租予最終控股公司。

- (d) 物業的賬面淨值分析如下：

		Group 集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Held in Hong Kong	於香港		
– on long lease	– 以長期租約持有	221,464	89,984
– on medium-term lease	– 以中期租約持有	23,784	35,662
		245,248	125,646
Held outside Hong Kong	於香港以外地區		
– on medium-term lease	– 以中期租約持有	9,535	9,751
		9,535	9,751
		254,783	135,397

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES 13. 附屬公司投資及與附屬公司的往來賬款

(a) Investments in subsidiaries

Investments, at cost
Unlisted shares
Less: provision for impairment
in value

投資·按成本值:
非上市股份
減:投資減值撥備

(a) 附屬公司投資

2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
1,573,081	1,522,381
(4,900)	(2,000)
1,568,181	1,520,381

The directors are of the opinion that the underlying value of the subsidiaries is not less than their carrying value at 31 December 2006.

董事們認為附屬公司的價值並不低於其二零零六年十二月三十一日的賬面價值。

As at 31 December 2006, particulars of the principal subsidiaries of the Company are as follows:

本公司於二零零六年十二月三十一日擁有下列主要附屬公司:

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
CEL Venture Capital (Shenzhen) Limited 光大控股創業投資(深圳)有限公司	The PRC, wholly foreign owned enterprise 中國·外資獨資企業	Not applicable 不適用	HK\$100,000,000 港幣100,000,000元	100%	Provision of investment advisory services and investment 提供投資顧問服務及投資
CEL Management Services Limited 光大控股管理服務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Provision of management services 提供管理服務
CEL (Secretaries) Limited 光大控股(秘書)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Provision of secretarial services 提供秘書服務

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued) 13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
China Everbright Assets Management Limited 中國光大資產管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$5,000,000 港幣5,000,000元	100% ¹	Provision of asset management services 提供資產管理服務
China Everbright Bullion Investment Limited 中國光大金業投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000 港幣1,000元	100% ¹	Provision of bullion trading services 提供黃金交易服務
China Everbright Capital Limited 中國光大融資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$10,000,000 港幣10,000,000元	100% ¹	Provision of corporate finance and investment advisory services 提供企業融資及投資顧問服務
China Everbright Dragon Fund Limited 中國光大龍騰基金有限公司	Cayman Islands 開曼群島	Non-participating shares 無參與權股	US\$5 5美元	67.96%	Investment 投資
		Participating redeemable preference shares 有參與權可贖回優先股	US\$572.58 572.58美元		
China Everbright Finance Limited 中國光大財務有限公司	Hong Kong 香港	Ordinary 普通股	HK\$100,000,000 港幣100,000,000元	100% ¹	Money lending 放款業務

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued) 13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
China Everbright Financial Holdings Limited 中國光大金融控股有限公司	Hong Kong 香港	Ordinary shares 普通股	HK\$100 港幣100元	100% ¹	Investment holding 投資控股
		Non-voting deferred shares 無投票權遞延股	HK\$200,000,000 港幣200,000,000元		
China Everbright Financial Investments Limited 中國光大財務投資有限公司	Hong Kong 香港	Ordinary shares 普通股	HK\$1,000,000 港幣1,000,000元	100% ¹	Investment 投資
China Everbright Forex & Futures (HK) Limited 中國光大外匯、期貨(香港)有限公司	Hong Kong 香港	Ordinary shares 普通股	HK\$35,000,000 港幣35,000,000元	100% ¹	Provision of futures brokerage and leveraged foreign exchange trading services 提供期貨經紀及槓桿式外匯交易服務
China Everbright Wealth Management Limited (formerly known as China Everbright Insurance Brokers Company Limited) 中國光大財富管理有限公司(前稱「中國光大保險顧問有限公司」)	Hong Kong 香港	Ordinary shares 普通股	HK\$500,000 港幣500,000元	100%	Provision of wealth management services 提供財富管理

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued) 13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
China Everbright Research Limited 中國光大資料研究有限公司	Hong Kong 香港	Ordinary 普通股	HK\$5,500,000 港幣5,500,000元	100% ¹	Investment research 投資研究
China Everbright Securities (HK) Limited 中國光大證券(香港)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$150,000,000 港幣150,000,000元	100% ¹	Provision of stock brokerage services and margin financing 提供證券經紀服務及孖展借貸
China Everbright Securities (Nominees) Limited 中國光大證券(代理人)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% ¹	Provision of nominee services 提供代理人服務
China Everbright Strategic Holdings Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$2 2美元	100%	Treasury management 司庫管理
Dial Eight Investments Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100% ¹	Investment 投資
Everbright-Efund Fund Management Limited	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 港幣1,000,000元	50% ¹	Fund management 基金管理

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued) 13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
Everbright Wisdom Fund Management Limited 光大智盛基金管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 港幣1,000,000元	51% ¹	Fund management 基金管理
Fortunecrest Investment Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100% ¹	Property investment 物業投資
Hairich Enterprises Limited	Hong Kong 香港	Ordinary 普通股	HK\$10,000 港幣10,000元	100% ¹	Property investment 物業投資
IHD (Malaysia) Sdn. Bhd. ²	Malaysia 馬來西亞	Ordinary 普通股	M\$25,000 25,000馬元	100%	Investment holding 投資控股
Janco Development Limited 青高發展有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Property investment 物業投資
Multiplus (Warehouse) Limited 民迪(貨倉)有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Property investment 物業投資
Poseidon Treasure Limited	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% ¹	Provision of debt recovery services 提供呆賬追收服務

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued) 13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) Investments in subsidiaries (continued)

(a) 附屬公司投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊地點	Class of shares 股份類別	Particulars of issued share capital 已發行股本面值	Percentage of equity interest held by the Company 本公司所佔資本權益百分比	Principal activities 主要業務
Solidpole Limited 億捷有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Investment 投資
SeaBright Asset Management Limited 光大海基資產管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$1,000,000 港幣1,000,000元	65% ¹	Asset management 提供資產管理服務
Seabright China Special Opportunities (I) Limited	British Virgin Islands 英屬維京群島	Non-participating shares 無參與權股	US\$5 5美元	79% ¹	Investment 投資
		Participating redeemable preference shares 有參與權可贖回優先股	US\$130 130美元		
Trycom Management Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100%	Investment 投資
Wealthlink Pacific Limited	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100%	Investment 投資
Well Logic Investment Limited 威萊投資有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100% ¹	Property investment 物業投資
深圳市光控投資諮詢有限公司	The PRC, domestic enterprise 中國·內資企業	Not applicable 不適用	RMB1,000,000 人民幣1,000,000元	95% ¹	Provision of consultancy services and investment 提供諮詢服務

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES (continued)

(a) Investments in subsidiaries (continued)

¹ Subsidiaries held indirectly.

² Subsidiaries not audited by KPMG. The aggregate net assets of subsidiaries not audited by KPMG is less than 0.1% of the Group's net assets.

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment, with the exception of HK\$155,368,000 (2005: HK\$149,835,000) which bears interest at an average of 3.04% per annum (2005: average of 2.38% per annum) and three subordinated loans, of which, HK\$150,000,000 are to be repayable in 2008 and the other two amounting to HK\$50,000,000 each are repayable on demand (2005: two subordinated loans of HK\$50,000,000 each repayable in 2006). It is the Company's intention not to demand repayment from those subsidiaries within one year other than subordinated loans that are governed by specific agreements.

(c) Amounts due to subsidiaries

Amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

13. 附屬公司投資及與附屬公司的往來賬款 (續)

(a) 附屬公司投資 (續)

¹ 間接擁有之附屬公司。

² 非經畢馬威所審核之附屬公司。非經畢馬威所審核的附屬公司之淨資產佔本集團淨資產少於0.1%。

(b) 應收附屬公司款項

應收附屬公司款項除約港幣155,368,000元(二零零五年:約港幣149,835,000元)需按平均年息3.04%付息(二零零五年:平均年息2.38%),及三筆不計息後償貸款,分別為一筆港幣150,000,000元於二零零八年到期,另外兩筆分別為港幣50,000,000元即時還款外,(二零零五年:兩筆各港幣50,000,000元之不計息後償貸款,於二零零六年到期),其餘款項均無抵押、無須計息及無固定償還日期。本公司並無意向要求有關附屬公司在一年內償還款項,而後償貸款則根據所簽訂協議執行。

(c) 應付附屬公司款項

應付附屬公司款項均無抵押、無須計息及無固定償還日期。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

14. INVESTMENTS IN ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES 14. 聯營公司投資及應付聯營公司款項

(a) Investments in associates:

(a) 聯營公司投資：

		Group		Company	
		集團	集團	公司	公司
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Investments, at cost	投資·按成本值：				
Unlisted shares in	非上市股份				
– Hong Kong	– 香港	40,458	40,458	40,390	40,390
– Overseas	– 海外	5,534,961	5,534,961	5,535,376	5,535,376
Share of post-acquisition reserves	應佔收購後儲備	(183,974)	(753,163)	–	–
		<u>5,391,445</u>	<u>4,822,256</u>	<u>5,575,766</u>	<u>5,575,766</u>
Less:	減：				
Provision for impairment charged against investment costs	投資成本減值準備	(165,548)	(165,548)	(3,894,298)	(4,463,487)
Premium on acquisition	收購溢價	(3,544,429)	(3,544,429)	–	–
Carrying value, net (Note 14(b)(i))	賬面值·淨額 (附註14(b)(i))	<u>1,681,468</u>	<u>1,112,279</u>	<u>1,681,468</u>	<u>1,112,279</u>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

14. INVESTMENTS IN ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES (continued)

(b) As at 31 December 2006, particulars of the principal associates of the Group are as follows:

Name of associate 聯營公司名稱	Place of incorporation/ operation 註冊／經營地點	Principal activities 主要業務	Percentage of equity interest held directly 本公司直接持有資本權益百分比
China Everbright Bank Company Limited ("Everbright Bank") (i) 中國光大銀行股份有限公司 ("光大銀行") (i)	PRC 中國	Banking operations 銀行業務	21.39%
Everbright Securities Company Limited ("Everbright Securities") 光大證券股份有限公司 ("光大證券")	PRC 中國	Securities operations 證券業務	46.60% (Note) 46.60% (註)

Note:

To be diluted down to an equity interest of 39.31% (See Note 42(a)).

(i) The directors of the Group understand that the major shareholders of China Everbright Bank Company Limited ("Everbright Bank") and the relevant regulatory authorities are still in the process of devising a financial restructuring plan for Everbright Bank to enhance its capital position and competitiveness.

At the date of this report, the Group does not have any plan nor obligation, constructive or otherwise, to inject further capital to Everbright Bank or make payments or extend guarantees on behalf of Everbright Bank beyond the Group's original investment. The Company's Board of Directors will assess the terms and merit of any restructuring plan of Everbright Bank.

14. 聯營公司投資及應付聯營公司款項 (續)

(b) 本集團於二零零六年十二月三十一日，主要聯營公司資料如下：

註：

資本權益將攤薄至39.31% (參附註42(a))。

(i) 本集團之董事們理解到光大銀行之主要股東與有關監管機構仍為提升光大銀行之資本情況及競爭能力而進行財務改組計劃。

於此報告公佈當日，本集團並無任何計劃或責任，無論是推定與否，對光大銀行作出超過本集團原投資成本的注資、代付費用或提供擔保。本公司之董事會會對光大銀行將來任何重組計劃之有關條款及利弊進行評估。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

14. INVESTMENTS IN ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES (continued)

(b) (continued)

(i) (continued)

The Group's carrying value of its investment in Everbright Bank was reduced to zero in 2004 after sharing in losses of HK\$331 million made by Everbright Bank; while leaving HK\$592 million attributable loss not yet recorded by the Group. The losses were based on the unaudited financial results of Everbright Bank for the year ended 31 December 2004.

Preparation of Everbright Bank's audited financial results for the years ended 31 December 2004, 2005 and 2006 in accordance with the HKFRSs are still underway. Management is thus, at this point of time, unable to get hold of comprehensive and accurate financial information of Everbright Bank. In view of the preceding status taken together with the fact that, up to 31 December 2004, the Group still has an unrecorded accumulated net loss of approximately HK\$592 million attributable from Everbright Bank; the approach of not accounting for the Group's share of Everbright Bank's unaudited results for the year ended 31 December 2006 is considered to be prudent and reasonable by the Company's Board of Directors.

14. 聯營公司投資及應付聯營公司款項 (續)

(b) (續)

(i) (續)

根據截至二零零四年十二月三十一日止光大銀行未經審計之財務業績，本集團於光大銀行投資之賬面值已於二零零四年度賬目中，在分佔光大銀行之虧損港幣3.31億元後減至零，尚餘應佔光大銀行之虧損港幣5.92億元未記入本集團賬上。

目前，有關光大銀行以「香港財務報告準則」為基準的二零零四年、二零零五年及二零零六年全面審計仍在積極進行中。故此，管理層暫難掌握比較全面和準確的光大銀行財務資料。因應上述狀況及，截至二零零四年十二月三十一日，本集團尚餘應佔光大銀行之虧損港幣5.92億元未記入本集團賬上；故本集團董事們認為不對截至二零零六年十二月三十一日的應佔光大銀行未經審核的業績進行入賬是謹慎而合理的決定。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

14. INVESTMENTS IN ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES (continued)

(c) Supplementary financial information of a principal associate

Supplementary financial information in respect of the principal associate extracted from its financial statements after necessary adjustments to conform to the Group's accounting policies and prepared under accounting principles generally accepted in Hong Kong is as follows:

Income statement

Turnover	營業額
Profit before taxation	除稅前盈利
Current taxation	本年度稅項
Minority interests	少數股東權益
Profit attributable to shareholders	股東應佔盈利

Balance sheet

Total assets	總資產
Total liabilities	總負債
Minority interest	少數股東權益
Net assets attributable to shareholders of the associate	歸屬於聯營公司之淨資產

損益表

營業額	2,075,347	474,391
除稅前盈利	1,529,900	50,308
本年度稅項	(373,876)	12,482
少數股東權益	3,397	(1,956)
股東應佔盈利	1,159,421	60,834

資產負債表

總資產	5,755,697	3,237,060
總負債	(2,094,421)	(710,103)
少數股東權益	3,661,276	2,526,957
少數股東權益	(38,921)	(42,319)
歸屬於聯營公司之淨資產	3,622,355	2,484,638

(d) Amounts due to associates

The amounts due to associates are unsecured, interest free and have no fixed terms of repayment.

14. 聯營公司投資及應付聯營公司款項 (續)

(c) 主要聯營公司之補充財務資料

主要聯營公司之補充財務資料是摘錄自聯營公司之財務報表，並經相關調整以符合本集團之會計政策及香港會計準則：

Everbright Securities

光大證券

2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元
-----------------------------------	-----------------------------------

(d) 應付聯營公司款項

應付聯營公司款項均為無抵押、免息及無固定償還日期。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. AVAILABLE-FOR-SALE SECURITIES

15. 備供銷售證券

		Group 集團		Company 公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Listed equity securities at fair value:	上市股票證券 按公平值:				
Listed in Hong Kong	於香港上市	1,374,215	928,597	-	-
Unlisted equity securities	非上市股票證券	436,000	75,904	99,573	-
		1,810,215	1,004,501	99,573	-

The Group held the following principal available-for-sale securities as at 31 December 2006:

於二零零六年十二月三十一日，本集團主要持有以下備供銷售證券：

Company name 公司名稱	Place of incorporation 註冊地點	Principal activities 主要業務	Effective equity interest held by the Group 本集團實質持有 資本權益百分比
China Mobile (Hong Kong) Limited (i) 中國移動(香港)有限公司(i)	Hong Kong 香港	Provision of telecommunication services 提供通訊服務	0.08%

(i) At 31 December 2006, the carrying amount of interests in China Mobile (Hong Kong) Limited ("China Mobile") exceeds 10% of total assets of the Group.

(i) 於二零零六年十二月三十一日，投資在中國移動(香港)有限公司(「中國移動」)的賬面值高於本集團總資產的10%。

Available-for-sale securities with an aggregate carrying amount of approximately HK\$135 million (2005: HK\$183 million) have been pledged to secure bank loans and overdraft facilities of the Group.

總額約港幣1.35億元(二零零五年：港幣1.83億元)之備供銷售證券已作銀行抵押，為本集團獲取銀行貸款及透支額度。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

15. AVAILABLE-FOR-SALE SECURITIES (continued)

On 20 December 2005, the Group entered into a securities lending agreement with an independent third party to lend 18,000,000 shares in China Mobile which entitles the Group to a stock lending fee of 0.5% per annum. The stock lending agreement may be terminated by either party giving the other not less than 5 days written notice. As at 31 December 2006, the number of shares in China Mobile on loan was 12,000,000 (2005: 18,000,000) and the shares had a fair value of approximately HK\$808 million (2005: HK\$659 million).

16. OTHER NON-TRADING SECURITIES

At fair value:	公平值:
Overseas unlisted convertible bonds	海外非上市 可換股債券
Overseas unlisted equity securities	海外非上市 股票證券

17. FINANCE LEASE RECEIVABLES

There was no finance lease receivable outstanding at 31 December 2006 (2005: HK\$8,817,000 current assets and HK\$2,899,000 non-current assets).

15. 備供銷售證券(續)

於二零零五年十二月二十日，本集團就18,000,000股中國移動與一獨立第三者簽訂了一項證券借貸協議，訂明本集團可收取每年0.5%之證券借貸費用，任何一方可在提出不少於5天書面通知下終止此證券借貸協議。於二零零六年十二月三十一日，此已外借之12,000,000股（二零零五年：18,000,000股）中國移動的公平值約為港幣8.08億元（二零零五年：約港幣6.59億元）。

16. 其他非交易證券

Group 集團	
2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
140,314	—
79,608	—
219,922	—

17. 融資租賃應收款

於二零零六年十二月三十一日並無融資租賃應收款（二零零五：港幣8,817,000元為流動資產及港幣2,899,000元為非流動資產）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

18. INTANGIBLE ASSETS

18. 無形資產

		Group 集團		
		Goodwill 商譽	Trading rights 交易權	Total 合計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cost	成本			
At 1 January 2005 and 31 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	102,300	1,250	103,550
At 1 January 2006 and 31 December 2006	於二零零六年一月一日 及二零零六年十二月 三十一日	102,300	1,250	103,550
Accumulated amortisation and impairment loss	累計攤銷及減值損失			
At 1 January 2005 and 31 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	102,300	-	102,300
At 1 January 2006 and 31 December 2006	於二零零六年一月一日 及二零零六年十二月 三十一日	102,300	-	102,300
Net book value	賬面淨值			
At 31 December 2006	二零零六年十二月 三十一日	-	1,250	1,250
At 31 December 2005	二零零五年十二月 三十一日	-	1,250	1,250

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

19. ADVANCES TO CUSTOMERS

19. 客戶借款

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Amounts due from margin clients	孖展客戶借款	909,349	599,991
Less: impairment loss provision	減: 減值損失準備	(8,227)	(8,227)
		901,122	591,764

Advances to customers are secured by listed securities of margin clients held as collateral, an aging analysis is as follows:

客戶借款以孖展客戶持有之上市證券作抵押·賬齡分析如下:

		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Repayable on demand	即時還款	909,349	382,848
Less than 3 months	三個月以下	-	217,143
		909,349	599,991

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

20. DEBTORS, DEPOSITS AND PREPAYMENTS

20. 應收賬款、按金及預付款

	Group 集團		Company 公司	
	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Accounts receivable, net	313,211	213,921	-	-
Deposits, prepayments and other receivables	38,733	29,836	4,812	5,267
	351,944	243,757	4,812	5,267

Details of the aging analysis on accounts receivable are as follows:

應收賬款的賬齡分析如下：

		Group 集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Within 1 month	一個月以下	312,651	213,670
Within 1 to 2 month	一至二個月	232	149
Within 2 to 3 month	二至三個月	5	15
Within 3 to 6 month	三至六個月	205	44
Over 6 month	六個月以上	118	43
		313,211	213,921

Accounts receivable mainly comprise amounts due from brokerage clients, brokers and clearing houses. These receivables are normally due two days after trade day, and the extension of credit requires management's approval on a case-by-case basis.

應收賬款主要為本集團之經紀業務客戶、經紀商戶及結算所賬款，一般在交易後兩天到期，延期還款需由管理層個別批准。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

21. TRADING SECURITIES

21. 交易證券

		Group 集團	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Current Assets	流動資產		
At fair value:	公平值：		
Equity securities:	股票證券：		
– listed in Hong Kong	– 香港上市	443,046	325,120
– listed overseas	– 海外上市	443,920	132,231
		886,966	457,351
Debt securities:	債權證券：		
– listed overseas	– 海外上市	20,269	37,271
– unlisted	– 非上市	3,347	1,921
		23,616	39,192
Derivatives:	衍生工具：		
– equity-linked	– 與股票掛鈎	70,918	–
– others	– 其他	372	–
		71,290	–
		981,872	496,543
Current Liabilities	流動負債		
At fair value:	公平值：		
Equity securities:	股票證券：		
– Listed in Hong Kong	– 香港上市	(16,344)	(9,221)
Derivatives:	衍生工具：		
– equity – linked note (i)	– 與股票掛鈎 (註(i))	(231,829)	(8,190)
– others	– 其他	(52,468)	(1,896)
		(300,641)	(19,307)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

21. TRADING SECURITIES (continued)

- (i) On 21 December 2005, the Group has purchased a principal guaranteed note ("PGN") from an independent third party for a total consideration of approximately HK\$693 million. The payment of consideration has been deferred and the Group is obliged to pay to the PGN issuer a finance charge of 3.65% per annum. According to the terms of the PGN, the purchase consideration is to be settled in six equal semi-annual payments. Each payment is either in cash or by 3,000,000 shares of China Mobile, the ultimate form of settlement depends upon the closing share price of China Mobile two business days prior to payment date and the closing value of Hang Seng Index on the payment date. Under the PGN, the Group is entitled to receive six semi-annual payments from the issuer and each payment is equal to one-sixth of the PGN amount plus an additional bonus, if applicable, based on the average appreciation of the China Mobile mid-week closing share price from the date of inception to payment date.

As at 31 December 2006, the fair value of the PGN of HK\$231,829,000 (2005: HK\$8,190,000) was calculated with reference to the terms of the PGN and the closing share price of China Mobile as at 29 December 2006 (the last trading day in 2006), adjusted by the underlying option value and taking into account the discounted net present value of the Group's payment obligations, including finance charge, under the PGN. Key parameters used in the PGN valuation include the volatility of China Mobile's share price, the volatility of the Hang Seng Index and expected future interest rates.

21. 交易證券 (續)

- (i) 於二零零五年十二月二十一日，本集團自一獨立第三者以港幣6.93億元購買一項保本票據（「PGN」）。基於本集團承諾支付每年3.65%之財務費用予PGN之發行者，該項購買款項得以遞延支付。根據PGN內之條文，該購買款項將平均攤分為六期支付，每半年一期。每期付款可以現金或以3,000,000股中國移動支付。最終之付款形式將取決於中國移動於付款日期前兩個交易日之收市價及恆生指數於付款日之收市水平。該PGN指明，本集團可自發行者收取六期，每半年一期之款項，每期相等於PGN總金額之六分之一加上一額外獎賞，該獎賞是根據中國移動自PGN購買日至付款日每星期中間之收市價之平均升值（如適用）計算。

於二零零六年十二月三十一日，PGN之公平值港幣231,829,000元（二零零五年：港幣8,190,000元）計算乃根據PGN之合約條款，並依據中國移動於二零零六年十二月二十九日（二零零六年最後一個交易日）之收市價，並調整其期權價值及本集團根據PGN之應付款額（包括財務費用）之折現金額釐定。PGN價值的主要參數包括中國移動股價之波幅率、恆生指數之波幅率及未來的預期利率。

22. BANK BALANCES AND CASH – GENERAL ACCOUNTS

22. 銀行結餘及現金 – 一般賬戶

		Group 集團		Company 公司	
		2006 二零零六年	2005 二零零五年	2006 二零零六年	2005 二零零五年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cash on hand, savings and current accounts	現金、儲蓄及 往來賬戶	695,419	93,514	235	160
Fixed deposits with banks	銀行定期存款	1,458,946	2,240,875	-	101,578
		2,154,365	2,334,389	235	101,738

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

23. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES 23. 應付賬款、已收按金及預提費用

		Group 集團		Company 公司	
		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Accounts payable	應付賬款	287,436	162,163	-	-
Other creditors, deposits received and accrued charges	其他應付賬款、已收按金及預提費用	125,174	46,849	2,614	5,751
		412,610	209,012	2,614	5,751

Accounts payable are all due within one month and comprise principally amounts due to brokerage clients, brokers and clearing houses.

應付賬款主要為應付經紀業務客戶、經紀商戶及結算所的賬款，並在一個月之內到期。

24. NOTE PAYABLE

On 28 August 2006, the Group issued a floating rate note of face value RMB99,950,000 equivalent to a third party. The carrying amount of the notes as at 31 December 2006 was HK\$99,573,000 (2005: Nil). Under the terms of the note, the Group will pay the subscriber all the realised proceeds and investment income received from an available-for-sale investment of the Company throughout the life of the note. The note will mature on 27 August 2011.

24. 應付票據

於二零零六年八月二十八日，本集團發行了一資本面值為人民幣99,950,000元等值的浮息票據予一第三者。該票據於二零零六年十二月三十一日的賬面值為港幣99,573,000元（二零零五年：無）。根據該票據之條款，本集團將會把公司自備供銷售證券中賺取之已實現收入及投資收益支付予發行者。該票據將於二零一一年八月二十七日期到。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

25. DEFERRED TAXATION

25. 遞延稅項

The movements on the deferred tax assets/(liabilities) are as follows:

遞延稅項資產／(負債)變動如下：

	General provisions		Tax losses		Accelerated tax depreciation		Appreciation of available-for-sale/trading securities		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January	-	613	-	7,628	(12)	101	(104,150)	-	(104,162)	8,342
Credited/(charged) to profit or loss (Note 8)	-	(613)	15,976	(5,448)	(56)	(113)	(13,301)	-	2,619	(6,174)
Credited/(charged) to reserve	-	-	-	-	-	-	(68,337)	(106,330)	(68,337)	(106,330)
Set off of tax	-	-	(15,976)	(2,180)	-	-	15,976	2,180	-	-
At 31 December	-	-	-	-	(68)	(12)	(169,812)	(104,150)	(169,880)	(104,162)

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets, being tax losses of approximately HK\$572 million (2005: HK\$400 million), as it is not probable that future taxable profits against which the tax losses can be utilised will be available in the relevant entity.

根據附註2(r)之會計政策，本集團未有確認應課稅虧損約港幣5.72億元（二零零五年：約港幣4億元）作為遞延稅項資產，原因是有關實體不一定能產生未來應課稅盈利以作稅項抵銷之用。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

26. SHARE CAPITAL

26. 股本

		2006 二零零六年 No. of shares('000) 股份數目(千股)	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 No. of shares('000) 股份數目(千股)	2005 二零零五年 HK\$'000 港幣千元
<i>Authorised:</i>	法定股本:				
Ordinary shares of HK\$1.00 each	每股港幣1.00元 之普通股份	2,000,000	2,000,000	2,000,000	2,000,000
<i>Ordinary shares, issued and fully paid:</i>	已發行及已繳足股本:				
Beginning of year	年初餘額	1,564,876	1,564,876	1,563,601	1,563,601
Exercise of share options	行使認股權	4,127	4,127	1,275	1,275
End of year	年末餘額	1,569,003	1,569,003	1,564,876	1,564,876

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股份持有者有權收取已公佈股息及於本公司之股東會議擁有每股一票之投票權。所有普通股份對本公司之剩餘資產均有同樣之分享權。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

27. RESERVES

27. 儲備

Company		公司					
		Share premium	Option premium reserve	Investment revaluation reserve	Capital redemption reserve	Accumulated losses	Total
		股本溢價	認股權溢價儲備	投資重估儲備	資本贖回儲備	累計虧損	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
As at 1 January 2005	二零零五年一月一日	5,626,086	10,165	-	2,984	(4,164,351)	1,474,884
Share options forfeited	取消授出員工認股權	-	(1,713)	-	-	1,713	-
Shares issued under share option scheme	按認股權計劃發行股份	3,122	(1,592)	-	-	-	1,530
Equity settled share-based transactions	向員工授出之認股權	-	12,281	-	-	-	12,281
Loss for the year	本年虧損	-	-	-	-	(85,886)	(85,886)
As at 31 December 2005 and 1 January 2006	於二零零五年十二月三十一日及二零零六年一月一日	5,629,208	19,141	-	2,984	(4,248,524)	1,402,809
Surplus on revaluation	估值盈餘	-	-	2,032	-	-	2,032
Share options forfeited	取消授出員工認股權	-	(303)	-	-	303	-
Shares issued under share option scheme	按認股權計劃發行股份	11,940	(5,057)	-	-	-	6,883
Equity settled share-based transactions	向員工授出之認股權	-	14,921	-	-	-	14,921
Profit for the year	本年盈利	-	-	-	-	455,344	455,344
As at 31 December 2006	於二零零六年十二月三十一日	5,641,148	28,702	2,032	2,984	(3,792,877)	1,881,989

The movements in the Group's reserves have been disclosed in the consolidated statement of changes in equity.

本集團之儲備變動已於綜合權益變動表列示。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

28. NATURE AND PURPOSE OF RESERVES

(i) Share premium and capital redemption reserve

The application of the share premium and the capital redemption reserve is governed by Sections 48B and 49H respectively of the Hong Kong Companies Ordinance.

(ii) Option premium reserve

The option premium reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share based payments in note 2(q)(ii).

(iii) Investment revaluation reserve

The investment revaluation reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in note 2(f).

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 2(u).

(v) Goodwill reserve

The goodwill reserve comprises goodwill on acquisitions that occurred prior to 1 January 2001. The reserve is dealt with in accordance with the accounting policies set out in note 2(e).

28. 儲備之性質與用途

(i) 股本溢價及資本贖回儲備

股本溢價及資本贖回儲備之應用乃秉承香港《公司條例》的四十八B條及四十九H條。

(ii) 認股權溢價儲備

認股權溢價儲備乃根據以股份償付會計政策（附註2(q)(ii)）確認本集團授予僱員之認股權之真實或估計數目的未行使認股權的公平值。

(iii) 投資重估儲備

投資重估儲備包括備供銷售證券於資產負債日之公平值之累計淨變動。其已根據會計政策中附註2(f)處理。

(iv) 匯兌儲備

匯兌儲備包含所有產生自換算海外業務之財務報表之匯兌差額及因對沖此等海外業務淨投資之有效匯兌差額部份。有關儲備之會計處理已列載於附註2(u)。

(v) 商譽儲備

商譽儲備包括於二零零一年一月一日前收購所產生之商譽。此儲備已根據會計政策附註2(e)處理。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

28. NATURE AND PURPOSE OF RESERVES (continued)

(vi) Capital reserve

The capital reserve comprises specific allocation of amount transferred from retained earnings due to regulatory requirements. It also includes the share of statutory reserve of associates.

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 24 May 2002 whereby the Directors of the Company are authorised, at their discretion, to grant to employees of the Group, including directors of any company in the Group, to take up options and subscribe for the shares of the Company. Upon the first anniversary, 25% of the options will vest and the rest will vest in three equal installments on each subsequent semi-anniversary. Each option gives the holder the right to subscribe for one ordinary share in the Company.

- (i) The terms and conditions of the grants that existed during the years are as follows, and all options are settled by physical delivery of shares:

Date of grant 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price 行使價	No. of options granted 認股權數目
07/07/03	08/07/03-07/01/06	08/07/04-07/01/07	2.375	10,150,000
03/09/04	04/09/04-03/03/07	04/09/05-03/03/08	3.225	1,250,000
03/05/05	04/05/05-03/11/07	04/05/06-03/05/10	2.850	15,900,000
05/05/05	06/05/05-05/11/07	06/05/06-05/05/10	3.000	1,520,000
04/07/05	05/07/05-04/01/08	05/07/06-04/07/10	3.135	820,000
27/09/05	28/09/05-27/03/08	28/09/06-27/09/10	3.100	800,000
10/04/06	11/04/06-10/10/08	28/09/06-10/04/11	4.800	6,200,000
				<u>36,640,000</u>

Options are forfeited if the employee leaves the Group before the option is vested.

28. 儲備之性質與用途 (續)

(vi) 資本儲備

資本儲備包括因法定監管要求自保留盈利特定分配之金額。此儲備亦包括分佔聯營公司法定要求之儲備。

29. 股權結算交易

本公司授權董事於二零零二年五月二十四日設立了一個認股權計劃向本集團之僱員包括本集團旗下任何公司之董事，授出認股權以認購本公司之股票。授出認股權中的25%將於第一週年後有效，剩餘的認股權將平分三期於往後每半年逐步生效，每一認股權賦予持有人認購本公司之一股普通股。

- (i) 於年內存在授出認股權之條文及條件如下。所有認股權以股票實物到付形式交收：

若僱員於認股權生效前離職，該認股權將會被撤銷。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS 29. 股權結算交易 (續)

(continued)

(ii) The number and weighted average exercise prices of share options are as follows:

(ii) 認股權之數目及其加權平均計算之行使價如下:

		2006 二零零六年		2005 二零零五年	
		Number of share options 認股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港幣元	Number of share options 認股權數目	Weighted average exercise price 加權平均 行使價 HK\$ 港幣元
Outstanding at 1 January	於一月一日餘額	25,902,500	2.766	29,175,000	3.650
Granted during the year	於年內授出	6,200,000	4.800	19,040,000	2.885
Exercised during the year	於年內行使	(4,127,500)	2.669	(1,275,000)	2.200
Lapsed during the year	於年內失效	(822,500)	2.908	(21,037,500)	4.134
Outstanding at 31 December	於十二月三十一日餘額	27,152,500	3.241	25,902,500	2.766
Exercisable at 31 December	於十二月三十一日可行使	12,020,000	2.685	5,500,000	2.423

The weighted average share price at the date of exercise for share options exercised during the year was HK\$6.528 (2005: HK\$2.992).

於年內行使之認股權之加權平均股價為港幣6.528元(二零零五年:港幣2.992元)。

The options outstanding at 31 December 2006 had exercise prices ranging from HK\$2.375 to HK\$4.800 (2005: HK\$2.375 to HK\$3.225) and a weighted average remaining contractual life of 2.925 years (2005: 3.351 years).

於二零零六年十二月三十一日尚餘之認股權之行使價為港幣2.375元到港幣4.800元不等(二零零五年:港幣2.375元到港幣3.225元)及其加權平均剩餘合約年期為2.925年。(二零零五年:3.351年)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

29. EQUITY SETTLED SHARE-BASED TRANSACTIONS 29. 股權結算交易(續)

(continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The estimate of the fair value of the services received is measured based on a binominal option pricing model. Contractual life of the option and expectations of early exercise are incorporated into the model. The expected volatility is based on the historical volatility. Expected dividends are based on historical dividends as well as expectation on future period performance. Changes in subjective input assumptions could materially affect the fair value estimate.

Fair value of share options and assumptions

Weighted average:

Fair value at measurement date
Share price
Exercise price
Expected volatility
Expected option life
Expected dividends
Risk-free interest rate

加權平均數:

於計量日的公平值
股價
行使價
預期波幅
預期認股權年期
預期股息
無風險利率

Share options were granted under a service condition. The condition has not been taken into account in the grant date fair value measurement of the services rendered. There were no market conditions associated with the share option grants.

(iii) 認股權之公平值及假設

換取認股權而獲得服務的公平值按獲授予認股權的公平值計量。獲得服務的估計公平值按《二項期權定價模式》計算。認股權的合約年期及預計之提早行使須輸入該模式。預期波幅乃根據歷史波幅計算，預期股息乃根據歷史股息及預期未來之業績表現釐定。主觀輸入假設的變動可能重大影響公平值的估計。

認股權之公平值及假設

	2006 二零零六年	2005 二零零五年
	HK\$1.73	HK\$1.21
	HK\$4.59	HK\$2.89
	HK\$4.80	HK\$2.88
	39%	42%
	4.0 years	4.0 years
	-%	-%
	4.6%	2.4%

認股權的授予須符合服務條件，該條件並未納入計算於授予日獲得服務的公平值。市場條件與授予認股權並無關係。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

30. MATURITY PROFILE

30. 期限分析

Maturity profile as at 31 December 2006

於二零零六年十二月三十一日期限分析

			3 months or less 3個月 或以下	1 year or less but over 3 months 3個月以上 至1年	5 years or less but over 1 year 1年以上 至5年	After 5 years 5年以上	Total 總額
	Repayable on demand 即時還款	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Assets	資產						
- Advance to customers	- 客戶借款	909,349	-	-	-	-	909,349
- Other non-trading securities	- 其他非交易證券	-	-	-	63,577	76,737	140,314
- Debt securities	- 債權證券	-	23,616	-	-	-	23,616
- Fixed deposits	- 定期存款	-	1,458,946	-	-	-	1,458,946
		909,349	1,482,562	-	63,577	76,737	2,532,225
Liabilities	負債						
- Note payable	- 應付票據	-	-	-	(99,573)	-	(99,573)

Maturity profile as at 31 December 2005

於二零零五年十二月三十一日期限分析

			3 months or less 3個月 或以下	1 year or less but over 3 months 3個月以上 至1年	5 years or less but over 1 year 1年以上 至5年	After 5 years 5年以上	Total 總額
	Repayable on demand 即時還款	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Assets	資產						
- Advance to customers	- 客戶借款	382,848	217,143	-	-	-	599,991
- Debt securities	- 債權證券	-	1,922	37,270	-	-	39,192
- Fixed deposits	- 定期存款	-	2,240,875	-	-	-	2,240,875
		382,848	2,459,940	37,270	-	-	2,880,058

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

31. SEGREGATED ACCOUNTS NOT RELECTED ON BALANCE SHEET 31. 不反映於資產負債表之信託賬戶

		Group	
		2006	2005
		二零零六年	二零零五年
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Bank balances – segregated accounts	銀行結餘－信託賬戶	478,341	248,415
Receivable from clearing house and futures brokers	應收結算所及期貨商款項	14,171	11,339
Amounts held on behalf of clients	代客持有款項	(492,512)	(259,754)
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

32. RELATED PARTY TRANSACTIONS

(a) The following transactions were entered into with related parties during the year:

32. 有關連人士交易

(a) 本集團於年內與有關連人士之交易如下：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Incentive fee income received from ultimate holding company (i)	向最終控股公司收取之獎勵費(i)	2,029	-
Management fee shared by ultimate holding company (i)	最終控股公司分擔之管理費用(i)	1,802	929
Performance fee shared by ultimate holding company (i)	最終控股公司分擔之表現費(i)	10,284	254
Interest income earned from associates on deposits placed	從聯營公司收取存款之利息收入	35	62
Rental income received from:	租金收入：		
– an associate (ii)	– 聯營公司(ii)	84	326
– ultimate holding company (iii)	– 最終控股公司(iii)	180	180
Securities brokerage commission received from:	收取之經紀佣金：		
– a subsidiary of ultimate holding company	– 最終控股公司持有之一家附屬公司	-	19
Interest expenses on loans paid to ultimate holding company	向最終控股公司支付貸款之利息支出	21,374	14,748
Rental expenses paid to ultimate holding company (iv)	向最終控股公司支付租金(iv)	35	91
Rental expense paid to a wholly-owned subsidiary of ultimate holding company ((v), (vi))	向最終控股公司持有之全資附屬公司支付租金((v), (vi))	3,600	2,786
Consultancy fee expenses:	諮詢費支出：		
– paid to an associate	– 向聯營公司支付	300	300
– paid to a company in which a key management personnel holds beneficial interest	– 向一高層管理人員有權益之公司支付	-	2,814
Remuneration for key management personnel (including the Company's directors) which is included in "staff cost":	高層管理人員酬金(包括本公司董事)已包含在「員工費用」：		
– short-term employee benefits	– 短期僱員利益	35,615	18,965
– retirement scheme contributions	– 退休計劃供款	77	469
– share-based payments	– 以股份償付	7,773	9,145

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

32. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

- (i) In May 2005, China Everbright Assets Management Limited ("CEAM"), a wholly-owned subsidiary of the Company, has entered into an investment management agreement with the ultimate holding company for the management of a HK\$100 million portfolio for a term of 1 year. On 28 June 2006, CEAM entered into a new investment management agreement with the ultimate holding company for the management of a HK\$300 million and US\$10 million portfolio for terms ranging from 1 to 3 years. Under the terms of the investment management agreements, the Group is entitled to an incentive fee of 30% from the part of the portfolios' return in excess of certain agreed percentage. The incentive fee earned directly from the ultimate holding company is disclosed above.

Some portions of the portfolios have been placed was under China Everbright Dragon Fund Limited ("Dragon Fund"). As CEAM is also the investment manager to Dragon Fund, it earned management fee and performance fee from Dragon Fund. The amounts of management fee and performance fee earned from Dragon Fund have been eliminated in the preparation of consolidated financial statements but the relevant amounts attributable to ultimate holding company's investment portions are disclosed above.

- (ii) On 28 August 2005, the Group entered into a tenancy agreement with Everbright Bank in relation to the leasing of office premises to Everbright Bank for the period from 28 August 2005 to 27 August 2006 with an option to renew for another term of one year. Pursuant to the exercise of such option, the lease was renewed for one year from 28 August 2006 to 27 August 2007. The rent income to the Group amounted to HK\$84,000 for the year.
- (iii) On 20 December 2005, the Group entered into a tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the ultimate holding company for the period from 1 January 2006 to 31 December 2006. The rent income to the Group amounted to HK\$180,000 for the year.

32. 有關連人士交易 (續)

(a) (續)

- (i) 於二零零五年五月，本公司之一家全資附屬公司中國光大資產管理有限公司（「光大資產管理」）與最終控股公司簽訂一項為期一年之投資管理協議，為其管理1億港元之投資組合。又於二零零六年六月二十八日，光大資產管理與最終控股公司簽訂了新一項為期一至三年之投資管理協議，為其管理3億港元與1,000萬美元之投資組合。根據該等協議之條款，如有關投資組合回報高於協定之百分比，則本集團可獲取得超出部分的30%。直接向最終控股公司收取之獎勵費已披露於上文。

投資組合中有部分是投資於中國光大龍騰基金有限公司（「龍騰基金」），由於光大資產管理亦為龍騰基金之投資經理，它會自龍騰基金賺取管理費及表現費。於龍騰基金所收取之管理費與表現費已於編制綜合財務報表完全抵消，但關乎最終控股公司投資組合部分之相應金額則披露於上文。

- (ii) 於二零零五年八月二十八日，本集團與光大銀行簽訂一項租約，本集團據此向光大銀行出租其一項辦公物業，租期由二零零五年八月二十八日至二零零六年八月二十七日止，光大銀行有權於該租約期滿時續租一年。而光大銀行已行使前述權利，該租約已予延期一年，由二零零六年八月二十八日至二零零七年八月二十七日止。本集團於本年度之租金收入為港幣84,000元。
- (iii) 於二零零五年十二月二十日，本集團與最終控股公司簽訂一項租約，本集團向其出租一項住宅物業，租期由二零零六年一月一日至二零零六年十二月三十一日止。本集團於本年度之租金收入為港幣180,000元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

32. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

- (iv) From 8 April 2003, the Group has entered into a monthly tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the Group. The rent expense amounted to HK\$35,000 for the year.
- (v) On 8 January 2005, a wholly-owned subsidiary of the ultimate holding company entered into a tenancy agreement with the Group in relation to the leasing of office premises to the Group for the period from 31 December 2004 to 30 December 2006. The rent expense amounted to HK\$2,779,000 for the year.
- (vi) On 4 September 2006, a wholly-owned subsidiary of the ultimate holding company entered into a tenancy agreement with the Group in relation to the leasing of office premises to the Group for the period from 1 September 2006 to 31 October 2008. The first two months of the lease term is rent free. The rent expense incurred for the year amounted to HK\$821,000.

(b) Included in the balance sheets are the following balances with related parties:

32. 有關連人士交易 (續)

(a) (續)

- (iv) 自二零零三年四月八日起，本集團與最終控股公司達成一項月租租約，本集團據此向其租用一項住宅物業，本集團於本年度之租金支出為港幣35,000元。
- (v) 於二零零五年一月八日，最終控股公司之全資附屬公司與本集團簽訂一項租約，本集團同意向其租用一項辦公物業，租期由二零零四年十二月三十一日至二零零六年十二月三十日，本年度之租金支出為港幣2,779,000元。
- (vi) 於二零零六年九月四日，最終控股公司之全資附屬公司與本集團簽訂一項租約，本集團同意向其租用一項辦公物業，租期由二零零六年九月一日至二零零八年十月三十一日，租期首兩個月為免租期，本年度之租金支出為港幣821,000元。

(b) 於資產負債表內的有關連人士往來款包括：

	Group 集團		Company 公司		
	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元	
Deposits placed with associates (included in bank balances and cash) (i)	於聯營公司之存款 (包括於銀行結餘及現金) (i)	5,163	3,833	-	-
Amount due from an associate (included in debtors, deposits and prepayment) (ii)	應收聯營公司款項 (包括於應收賬款、按金及預付款內) (ii)	49,050	34,230	-	-
Amount due from ultimate holding company (iii)	應收最終控股公司款項 (iii)	2,613	2,613	-	-
Loans from ultimate holding company (iv)	應付最終控股公司之貸款 (iv)	(439,773)	(437,645)	(439,773)	(437,645)
Amount due to ultimate holding company (iv)	應付最終控股公司 (iv)	(37)	(47)	-	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

32. RELATED PARTY TRANSACTIONS (continued)

(b) (continued)

- (i) Deposits placed with associate are unsecured, bear interest at commercial terms and will be repayable upon on demand.
- (ii) Amount due from an associate arose in the ordinary course of securities brokerage business, and is unsecured, interest free and repayable upon demand.
- (iii) On 31 December 1998, the Company entered into a tax indemnity arrangement with its ultimate holding company China Everbright Holdings Company Limited ("CEHL"). Under the tax indemnity arrangement, the ultimate holding company will bear all the liabilities for taxation of China Everbright Financial Holdings Limited and its subsidiaries ("CEFH") prior to 1998. An amount of approximately \$2,613,000 was recoverable from the ultimate holding company for the taxes charged in relation to taxation prior to 1998 on CEFH net of tax refunds. The amount was unsecured, interest bearing and repayable upon demand.
- (iv) During the year, the Company renewed three term loans with CEHL amounting to HK\$380 million and RMB60 million. These loans are due within 12 months from the balance sheet date. The interest rates are computed based on Hong Kong Interbank Offer Rate ("HIBOR") plus 0.5% per annum for the Hong Kong dollar loans and 4.7% per annum for the Renminbi loan.

32. 有關連人士交易 (續)

(b) (續)

- (i) 於聯營公司的存款為無抵押，按商業條款計息，並於要求時償還。
- (ii) 應收聯營公司款項乃產生自與證券經紀商戶之正常證券交易，款項為無抵押，無須計息，並於要求時償還。
- (iii) 於一九九八年十二月三十一日，本公司與其最終控股公司中國光大集團有限公司（「光大集團」）簽訂一份稅務保障協議書。根據稅務保障條款，最終控股公司需承擔中國光大金融控股有限公司及其附屬公司（「金融控股」）於一九九八年或以前產生之稅款。本年度應收最終控股公司稅款約港幣2,613,000元，此稅項費用是金融控股於一九九八年或以前產生及已扣減退稅後之淨額。此金額無抵押，須計息及於要求時償還。
- (iv) 本公司於年內與光大集團續期三份總額為港幣3.8億元及人民幣0.6億元之貸款協議。這些貸款於結算日後十二個月內到期。港幣貸款之年利率為香港銀行同業拆息（「HIBOR」）加0.5厘，人民幣貸款年利率則為4.7厘。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

33. CONTINGENT LIABILITIES

Guarantee given to financial institutions in respect of banking facilities granted to subsidiaries 為附屬公司的銀行額度向金融機構提供擔保

As at 31 December 2006, the Group's subsidiaries have not utilised any of its banking facilities.

As at 31 December 2006, the Company had issued corporate guarantees to certain financial institutions for trading facilities granted to a subsidiary which engages in leveraged foreign exchange trading and other subsidiaries which carry out derivatives transactions. The guarantee amounts vary and are dependent on the volume of transactions effected with the financial institutions.

34. COMMITMENTS

(a) Capital commitment

The Group has no capital commitments as at 31 December 2006 (2005: Nil).

33. 或然負債

Company 公司	
2006 二零零六年	2005 二零零五年
HK\$'000 港幣千元	HK\$'000 港幣千元

80,000

80,000

於二零零六年十二月三十一日，集團屬下之子公司並未有任何借款。

於二零零六年十二月三十一日，本公司為一間參與槓杆外匯交易之附屬公司及參與衍生工具買賣之其他附屬公司的交易額度向金融機構提供擔保。該擔保額度根據與金融機構產生之交易額而變動。

34. 承擔

(a) 資本承擔

於二零零六年十二月三十一日，本集團無資本承擔（二零零五年：無）。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

34. COMMITMENTS (continued)

(b) Operating lease commitments

Operating lease commitments as at 31 December 2006 amounted to approximately HK\$5,139,000 (2005: HK\$4,891,000) of which HK\$3,333,000 (2005: HK\$4,421,000) is payable in the next twelve months. The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

Not later than one year	一年內到期
Later than one year and not later than five years	一年以上至五年

Group 集團			
2006 二零零六年		2005 二零零五年	
Properties 房產	Others 其他	Properties 房產	Others 其他
HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
3,058	275	3,745	676
1,802	4	206	264
4,860	279	3,951	940

(c) Future operating lease arrangement

As at 31 December 2006, the Group had future aggregate minimum lease receipts under non-cancellable operating leases for investment properties as follows:

Not later than one year	一年內到期
Later than one year and not later than five years	一年以上至五年

(c) 未來經營租賃安排

於二零零六年十二月三十一日，本集團根據不可撤銷的投資物業經營租約，於未來可收取之最低租賃款項總額如下：

Group 集團	
2006 二零零六年	2005 二零零五年
HK\$'000 港幣千元	HK\$'000 港幣千元
223	601
-	160
223	761

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

34. COMMITMENTS (continued)

(d) Off-balance sheet financial instruments

The fair values and the contractual or notional amounts of the Group's trading equity derivatives outstanding at 31 December 2006 are detailed as follows:

		Fair value assets/(liabilities)		Contractual/ notional amounts	
		公平值 資產/(負債)		合約/ 名義金額	
		2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Overseas futures	海外期貨	(2,334)	(2,574)	85,339	1,984,383
Forwards contracts	期貨合約	(50,134)	599	2,173,404	38,775
Equity linked derivatives	股票掛鈎衍生工具	(231,829)	(8,190)	462,062	693,094
Hang Seng Index futures	恆生指數期貨	122	79	100,090	25,967
Interest derivatives	利率衍生工具	249	-	15,557	-
		(283,926)	(10,086)	2,836,452	2,742,219

The financial instruments become favourable (assets) or unfavourable (liabilities) as a result of fluctuations in market prices of the underlying instruments relative to their terms.

Notional amounts of these financial instruments provide a basis for comparison with instruments recognised on the balance sheet but do not necessarily indicate the amount of future cash flows involved or the current fair value of the instruments and, therefore, are not a representation of the Group's exposure to the credit or price risks.

34. 承擔 (續)

(d) 資產負債表外金融工具

於二零零六年十二月三十一日，本集團未平倉之衍生工具合約之公平值及合約或名義金額如下：

金融工具可因所指定工具之市場價格波動而變得有利（資產）或不利（負債）。

該等金融工具之名義金額乃作為與已於資產負債表確認的工具比較之基準，惟不一定顯示所涉及未來現金流量之金額或該等工具之現時公平值。因此，並不代表本集團所面對之信貸或價格風險。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS

Risk management is of fundamental importance to the business operation of the Group. The major types of risk inherent in the Group's business are credit risk, market risk, liquidity risk, interest rate risk, foreign currency risk and operation risk. The Group's risk management objective is to maximise shareholder value and to reduce volatility in earnings while maintaining risk exposures within acceptable limits.

The Group's work in the area of risk management is facilitated by the Risk Management Committee and the Credit Committee while execution is carried out by the two Committees' supervising Risk Management and Credit Control Department. This functional structure has the role to advise and to assist the management to identify and assess the main risks faced by the Group's business in a co-ordinated manner, also to assess, identify and document the Group's risk profile and to ensure that the business units focus, control and systematically avoid potential risk in various area of business. The following is a brief description of the Group's approach in managing these risks.

(a) Credit risk

The Group's credit risk is primarily attributable to advances to customers, trade and other receivables, debt investments and unlisted derivative financial instruments.

In respect of advances to customers, the Group requires collateral from customers before advances are granted. Collateral normally takes the form of listed securities, cash deposits or debt financial instruments issued by entity with high credit rating. The amount of advance permitted depends on the quality and value of collateral provided by the customer. Subsequent change in value, as well as quality, of collateral is closely monitored in order to determine whether any corrective action is required.

35. 金融工具

風險管理是本集團業務運作的基礎。本集團業務的主要內在風險包括信貸風險、市場風險、流動資金風險、利率風險、外匯風險和操作風險。本集團的風險管理目標是爭取股東價值最大化及減少盈利的波幅，同時確保風險控制在可接受的水平之內。

本集團的風險管理工作是由風險管理委員會、信貸委員會與在兩者指導下的風險及信貸管理部執行。該架構能確定向管理層提供意見及協助管理層識別及評估本集團業務上面對之主要風險並發揮協調作用；並且評估、識別及紀錄本集團之風險結構，以及確保業務部門關注、控制並系統地規避業務上可能發生的各方面風險。以下就本集團如何管理上述各項風險的方法作出簡述。

(a) 信貸風險

本集團之信貸風險主要源自客戶借款、應收及其他賬款、債務投資工具與非上市衍生金融工具。

關於客戶借款，本集團會要求客戶提供抵押品才批准借款。抵押品一般為上市證券、現金存款或由獲得高等信貸評級的機構發行之債務金融工具。所容許之借款金額則視乎抵押品之質素與價值。抵押品日後之質素與價值變動亦會受緊密監察，如有需要將採取修正行動。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

Trade and other receivables mainly arise from the Group's brokerage business and investment activities. Receivables from security brokerage customers and brokers are normally due two days after trade day while deposits with brokers are repayable on demand. The Group has established procedures in the selection of brokers with sound credit rating and/or reputation.

Investments in debt instrument and unlisted derivative financial instrument are also governed by whether the issuer and the trade counter party respectively have sound credit ratings.

The Group has well defined policies in place on the setting and approval of trading, credit and investment position limits in order to limit its credit risk exposure and concentration. As at the balance sheet date, the Group does not have a significant concentration of credit risk other than (i) the provision of advances to customers, which are collateralised by unlisted debt securities issued by issuers with sound credit rating, of approximately HK\$240 million (2005: approximately HK\$248 million) and (ii) the PGN (note 21(i)) with a remaining notional amount of HK\$462 million issued by a reputable third party with sound financial standing.

(b) Market risk

The Group's market risk exposure mainly comes from the impact of market price movements that may result in losses in on-and-off balance sheet positions. Market risk in trading investment portfolios is managed by using a combination of risk measurement techniques including, but not limited to, position limits, cut-loss limits and statistical modeling.

35. 金融工具 (續)

(a) 信貸風險 (續)

應收及其他賬款主要來自本集團之經紀業務及投資活動。證券經紀業務客戶應收款於交易後兩個工作天到期，而經紀商之應收款則可隨時要求償還。本集團已有既定程式選擇有優良信貸評級及／或信譽之證券商作為交易對手。

債務工具與非上市衍生金融投資亦同樣要求發行商與交易對手有優良信貸評級。

本集團有明確之政策以訂定及審批交易、信貸及投資額度限額以控制所面對之信貸風險暴露與比重。於結算日，本集團除(i)客戶借款約港幣2.40億元(二零零五年：約港幣2.48億元)以優良信貸評級者發行之非上市債權證券為抵押及(ii)一項由有信譽及良好財務狀況第三者發行保本票據(附註21(i))其名義值為港幣4.62億元外，並無重大之信貸風險集中。

(b) 市場風險

本集團面對之市場風險主要來自市場價格變動所導致的資產負債表內及外持倉虧損。交易投資組合之市場風險管理採用多種風險計量方式，包括(但不止於)持倉限額、止蝕限額與統計模擬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

The Group's policy is to regularly assess current and expected liquidity requirements and to ensure that it maintains reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

(d) Interest rate risk

The Group monitors its interest rate exposure regularly to ensure that the underlying risk is monitored within an acceptable range. Most of the Group's interest bearing assets and liabilities are on a floating rate basis with maturity of one year or less.

The Group's interest rate positions arise from treasury and operating activities. Interest rate risk arises in treasury management, customer financing and investment portfolios. Interest rate risk primarily results from the timing differences in the repricing of interest-bearing assets, liabilities and commitments. It also relates to positions from non-interest bearing liabilities including shareholders' funds and current accounts, as well as from certain fixed rate loans. Interest rate risk is managed by the Treasury Department under the delegated authority of the Board of Directors. The instruments used to manage interest rate risk include time deposits and interest rate linked derivatives.

35. 金融工具 (續)

(c) 流動資金風險

本集團的政策是對即時及預期之流動資金需求作出定時估計，確保維持足夠之現金與可供出售變現上市證券，並有來自主要金融機構充足之資金額度承諾，藉以應付短期與長期的流動資金需求。

(d) 利率風險

本集團對利率風險之暴露經常作出監控以確保有關風險是控制在可接受水平之內。本集團大部分產生利息的資產與負債皆是基於浮動利率，而到期日為一年或以下。

本集團的利率持倉源自司庫及業務營運活動。利率風險則源自司庫管理、客戶融資和投資組合。利率風險主要是由帶息資產、負債及承擔在再定息的時差所致，亦與無息負債持倉有關，其中包括股東資金和往來賬戶及若干定息貸款和負債。利率風險由司庫管理部按董事會授權管理。管理利率風險的工具包括有期存款和利率掛鈎之衍生工具。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk (continued)

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rate at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

35. 金融工具 (續)

(d) 利率風險 (續)

下表顯示於結算日帶息資產及負債的有效利率與預計下次利率重訂日(或到期日取其較短者):

		2006 二零零六年							
		Effective interest rate	3 months or less	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Non-interest bearing	Total	
		%	3個月或以下	3個月以上至1年	1年以上至5年	5年以上	不計息	總額	
		百分比	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
			港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	
Assets	資產								
Other non-trading securities	其他非交易證券	5-6	-	-	63,577	76,737	79,608	219,922	
Advances to customers	客戶借款	10.3	909,349	-	-	-	-	909,349	
Bank balances and cash	銀行結餘及現金	5.1	2,101,584	-	-	-	52,781	2,154,365	
Liabilities	負債								
Loans from ultimate holding company	應付最終控股公司之貸款	4.8	-	439,773	-	-	-	439,773	

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS (continued)

35. 金融工具 (續)

(d) Interest rate risk (continued)

(d) 利率風險 (續)

		Effective interest rate	3 months or less	2005		Non-interest bearing	Total
				Over 3 months to 1 year	Over 1 year to 5 years		
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		百分比	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Assets	資產						
Advances to customers	客戶借款	9.7	599,991	-	-	-	599,991
Bank balances and cash	銀行結餘及現金	4.2	2,323,237	-	-	11,152	2,334,389
Liabilities	負債						
Loans from ultimate holding company	應付最終控股公司之貸款	4.7	-	437,645	-	-	437,645

(e) Foreign currency risk

(e) 外匯風險

The Group's exposure to foreign exchange risk primarily stems from holdings of monetary assets and liabilities denominated in foreign currencies, leveraged foreign exchange trading and net investment in foreign subsidiaries and associates. As most of the Group's monetary assets and liabilities and net investment in foreign subsidiaries and associates are denominated in Hong Kong dollars, United States dollars or Renminbi, management does not consider there is any significant currency risk. The Group has a policy not to maintain a significant net position on leveraged foreign exchange trading and the underlying exposure is monitored on a continuing basis.

本集團之外匯風險主要來自貨幣資產與負債之結餘、槓杆外匯交易及海外附屬公司與聯營公司之淨投資。本集團大部分之貨幣資產與負債及海外附屬公司與聯營公司之淨投資均為港幣、美元或人民幣面值，管理層並不預期當中涉及重大外匯風險。對槓杆外匯交易，本集團之政策是不保留大額之淨持倉，而有關持倉風險亦會不斷受到監控。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

35. FINANCIAL INSTRUMENTS (continued)

(e) Foreign currency risk (continued)

Overall, the management monitors the Group's foreign currency exposure closely and would consider hedging significant currency exposure should the need arise.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Estimation of fair values

Fair value estimates are generally subjective in nature, and are made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. Where available, the most suitable measure for fair value is the quoted market price. In the absence of organised secondary markets for most financial instruments, and in particular for unlisted equity and debt instruments and derivatives, direct market prices are not available. The fair value of such instruments was therefore calculated on the basis of well-established valuation techniques using current market parameters. In particular, the fair value is a theoretical value applicable at a given reporting date, and hence can only be used as an indicator of value realisable in a future sale.

35. 金融工具 (續)

(e) 外匯風險 (續)

總體而言，管理層對本集團之外匯風險是作出緊密的監視，在有需要時會考慮對重大外匯的涉險值進行對沖行動。

36. 金融工具的公平價值

(a) 公平價值估計

公平價值估計是根據金融工具的特性和相關市場資料於某一特定時間作出，因此一般是主觀的。若有市場報價，市場報價是計量公平價值最適合的方法，但由於大多數金融工具，尤其是非上市股票與債權工具及衍生工具，均欠缺一個有組織的二手市場，因此並無直接市場報價。此等工具的公平價值會根據一些使用現時市場參數的既定估值模式計算。要特別指出的是，公平價值是指適用於某一特定報告日期的理論價值，所以只可作為日後將金融工具出售時，金融工具可變現價值的指標。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued) 36. 金融工具的公平價值 (續)

(a) Estimation of fair values (continued)

The Group compares valuations derived from models with quoted prices of similar financial instruments, and public information available in order to further validate and calibrate the models. These techniques involve uncertainties and are significantly affected by the assumptions used and judgments made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experiences and other factors. Changes in assumptions could significantly affect these estimates and the resulting fair values. Derived fair value estimates cannot necessarily be substantiated by comparison to independent markets and, in many cases, could not be realised in an immediate sale of the instruments. The following methods and significant assumptions have been applied in determining the fair values of financial instruments:

- (i) the fair value of unquoted equity investments is estimated using an appropriate combination of (1) discount cash flow method to devolve the future value of the business into a present market value, (2) deducing from prices recently paid for similar assets and the financial indicators of the transacted assets such as net book value and net operating profit, and (3) applying, if possible, price/earnings ratios for similar listed companies adjusted to reflect the specific circumstances of the issuers.

(a) 公平價值估計 (續)

本集團會將使用模式推算所得的估值與相若金融工具的報價及已公開資料比較，以進一步驗證此等模式和作出調整。此等模式涉及不穩定因素，並會受到所用假定和對各類金融工具的風險特性、貼現率、估計將來現金流、預期將來損失和其他因素所作判斷的重大影響。如更改有關假定，便可能對此等估計和估計所得的公平價值產生顯著影響。所得的公平價值不一定能夠與獨立市場內的相若價值比較以證明推算估計正確。在很多時候均不能將金融工具即時出售以實現此等公平價值。本集團採用下列方法和重要假定，以釐定金融工具的公平價值：

- (i) 非上市股票投資的公平價值估計是適當地合併採用(1)現金流貼現法將業務之將來價值轉化成現市值，(2)由近期相類似資產之出售價與該交易資產之財務指標如淨資產值與淨利潤等作出推算，與(3)在可能情況下使用相若上市公司適用的價格／盈利比率，並按發行商所處的特殊狀況作調整。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued) 36. 金融工具的公平價值 (續)

(a) Estimation of fair values (continued)

- (ii) the fair value of derivatives is estimated either using broker quotes or by discounting future cash flows. Future cash flows are estimated based on management's best estimate of the amount it would receive or pay to terminate the contract at the balance sheet date taking into account current market conditions. The discount rate used is a market rate for a similar instrument at the balance sheet date. The fair value of an option contract is determined by applying the Black-Scholes option valuation model. Inputs are based on market related data at the balance sheet date.

(b) Fair value

All financial instruments are stated at fair value or carried at amounts not materially different from their fair values as at 31 December 2006 and 2005.

(a) 公平價值估計 (續)

- (ii) 衍生工具的公平價值，是採用經紀報價或折讓將來現金流方法估計。將來現金流乃按管理層在考慮市場現況和另一方的目前信貸狀況後，就其在結算日可藉終止合約而收取或支付的最佳估計金額。採用的貼現率是在結算日適用於相若工具的市場利率。期權合約的公平價值是採用柏力克-舒爾斯期權估值模式估計。本集團輸入的資料則是以結算日的相關市場資料為基礎。

(b) 公平價值

所有金融工具均是以公平價值或與其於二零零六年十二月三十一日和二零零五年同日的公平價值相若的金額入賬。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

37. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT 37. 綜合現金流量表附註

Reconciliation of profit before taxation to net cash outflow from operating activities:

除稅前盈利與經營活動之現金流出淨額對賬表：

		2006 二零零六年 HK\$'000 港幣千元	2005 二零零五年 HK\$'000 港幣千元
Profit before taxation	除稅前盈利	1,010,292	338,365
Interest income	利息收入	(101,032)	(69,827)
Interest expenses	利息支出	62,217	20,932
Dividend income	股息收入	(44,945)	(33,130)
Share of profits less losses of associates	應佔聯營公司盈利減虧損	(538,194)	(26,467)
Depreciation	折舊	4,596	5,067
Staff share option amortisation	認股權攤銷	14,921	12,281
Unrealised gain on other non-trading securities	其他非交易證券未實現收益	(30,910)	-
Net gain on disposal of available-for-sale securities	出售備供銷售證券盈利淨額	(323,174)	(147,871)
Gain on disposal of fixed assets	出售固定資產之收益	(51)	(28)
Gain on deemed disposal of interest in an associate	非實質出售聯營公司權益盈利	-	(583)
Surplus on revaluation of investment properties	投資物業重估增值	(368)	(2,300)
Cash inflow before working capital changes	營運資金變動前現金流入	53,352	96,439
Increase in advances to customers	客戶借款增加	(309,358)	(263,068)
(Increase)/decrease in debtors, deposits and prepayments	應收賬款、按金及預付款(增加)／減少	(110,182)	58,086
Increase in trading securities	交易證券增加	(203,995)	(243,322)
Increase/(decrease) in creditors, deposits received and accrued charges	應付賬款、已收按金及預提費用增加／(減少)	203,598	(31,315)
(Decrease)/increase in amount due to ultimate holding company	應付最終控股公司款項(減少)／增加	(10)	47
Hong Kong profits tax paid	已付香港利得稅	(16,168)	(3,759)
Overseas profits tax paid	已付海外利得稅	(4,216)	-
Interest paid	已付利息	(62,217)	(21,175)
Net cash outflow from operating activities	經營活動產生之流出淨額	(449,196)	(408,067)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

38. SEGMENT INFORMATION

(a) Business segments

The Group conducts the majority of its business activities in three areas: short-term investments, financial services and long-term investments plus other operations. An analysis by business segment is as follows:

38. 分部資料

(a) 業務分項

本集團所經營之業務主要可分為三類：短期投資、金融服務和長期投資及其他業務。按業務分項之資料分析如下：

		Short-term investments		Financial services		Long-term investments plus others		Total	
		短期投資	金融服務	長期投資及其他	合計				
		2006	2005	2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
REVENUE	收入								
Investment income	投資收入	2,578,075	1,461,584	5,615	306,800	166,123	172,790	2,749,813	1,941,174
Interest income	利息收入	46,326	7,747	119,506	41,170	55,851	70,061	221,683	118,978
Commission and service income	佣金與服務收入	398	352	122,592	101,215	107	240	123,097	101,807
Other income	其他收入	-	43	-	4,654	10,123	28,622	10,123	33,319
Total revenues	總收入	2,624,799	1,469,726	247,713	453,839	232,204	271,713	3,104,716	2,195,278
RESULTS	業績								
Segment results	分項業績	374,420	50,044	132,965	71,775	143,671	264,438	651,056	386,257
Unallocated corporate expenses	未分配的公司費用							(116,741)	(54,010)
Operating profit	經營盈利							534,315	332,247
Finance costs	財務費用							(62,217)	(20,932)
Gain on deemed disposal of interest in an associate	非實質出售聯營公司權益盈利							-	583
Share of profits less losses of associates	應佔聯營公司盈利減虧損							538,194	26,467
Income tax	稅項							(88,338)	(33,865)
Profit after taxation	除稅後盈利							921,954	304,500

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2006

截至二零零六年十二月三十一日止年度

38. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

		Short-term investments		Financial services		Long-term investments plus others		Total	
		短期投資	金融服務	長期投資及其他	合計				
		2006	2005	2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
OTHER INFORMATION	其他資料								
Segment assets	分項資產	2,560,108	643,621	993,986	953,066	2,874,558	3,183,924	6,428,652	4,780,611
Investment in associates	聯營公司之投資							1,681,468	1,112,279
Unallocated corporate assets	未分配的公司資產							257,257	47,551
Total assets	總資產							8,367,377	5,940,441
Segment liabilities	分項負債	85,362	26,886	323,065	179,707	343,194	-	751,621	206,593
Unallocated corporate liabilities	未分配的公司負債							985,589	841,910
Total liabilities	總負債							1,737,210	1,048,503
		2006	2005	2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Capital expenditures	資本性支出	-	-	399	83	137,010	1,108	137,409	1,191
Depreciation and amortisation expenses	折舊及攤銷費用	397	375	96	103	4,103	4,589	4,596	5,067

38. 分部資料 (續)

(a) 業務分項 (續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

38. SEGMENT INFORMATION (continued)

38. 分部資料 (續)

(b) Geographical segments

(b) 地區分項

		Mainland					Mainland		
		Hong Kong	China	Total			Hong Kong	China	Total
		香港	中國內地	合計			香港	中國內地	合計
For the year ended	截至二零零六年	HK\$'000	HK\$'000	HK\$'000	For the year ended	HK\$'000	HK\$'000	HK\$'000	
31 December 2006	十二月三十一日	港幣千元	港幣千元	港幣千元	31 December 2005	港幣千元	港幣千元	港幣千元	
	止年度								
Segment revenue	分項收入				Segment revenue	分項收入			
Turnover	營業額	1,903,063	869,370	2,772,433	Turnover	營業額	1,575,916	438,196	2,014,112
Other income	其他收入	332,131	152	332,283	Other income	其他收入	180,202	964	181,166
		<u>2,235,194</u>	<u>869,522</u>	<u>3,104,716</u>			<u>1,756,118</u>	<u>439,160</u>	<u>2,195,278</u>
		Hong Kong	Mainland	Total			Hong Kong	Mainland	Total
		香港	中國內地	合計			香港	中國內地	合計
As at	於二零零六年	HK\$'000	HK\$'000	HK\$'000	As at	HK\$'000	HK\$'000	HK\$'000	
31 December	十二月三十一日	港幣千元	港幣千元	港幣千元	31 December	港幣千元	港幣千元	港幣千元	
2006	十二月三十一日				2005				
Segment assets	分項資產	5,472,382	956,270	6,428,652	Segment assets	分項資產	4,557,754	222,857	4,780,611
Additions to fixed assets	添置固定資產	137,388	21	137,409	Additions to fixed assets	添置固定資產	578	613	1,191

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

39. ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements 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 accounts and the reported amounts of revenues and expenses for the years presented. Changes in assumptions may have a significant impact on the accounts 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 accounts 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.

(a) Key sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) *Advances to customers*

Advances to customers are reviewed periodically to assess whether impairment losses exist. The Group makes judgement as to whether there is any objective evidence that an advance is impaired, i.e. whether there is a decrease in estimated future cash flows. If management has determined, based on their judgement, that objective evidence for impairment exists, expected future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. 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.

39. 會計估計及判斷

在編製財務報表時，管理層必須作出若干會於此等財務報表的日期，對報告資產及負債金額和或然資產及負債披露有影響的估計和假定，同時亦須作出若干會對報告年度內收入及支出金額有影響的估計和假定。如更改此等假定，便可能對作出有關改變期間的財務報表產生重大影響。採用此等假定和估計意味，若選用不同的假定，本集團所報告的資料便會有所不同。本集團認為已作出適當假定，因此在各個重要層面，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及估計的制定、選擇和披露，以及此等政策及估計的應用。

(a) 估計不穩定因素的主要來源

估計不穩定因素的其他主要來源如下：

(i) 客戶借款

客戶借款會定期檢討以評估其價值是否有所下降。本集團需要判斷有否任何客觀證據可以證明借款的價值已經下降，即估計將來現金流有所減少。當管理層根據其判斷決定減值的客觀證據存在，便會依據若干資產的以往損失經驗，以估計預期將來現金流，而此等資產的信貸風險特性與信貸風險特性相若。以往損失經驗是以目前的可觀察資料為基礎作出調整。管理層亦會定期檢討用以估計將來現金流的方法和假定，從而減少估計損失與實際損失之間的差額。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

39. ACCOUNTING ESTIMATES AND JUDGEMENTS 39. 會計估計及判斷 (續)

(continued)

(a) Key sources of estimation uncertainty (continued)

(ii) Unlisted investments

The fair value of unlisted available-for-sale securities and other non-trading securities are significantly affected by the combination of valuation methodologies employed, the parameters used and, if required, the underlying sample chosen. The valuation methodologies and the source of parameters adopted by the Group are discussed in note 36(a)(i).

(iii) Unquoted derivatives

The fair value of Principal Guarantee Note ('PGN') (note 21(ii)) depends upon the underlying option value estimation and the application of discount rate on the Group's future payment obligations. Key parameters using in PGN's valuation include the volatility of China Mobile share price, the volatility of the Hang Seng Index and the expected future interest rate.

(iv) Tax provision

The Group's taxation provision is based on management's assessment of the estimated assessable profits for the year taking into consideration the Hong Kong and, those relevant, overseas tax legislations.

(a) 估計不穩定因素的主要來源 (續)

(ii) 非上市投資

非上市之備供銷售證券與其他非交易證券之公平值是顯著的受到所採用之估值方法·套用之數據與(如需要)所選取的個案影響。有關本集團所採用之估值方法與數據已在附註36(a)(i)作出討論。

(iii) 非上市衍生工具

保本票據(附註21(ii))之公平值是依靠所採用之期權值估算及就本集團將來之付款承擔所套用之貼現率。保本票據估值中所採用之主要資料包括中國移動股價之波幅·恒生指數之波幅與將來利率之預測。

(iv) 稅項準備

本集團之稅項準備是基於管理層對應課稅利潤按香港或適用之海外稅務法例作計提。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

40. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2006

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2006 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results and financial position.

In addition, the following developments may result in new or amended disclosures in the financial statements:

HKFRS 7, Financial instruments: disclosures
《香港財務報告準則》第7號「金融工具：披露」

Amendment to HKAS 1, Presentation of financial statements: capital disclosure
經修訂《香港會計準則》第1號「財務報表之呈報資本披露」

**Effective for
accounting periods
beginning on or after
由會計期開始或
以後起生效**

1 January 2007
二零零七年一月一日
1 January 2007
二零零七年一月一日

41. BANKING FACILITIES AND PLEDGE OF ASSETS

Aggregate banking facilities of the Group as at 31 December 2006 amounted to approximately HK\$269 million (2005: approximately HK\$270 million). None of these facilities were utilised (2005: None). These facilities were secured by approximately HK\$135 million (2005: HK\$183 million) of certain available-for-sale securities held by the Group and corporate guarantees issued by the Company.

40. 已公佈但於截至二零零六年十二月三十一日止年度之會計期間尚未生效之修訂、新標準及詮釋之可能影響

在此等賬項發佈日期前，香港會計師公會公佈了多項修訂、新標準和新詮釋；但此等修訂、新標準及新詮釋於截至二零零六年十二月三十一日止年度尚未生效，因此亦尚未應用於此等賬項。

本集團正在評估此等修訂、新標準、新詮釋和額外披露在首個應用期產生的影響。至今所得結論為採納該等修訂、新標準、新詮釋和額外披露對銀行的經營業績及財務狀況未有重大影響。

此外，以下的發展可能引致在賬項中作出全新或經修訂的披露：

41. 銀行貸款額度及資產抵押

本集團於二零零六年十二月三十一日之銀行貸款額度約為港幣2.69億元（二零零五年：約港幣2.7億元）。本集團於年內並無使用任何貸款額度（二零零五年：無）。該等貸款額度由本集團持有之若干備供銷售證券約港幣1.35億元（二零零五年：港幣1.83億元）作抵押及本公司作擔保。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

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

42. POST BALANCE SHEET EVENTS

(a) Deemed disposal of Everbright Securities

Subsequent to the year, the Company received a notice from Everbright Securities that, subject to the approval from the relevant regulatory authorities in the Mainland China, Everbright Securities will allot 453 million new shares to 11 investors for a cash consideration of RMB1,245.75 million. The objective of the placement is to broaden the capital base of Everbright Securities. The Company's interest in Everbright Securities will be diluted from 46.6% at 31 December 2006 to 39.3% at the completion of the placement.

(b) Income tax rate applicable in the PRC

According to the income tax law that was passed by the Tenth National Peoples' Congress on 16 March 2007, corporate income tax rate will be revised to 25% with effect from 1 January 2008. Since implementation measure on transitional policy of preferential tax rate granted according to current tax law and administrative regulations was not yet announced, financial impact of the new tax law cannot be reasonably estimated at this stage.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on page 65 to 157 were approved and authorised for issue by the Board of Directors on 29 March 2007.

42. 資產負債表日後事件

(a) 非實質出售光大證券

本公司於年度結算日後收到光大證券通告，如能取得國內有關監管機構之批准，光大證券將會以現金支付方式發行4.53億新股予11位策略投資者，集資人民幣12.4575億元。光大證券增資擴股目的是擴闊股東基礎及增加資本金。在增資擴股完成後，本公司於光大證券之權益將由二零零六年十二月三十一日之46.6%被攤薄至39.3%。

(b) 適用於國內之企業所得稅

根據第十屆全國人大於二零零七年三月十六日通過的所得稅法，企業所得稅稅率變更為25%，由二零零八年一月一日起開始生效。由於按照現行稅收法律及行政法規規定所享受的稅率優惠相關過渡政策的實施細則尚未公佈，新稅法對本集團的財務影響在現階段並不能作合理估計。

43. 財務報表批准

本年度財務報表於第65至157頁已於二零零七年三月二十九日由董事會批准及授權刊發。