

China Everbright Limited 中國光大控股有限公司

(Stock Code 股份代號: 165)

Annual Report 2007 二零零七年年度報告

簡單成就價值
Making Wealth Simple



This year, one of Everbright's missions is to dedicate ourselves to building our brand, we have adopted a clear brand positioning of "Making Wealth Simple". Taking the advantage of Everbright's dominance on the cross-border financial platform and the combined strengths of Chinese and Western corporate governance practice, whilst at the same time asserting our dedication to cultivate globally-minded talent, we discover the huge business opportunities brought by the China's economic rise, these enable us to provide our clients with convenient, professional and practical customized solutions and helping them to create wealth and value with ease.

We firmly believe that branding is vital for enhancing both Everbright's image and client commitment, and we pledge to do so in the spirit of "customer-friendly", "agile" and "pragmatic", specifically,

1. "Customer – Friendly" – Understanding clients' needs and establishing the most reliable partnerships
 - Providing a cross-border financial service platform based on our extensive resources and social connections in both Hong Kong and Mainland China
 - Search for worldwide talents to provide domestic and foreign investors with professional financial solutions to suit national conditions in China and simultaneously satisfy international standards
2. "Agile" – Agile, flexible and efficient operational process
 - Keeping a close eye on market movements, meeting clients' needs with efficient and innovative services, and providing clients with an attentive experience
3. "Pragmatic" – Solid foundations and sustainable development
 - Providing practical and reliable solutions for all clients by fully utilizing the strengths and reputation of our parent company the China Everbright Group as a state-owned enterprise, to complement our own financial strengths, excellent risk management and corporate management systems

Moving forward, Everbright will focus on direct investment, asset management and asset investment whilst developing fee-based business comprising investment banking (corporate financing) and brokerage services (wealth management). Updating our corporate identity will complement our ongoing determination to consolidate our existing strengths. And by incorporating the notion to "Making Wealth Simple" in our daily operations, we strive to assist all our clients to create wealth and value in the most relaxed and convenient way.

今年，光大控股的其中一項使命，是致力建立良好的公司品牌，並以「簡單成就價值」作為品牌的核心內涵，利用光大控股擁有的跨境金融平台和國際化專才，以及兼具中西企業管治的優勢，發掘中國經濟崛起帶來的龐大機遇，為客戶提供簡便、專業、實用及量身訂做的解決方案，輕鬆創造財富與價值。

我們深信，品牌建設對提升光大控股的形象非常重要，也是光大控股對客戶的承諾，我們將本着「伙伴」、「創新」和「務實」的精神落實這項承諾，包括：

- 1 「伙伴」—了解客戶需要，建立最值得信賴的伙伴關係
 - 於中港兩地有廣泛的資源和人脈關係，能提供跨境金融服務平台優勢
 - 網羅各地專才，為國內外投資者提供既符合中國國情，又達到國際水準的專業金融方案
- 2 「創新」—創新、靈活和高效率的服務
 - 緊貼市場變化，以高效率的服務和創新方式滿足客戶需要，提供貼心的用戶體驗
- 3 「務實」—根基雄厚，穩步發展
 - 憑藉母公司光大集團的國企背景和聲譽，加上光大控股雄厚的財務實力、良好的風險管理和企業管理，我們為客戶提供實用、可靠的方案

今後，光大控股將集中發展直接投資、資產管理和產業投資業務，並形成與投資銀行(企業融資)和經紀業務(財富管理)等收費性業務共同發展的格局。我們將逐步更改品牌標識，在展示我們的新面貌之餘，也進一步強化我們的現有優勢，把「簡單成就價值」融入日常業務之中，為客戶輕鬆創造財富與價值。

China Everbright Limited (“Everbright”; stock code: 165) is a cross-border enterprise offering diversified financial services, its parent company is the China Everbright Group. Everbright, with pragmatic practices, solid financial foundation, focuses on developing direct investment, asset management and asset investment, while at the same time growing the fee-based business comprising investment banking (corporate finance) and securities brokerage (wealth management).

中國光大控股有限公司(「光大控股」，股份代號：165)為一家跨越香港和中國內地並提供多元化金融服務的企業，母公司為中國光大集團。光大控股作風穩健，財務實力雄厚，公司專注發展直接投資、資產管理和產業投資業務，並形成與投資銀行(企業融資)和經紀業務(財富管理)等收費性業務共同發展的格局。

CHINA EVERBRIGHT LIMITED – HONG KONG BUSINESS

光大控股 — 香港業務範圍

Direct Investment 直接投資

Engages in direct investments in Mainland China and fund management business for institutional and individual clients.
為機構及個人客戶，提供中國內地直接投資及基金管理服務。

Asset Management 資產管理

Manages investment portfolios for institutional and individual clients.
為機構及個人客戶管理投資組合。

Brokerage 經紀業務

- Provides securities brokerage services for Hong Kong listed shares, China B shares and shares listed on some overseas stock markets. Also provides services such as margin financing, IPO subscription and placement.
- Offers 7 major foreign currencies and 6 types of cross trading and precious metals trading services to institutional and individual investors.
- Wealth Management provides a one-stop financial services platform, offering investment-linked and insurance-related products along with traditional financial products.
- 提供香港、內地B股及個別海外股票市場的證券買賣服務，並且提供股票融資、新股認購和配股服務。
- 為機構及個人投資者提供七種主要貨幣和六種交叉盤及貴金屬等交易服務。
- 財富管理提供一站式金融銷售平台，除傳統金融產品外，提供投資相連和保險相關產品業務。

Investment Banking 投資銀行

Acts as sponsor, lead manager or co-lead manager. In addition, it provides financial advisory services in share placement, acquisitions, M&A, privatization and project financing.
擔任上市保薦人、主承銷商或副主承銷商的角色，另外亦提供其他投資銀行服務，包括股票配售、收購、兼併、私有化和項目融資中的財務顧問工作。

Asset Investment 產業投資

Developing asset investment fund in Mainland China, investing in real estate, finance and resources businesses.
發展內地產業投資基金，投資於包括房地產、金融及資源等業務。

CONTENTS

目錄

Performance Highlights 業績摘要	3
Corporate Information 公司資料	4
Chairman's Statement 主席報告書	6
Chief Executive Officer's Report 行政總裁報告書	10
Corporate Governance Report 企業管治報告書	23
Directors and Senior Management 董事及高層管理人員	39
Directors' Report 董事會報告書	45
Independent Auditor's Report 獨立核數師報告	63
Consolidated Income Statement 綜合損益表	65
Balance Sheets 資產負債表	66
Consolidated Statement of Changes in Equity 綜合權益變動表	68
Consolidated Cash Flow Statement 綜合現金流量表	70
Notes to the Financial Statements 財務報表附註	73
Financial Summary 財務摘要	174
Particulars of Major Properties 主要物業資料	175

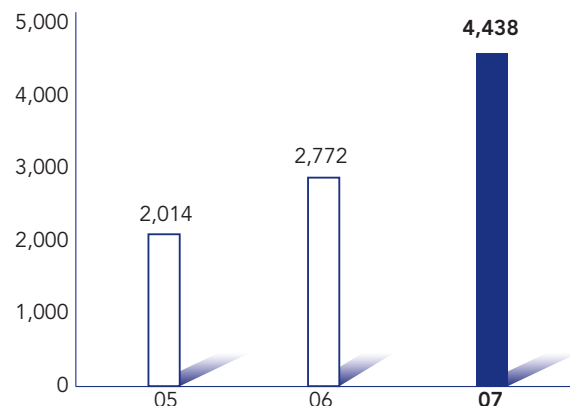
PERFORMANCE HIGHLIGHTS

業績摘要

TURNOVER

營業額

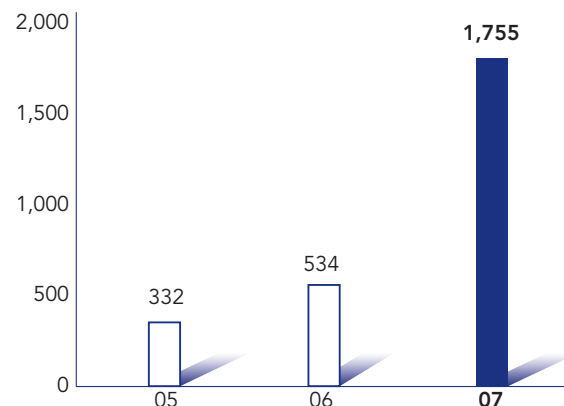
HK\$ million百萬



OPERATING PROFIT

經營盈利

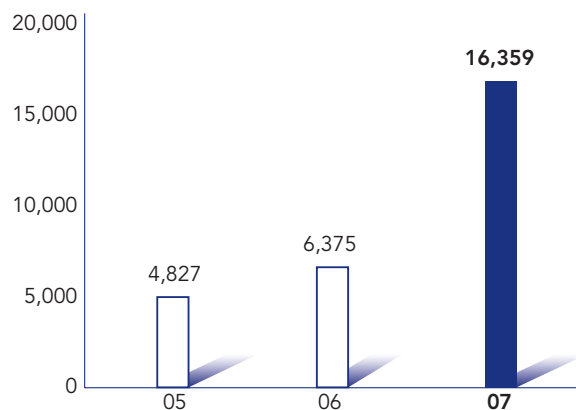
HK\$ million百萬



TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS

歸屬於本公司股東權益

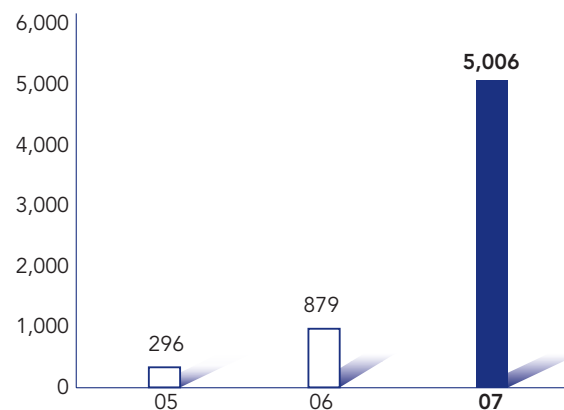
HK\$ million百萬



PROFIT ATTRIBUTABLE TO SHAREHOLDERS

本公司股東應佔盈利

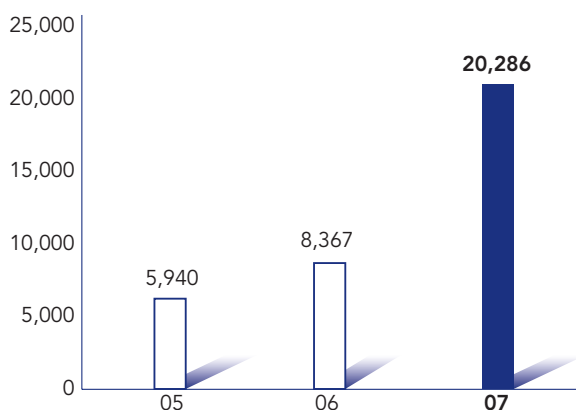
HK\$ million百萬



TOTAL ASSETS

總資產

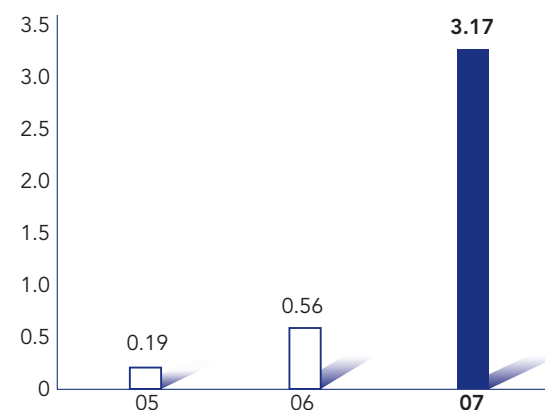
HK\$ million百萬



BASIC EARNINGS PER SHARE

每股基本盈利

HK\$



CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Tang Shuangning	Chairman
Zang Qiutao	Deputy Chairman
Chen Shuang	Chief Executive Officer
Xu Haoming	
Tang Chi Chun, Richard	Chief Financial Officer
Ng Ming Wah, Charles*	
Seto Gin Chung, John*	
Lin Zhijun*	
Tung Iring*	

* Independent Non-executive Directors

COMPANY SECRETARY

Tang Chi Chun, Richard

REGISTERED OFFICE

Room 4001, 40th Floor
Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Bank of Communications Company, Limited
Fubon Bank (Hong Kong) Limited
Hang Seng Bank Limited

LEGAL ADVISORS

Messrs. Wilkinson & Grist

SHARE REGISTRARS

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

AUDITORS

KPMG

Website Address

<http://www.everbright165.com.hk>

Stock Code: 165

董事會成員

唐雙寧	主席
臧秋濤	副主席
陳爽	行政總裁
徐浩明	
鄧子俊	財務總監
吳明華*	
司徒振中*	
林志軍*	
董愛菱*	

* 獨立非執行董事

公司秘書

鄧子俊

註冊地址

香港
夏慤道十六號
遠東金融中心四十樓
四零零一室

主要往來銀行

渣打銀行(香港)有限公司
交通銀行股份有限公司
富邦銀行(香港)有限公司
恒生銀行有限公司

法律顧問

高露雲律師行

股票登記及過戶處

卓佳秘書商務有限公司
香港
灣仔
皇后大道東28號
金鐘匯中心26樓

核數師

畢馬威會計師事務所

網址

<http://www.everbright165.com.hk>

股份代號：165

CHAIRMAN'S STATEMENT

主席報告書



With well-defined strategies and business plans aiming at sustainable development and stable growth into the future, China Everbright Limited delivered impressive results in 2007. We benefited from further integration of and positive interaction between the economies and financial markets of Mainland China and Hong Kong.

本集團已為未來的健康發展和穩步增長制訂了明確的發展戰略及具體部署，隨著中港兩地經濟及金融市場的進一步融合和相互促進，光大控股在2007年交出了亮麗的業績單。

CHAIRMAN'S STATEMENT

主席報告書



With well-defined strategies and business plans aiming at sustainable development and stable growth into the future, China Everbright Limited delivered impressive results in 2007. We benefited from further integration of and positive interaction between the economies and financial markets of Mainland China and Hong Kong.

The global economy saw tremendous volatility in 2007, where rapid growth was marred by short-term corrections. The U.S. economy experienced a significant slowdown while the E.U. maintained steady growth. The Japanese economy remained sluggish, but the emerging markets continued to enjoy remarkable growth. In Mainland China, double-digit GDP growth was recorded for the fifth year in a row as the macro-economic conditions and micro-economic foundations continued to improve. The capital market hailed full recovery with historical highs seen in various stock indices. The aggregate market capitalisation of the stock markets of Mainland China and Hong Kong surpassed their counterpart in Japan for the first time. Locally, Hong Kong's economy had its best year in the decade, with the unemployment rate falling to a low of 3.6%. Trading in the stock market thrived. The Hang Seng Index saw volatile and soared to record highs. The financial markets of Mainland China and Hong Kong underwent further integration following the policy encouraging share issues by H-share companies and the relaxation of QDII rules.

本集團已為未來的健康發展和穩步增長制訂了明確的發展戰略及具體部署，隨著中港兩地經濟及金融市場的進一步融合和相互促進，光大控股在二零零七年交出了亮麗的業績單。

二零零七年全球經濟波瀾起伏，在高速增長中調整。美國經濟大幅放緩，歐盟經濟平穩增長，日本經濟再現疲態，新興市場經濟體繼續快速增長。中國內地經濟連續第五年保持雙位數增長，宏觀經濟環境和微觀經濟基礎持續改善，資本市場全面恢復，各類指數創出歷史新高，內地加香港股票市值首超日本。香港經濟表現為十年來最佳，失業率降至3.6%低位，股市成交極為暢旺，恒生指數大幅波動並創出歷史新高。隨著國企回歸發行A股、內地放寬QDII等措施，中港兩地金融市場進一步融合。

CHAIRMAN'S STATEMENT

主席報告書

During the year, the Company and its subsidiaries (collectively “the Group”) realigned its growth strategies to focus on developing direct investment, asset management and asset investment, while at the same time growing the fee-based business comprising investment banking (corporate finance) and securities brokerage (wealth management). With participation to the financial markets of both Mainland China and Hong Kong, the Group registered substantial growth in income and profit as a result of business expansion amid favorable market conditions and effective control of operating costs. The Group’s profit attributable to shareholders amounted to HK\$5.01 billion, a substantial increase of over 469%. Leveraging on bullish sentiments in the stock market, the direct investment division orchestrated the listing of three of its investment projects. The division has become an important source of recurrent profit for the Group. Our associate company, Everbright Securities registered phenomenal growth in income from all sectors as it prudently expanded its business network through the acquisition of small-to-medium sized securities brokers to capitalise on the bullish stock market in Mainland China. It also maintained leadership in collective investment management and other innovative products to position itself favorably for future new businesses. Everbright Bank completed its financial restructuring exercise as timely State funding had provided significant relief to the bank’s deficiency in capital adequacy ratio. Everbright Bank also attained enhanced profitability as well as risk control ability. As a result, the Company was able to make a significant write-back on its investments in Everbright Bank. The Board of Directors of the Group is pleased to declare a final dividend of HK\$0.10 per share (2006: HK\$nil) to ensure that shareholders share directly from the growth of the Company.

期內，本公司及其附屬公司(統稱「本集團」)調整發展戰略，集中發展直接投資、資產管理和產業投資業務，並形成與投資銀行(企業融資)和經紀業務(財富管理)等收費性業務共同發展的格局。本集團同時參與中港兩地金融市場的運作，隨著各項業務的拓展，同時受惠於良好的外部環境，收入及盈利均有大幅增長，經營成本得到良好控制，全年實現股東應佔盈利為港幣50.1億元，大幅增長469%以上，其中直接投資業務抓住市場時機，推動三個投資項目的成功上市，該業務成為本集團經常性盈利的重要來源。本集團聯營公司光大證券，在保持穩健管理風格的同時，通過託管收購中小型券商擴大網點佈局，抓住內地資本市場全面攀升的機會，各項收入實現跳躍式發展，同時繼續在集合理財等創新產品領域保持領先地位，為將來參與各類創新業務創造良好條件。光大銀行成功完成財務重組工作，國家注資及時到位，資本金不足問題得到極大緩解，風險控制和盈利能力全面提高，本公司在光大銀行的投資實現巨額回撥。本集團董事會欣然宣佈派發末期股息每股港幣0.10港元(二零零六年：無派息)，與股東共同分享公司增長帶來的成果。

CHAIRMAN'S STATEMENT

主席報告書

Looking forward to 2008, the biggest risk of the global economy would be coming from the financial sector as the U.S. subprime crisis continues to unfold. Its impact is far greater than previously expected, spilling over to Europe and the emerging markets. Meanwhile, escalating international energy and food prices will drive global inflation. Trade protectionism will emerge amid high economic imbalances, resulting in volatility in the global financial markets. While these factors will increase the risk of a global economic downturn and uncertainties, a slowdown is seen but not an overall recession. Effects of a tightening monetary policy will start to appear in Mainland China, where economic growth is likely to lose some steam although the trend of "sustainable, fast and healthy" development is expected to continue, we should be able to see continued enhancement in the quality and benefits of economic development. Given the circumstances in the global market and Mainland China, we are cautiously optimistic about Hong Kong's economic prospects.

The restructuring of our parent company, China Everbright Group, as well as ongoing preparations for the listing of Everbright Securities and Everbright Bank, will lay solid foundations for the stable and healthy development of the Group. Adhering to our development strategies, we will continue to work closely with fellow Everbright companies in Mainland China amid opportunities and challenges in 2008, to develop cross-border business platforms, to increase our market share in Hong Kong, to further strengthen internal risk management, to enhance our corporate image and enterprise value and to strive to achieve higher returns for our shareholders.

As the Group obtained excellent results in 2007, may I take this opportunity to express my sincere gratitude to our shareholders, clients, directors, management and staff members for their support and contributions.

Tang Shuangning
Chairman

Hong Kong: 27 March 2008

展望二零零八年，由於美國次級按揭危機愈演愈烈，影響已遠超過預期，並擴散至歐洲及新興市場，金融市場的風險已成為全球經濟最大的風險。同時，國際能源和糧食價格高企，拉動全球通貨膨脹上揚，經濟失衡狀態未改，貿易保護主義抬頭，國際金融市場動蕩不安。這些因素增大了全球經濟下滑的風險和不確定性，全球經濟增長可能放緩，但尚不至於出現經濟的整體衰退。內地從緊的貨幣政策作用開始顯現，經濟增速雖然將有所回落，但仍將保持「持續快速健康」發展，且經濟發展的質量和效益將有所提高。受環球及內地影響，對香港經濟我們保持審慎樂觀的態度。

母公司中國光大集團的改革重組方案的實施，以及光大證券和光大銀行上市的持續推進，為本集團的穩定健康發展奠定了堅實的基礎。在充滿機遇和挑戰的二零零八年，我們將根據既定的發展戰略和推進策略，繼續加強與光大集團境內企業在相關領域的良好合作，建立跨越中港兩地的業務平臺，提高在港的市場佔有率，並進一步加強內部風險管理，提升公司形象和市場價值，力爭為股東提供更多的回報。

本集團在二零零七年裡取得了良好的業績，本人謹此向本集團的股東、客戶、董事會成員、管理層和全體員工的支持和貢獻表示衷心感謝！

唐雙寧
主席

香港，二零零八年三月二十七日

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

China Everbright Limited concluded the year 2007 with record-high results under the leadership of the Board of Directors. All business segments achieved remarkable growth.

在董事會的帶領下，光大控股2007年取得歷史性最佳業績，各項業務實現長足發展。

- Hong Kong business achieved significant growth with net profit **increasing 146% to HK\$1.32 billion**
- Associate company Everbright Securities significantly boosted revenue, contributing **HK\$2.03 billion** to the Group's profit
- Major progress seen in Everbright Bank's restructuring, the Group's stake in Everbright Bank had a fair value of **HK\$3.76 billion**. An amount of **HK\$1.57 billion** was credited through P&L for FY2007
- Profit attributable to shareholders reached a record high, **increasing 469% to HK\$5.01 billion** compared with last fiscal year
- Final dividend of **10 HK cents per share**
- 香港業務實現顯著增長，稅後盈利**港幣13.2億元，增長146%**
- 聯營公司光大證券各項收入大幅提高，本集團分佔盈利**港幣20.3億元**
- 光大銀行重組取得重大進展，公司所持有股權的公平價值為**港幣37.6億元**。**港幣15.7億元**的收益得以記入2007年損益表內
- 本公司股東應佔盈利**港幣50.1億元，較去年度大幅增長469%**，創歷史新高
- 末期息每股**10港仙**

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

I am pleased to report that China Everbright Limited concluded the year 2007 with record-high results under the leadership of the Board of Directors. All business segments achieved remarkable growth.

RESULTS OF THE GROUP

In 2007, the Company and its subsidiaries (the "Group") recorded the highest-ever profit in the Group's history, thanks to strategic adjustments that have resulted in a well-founded business model as well as favorable market conditions in both Mainland China and Hong Kong. For the year ended 31 December 2007, the Group's profit attributable to shareholders amounted to HK\$5.01 billion, a substantial increase of over 469% as compared with that of last year. Shareholders' equity stood at HK\$16.4 billion, representing a year-on-year increase of HK\$10 billion or 156%.

Hong Kong operations

In 2007, the Group secured significant growth in its Hong Kong operations, underpinned by more diversified sources of income and more balanced allocation of resources among short-, medium- and long-term investments. Apart from strategic investments, profit from day-to-day operations (including direct investment, asset management, securities brokerage and investment banking) amounted to HK\$1.52 billion, representing an increase of 156% as compared with the same period last year. Profit after tax of our Hong Kong operations (excluding non-operating factors such as property revaluation) was HK\$1.32 billion, representing an increase of 146% year-on-year. Cost-to-income ratio remained sound at 26.9% (2006: 40.8%) and average return on shareholders' equity was 44.0% (2006: 15.7%).

本人欣然宣佈，在董事會帶領下，光大控股二零零七年取得歷史最佳業績，各項業務實現長足發展。

經營業績

二零零七年，本公司及其附屬公司（「本集團」）調整發展策略，業務模式更加穩固，配合中港兩地良好的市場環境，本集團盈利創歷史新高。截至二零零七年十二月三十一日年度，本集團實現股東應佔盈利港幣50.1億元，比去年同期大幅增長469%以上，股東權益總額港幣164億元，比年初增加港幣100億元，增長156%。

香港業務

二零零七年，本集團香港業務在原有基礎上實現顯著增長，收入來源更為廣泛，短、中、長期投資的資源配置更趨合理。除策略投資外，包括直接投資、資產管理、經紀業務及投資銀行在內的日常營運業務盈利港幣15.2億元，比去年同期增加156%，整體香港業務實現稅後利潤港幣13.2億元（撇除物業重估等非經營性因素後），比去年同比增加146%。成本收入比率維持於26.9%良好水準（二零零六年：40.8%），平均股東資金回報率為44%（二零零六年：15.7%）。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP (continued)

Hong Kong operations (continued)

2007 was a hugely rewarding year for our direct investment division, which recorded a pre-tax profit of HK\$752 million. The "Seabright China Special Opportunities (I) Limited" ("SOF I") had been fully invested and started to bear fruit as fund assets started to realise their value with the listing of investee enterprises: China High Speed – Transmission (658.HK) and Sunshine Paper (2002.HK) on the Stock Exchange of Hong Kong (Main Board) and Goldwind Science and Technology (金風科技) (002202.CH) on the Shenzhen Stock Exchange (A shares). Further, the "China Special Opportunity Fund L.P" ("CSOF") commenced operation during the year and investments had started with investments in stakes of certain projects in Mainland China including an enterprise specialising in financial data processing platforms. Asset-under-management ("AUM") of our direct investment business grew further as funds amounting to US\$100 million were committed by U.S. clients through another "parallel investment" fund. We locked in substantial gains from our securities investments in Mainland China's stock market by taking profit when the market was at one of the high points. Incorporation of a venture capital fund in joint venture with Zhongguancun, Beijing (北京中關村) was completed during the year and project investments had started in 2008.

At year-end, AUM of the asset management division stood at HK\$1.4 billion and pre-tax profit for the year amounted to HK\$304 million, out of which management fees accounted for approximately one-third. Our hedge fund "China Everbright Dragon Fund" reported a pre-tax annual return of 50.3%, outperformed the 39.3% rise of the Hang Seng Index for the year. We further expanded the scope of our asset management business during the year to set up managed funds for individuals at the request of several high-net-worth customers. The results have been rewarding.

The securities brokerage division reported a pre-tax profit of HK\$211 million for the year as it responded to increasing competition in the marketplace by continuously improving its service standards. Wealth management services were introduced during the year to enhance the diversity of services provided to customers, while new branches were established in North Point and Hung Hom during the year and in early 2008 respectively. Daily average trading volume rose by 186% year-on-year, further gains in market share lifted us into the ranks of Category B Brokers. Loan interest income, benefiting from a marked increase in IPO activities and advances to customers, grew by 140%. The quality of our loan portfolio remained sound.

經營業績(續)

香港業務(續)

二零零七年是直接投資部門取得巨大收益的一年，全年實現稅前利潤港幣7.52億元。「中國特別機會基金I」(SOF I)已全數投放並進入成熟期，所投資的中國高速傳動(658.HK)、陽光紙業(2002.HK)及金風科技(002202.CH)等三個項目分別在香港主板及內地深圳A股上市，資產價值逐步顯現；成功組建「中國特別機會基金II」(CSOF)，並已開始投放於內地金融數據處理平臺等項目；通過另一「平行投資」基金吸引美國客戶1億美元資金，進一步擴大直接投資業務的資產管理規模；證券投資抓住年內內地證券市場的機會，適時在高位套現，取得良好回報；與北京中關村合資的創投基金的設立工作已完成，並已於二零零八年開始項目投資。

資產管理部門年末管理資金達港幣14億元，全年實現稅前利潤港幣3.04億元，其中管理費收入約佔1/3，所設立的對沖基金「中國龍騰基金」年度稅前回報率為50.3%，高於恒生指數全年39.3%的升幅。年內進一步拓展資產管理業務範圍，配合數個高端客戶的需求，為其單獨設立管理基金並取得良好回報。

證券經紀部門面對日益加劇的市場競爭環境，努力提升服務水準，全年實現稅前利潤港幣2.11億元。年內新增財富管理業務，為客戶提供多元化的服務，並於年內在北角及於二零零八年初在紅磡開設分行；日均成交額比去年同期上升186%，市場份額進一步上升，並進入B組證券商行列；受惠於IPO及客戶貸款需求顯著上升，貸款利息收入上升140%，貸款質量保持良好水準。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP (continued)

Hong Kong operations (continued)

The investment banking division completed an IPO sponsorship during the year, namely, the listing of Shenzhen Hong Long Properties (深圳鴻隆地產). The division contributed a pre-tax profit of HK\$11 million from its growing private placing, financial advisory and underwriting businesses.

We recognise that human resources are the most important assets for a financial service company. The Group owes its sound development to the contributions from a wealth of talents. While acknowledging the priority of business development, the management places a strong emphasis on professional ethics and advocates the philosophy of "sharing value through creating value". The internal regime for incentive arrangement and checks-and-balances was diligently enforced with further improvements made during the year. Staff stability was maintained at core business teams and lower staff turnover rate was recorded.

The Group also appreciates the importance of brand building, where a positive image of the "Everbright" brand will help foster long-term competitive edge and become a source of customer loyalty and staff motivation. In this connection, an international brand consultant was engaged during the year to conduct a comprehensive brand review and rebranding exercise, with a view to improving the prospects of the Company's future development.

Everbright Securities

Mainland China's stock market saw an outburst in trading volume in 2007. Stock indices surged amid temporary swings. The SSE Composite Index ended the year with a 97% gain. Taking full advantage of the bullish sentiment, Everbright Securities ensured substantial increase in the income and profited from its brokerage and securities investment businesses by capturing timely trading opportunities in the market. At the end of 2007, total assets and shareholders' equity of Everbright Securities based on HKFRS were RMB13.8 billion and RMB10.7 billion respectively, while profit after tax for the year was RMB5.1 billion, representing a 4.37 times of that last year. Income from brokerage commission, proprietary trading in securities, warrant launch, asset management, interest and other income accounted for 49%, 26%, 13%, 4%, 5% and 3% respectively of total income.

經營業績(續)

香港業務(續)

投資銀行部門完成深圳鴻隆地產的保薦上市，透過拓展私募融資、財務顧問、新股承銷等項目，全年實現稅前利潤港幣1,100萬元。

人才是金融服務企業的最大資源，本集團的良好發展來自於各類人才的貢獻，在注重業務拓展之餘，管理層強調遵守職業操守，提倡「創造價值才能分享價值」的理念，良好的內部激勵約束機制得到進一步完善和落實，骨幹團隊保持穩定，人員流失率持續下降。

本集團亦認識到一個管理完善的「光大控股」品牌有助於打造持久的競爭優勢、顧客忠誠度和激勵員工，我們瞭解建立積極品牌形象的重要性，為此，年內聘請國際品牌顧問全面審視並重整公司品牌，以支持公司的未來發展。

光大證券

二零零七年內地證券市場交易量爆發性增長，指數震蕩上揚，全年上證綜合指數上升97%。在此良好市場環境下，光大證券把握市場機會，大幅度提高經紀和證券投資等業務的收入和利潤水準。截止二零零七年底，光大證券以「香港財務報告準則」為基準的資產總額為人民幣138億元，所有者權益人民幣107億元。全年實現稅後利潤人民幣51億元，為上年的4.37倍，其中經紀業務佣金、自營證券、權證創設、資產管理、利息及其他收入分別佔總收入的49%、26%、13%、4%、5%及3%。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP (continued)

Everbright Securities (continued)

Everbright Securities further expanded its sales network in the prosperous coastal regions in 2007 following completion of the acquisition and rebranding of Tianyi Securities, the largest securities house in Zhejiang province. The wholly-owned Everbright Futures Limited (光大期貨有限公司) (formerly Shanghai Nan Du Futures Limited (上海南都期貨有限公司)), whose registered capital was increased to RMB150 million during the year, will be the important platform for the financial derivative business in Mainland China when its financial futures-related businesses are in operation. In the asset management sector, Everbright Securities focused on building "Everbright" into a recognised brand name in wealth management and "Everbright I" ("陽光一號") and "Everbright II" ("陽光二號") ranked top with a 15% market share among all collective investment/money management products offered by securities houses. Everbright Securities ranked 9th in the securities industry in terms of trading volume in stocks, funds and warrants with a full-year market share of 3.19% and 4th in terms of the total number of warrants launched. Its investment banking business was awarded as one of the Best Sponsors for Small and Medium Enterprises of Year 2007. It also ranked 4th in the investment banking sector based on the number of issuers sponsored. Meanwhile, Everbright Securities' risk management standards were well recognised by the regulatory authorities, as reflected by its "grade-A, category-A" brokerage house rating in Mainland China which gives the company a cutting edge in seeking licenses for new businesses in future. In January 2008, Everbright Securities was granted the QDII status, putting it in an excellent position for overseas business development.

Preparations for Everbright Securities' A-Share listing in Mainland China are well underway. According to an announcement published by the Company on 27 August 2007, Everbright Securities will issue up to 520 million new shares for listing on the Shanghai Stock Exchange. Upon the listing, the Group's shareholding in Everbright Securities is expected to be diluted down to approximately 33.33%.

經營業績(續)

光大證券(續)

二零零七年，光大證券完成對浙江省最大券商天一證券的收購及翻牌，進一步拓展在沿海經濟發達地區的營銷網路。全資持有的光大期貨有限公司(原上海南都期貨有限公司)註冊資本增加至人民幣1.5億元並獲各項金融期貨相關業務資格，成為參與內地金融衍生產品業務的重要平臺。光大證券的資產管理業務著力打造「陽光理財」品牌，其「陽光一號」及「陽光二號」在所有券商集合理財產品中名列前茅，市場佔有率約15%。以股票、基金、權證總交易量計，光大證券全年市場佔有率為3.19%，業內排名第九，權證創設總量排名第四，投行業務被評為二零零七年度中小企業板最佳保薦機構之一，IPO發行家數排名第四位。與此同時，光大證券的風險管理水準獲監管當局認可，在內地券商分類評選中被評為A類A級，為其爭取各項創新業務資格打下良好基礎。二零零八年一月份，光大證券獲得QDII業務資格核准，為今後拓展海外業務創造良好條件。

光大證券正積極推進在內地A股公開上市的工作，根據本公司二零零七年八月二十七日公告內容，光大證券將發行不超過5.2億股新股在上海交易所上市，預計上市後本集團在光大證券持股將攤薄至約33.33%。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP (continued)

Everbright Securities (continued)

As at the end of 2007, Everbright Securities had a network of 76 business offices and 18 securities service offices across 23 provinces, municipalities and autonomous regions in Mainland China.

As at 31 December 2007, the Group held 39.31% of the issued shares of Everbright Securities.

Everbright Bank

Everbright Bank steered a significant turnaround in overall operations and profit in 2007. Total assets of Everbright Bank amounted to RMB739.4 billion as at the end of 2007, representing a year-on-year growth of 24.0%. The total loan book amounted to RMB417.4 billion, representing a year-on-year growth of 18.5%. Profit after tax for the full year increased 90.2% to RMB5.04 billion. Asset quality continued to improve as the non-performing loan ratio dropped to 4.49%, a decrease of 3.09% over the year. The balance of outstanding non-performing loans continued to fall for the third consecutive year. The loan provision coverage ratio stood at 91.64% as an indicator of the bank's prudent risk management approach, representing a significant improvement of 24.61% over the year. Ongoing improvements in business innovation were underpinned by the full-scale upgrade of the "Everbright" series of wealth management products and the "Best Banking Innovation Award" received in a poll organised by sina.com for the second year in a row.

There was substantive progress in Everbright Bank's restructuring exercise in 2007. On 30 November, Central Huijin Investment Co., Ltd. ("Huijin Co") injected US dollars funds equivalent to RMB20 billion into Everbright Bank to give a strong boost to the bank's capital adequacy ratio. At present, preparations for public listing are well underway. Following the introduction of Huijin Co as shareholder, the Group's equity interests in Everbright Bank have been diluted to 6.23% from 21.39%. Everbright Bank is no longer accounted for as an associate company of the Group. The Group's investment in Everbright Bank has been reclassified as financial in nature and treated as available-for-sale securities. As a result of the substantial recovery of shareholders' equity of Everbright Bank, the fair value of the Group's investment in Everbright Bank, which had been written down to nil at the end of 2004, was revalued at HK\$3.76 billion as at the end of 2007. As a result, a gain of HK\$699 million was recorded for 2007, being accounted for as "gain on deemed disposal of interests in an associate."

經營業績(續)

光大證券(續)

截止二零零七年底，光大證券在全國23個省市自治區設立了76家營業部和18家證券服務部。

本集團於二零零七年十二月三十一日仍持有光大證券已發行股份的39.31%。

光大銀行

二零零七年，光大銀行整體經營和盈利情況明顯改善。截止二零零七年末，光大銀行資產總額7,394億元人民幣，比上年增長24.0%，其中貸款餘額4,174億元人民幣，增長18.5%，全年實現稅後利潤50.4億元人民幣，增長90.2%。資產質量持續好轉，不良貸款比率4.49%，比年初下降3.09%，不良貸款餘額連續三年下降，信貸撥備覆蓋率為91.64%，比年初提高24.61%，風險抵禦能力顯著提高。業務創新能力持續提升，「陽光理財」系列產品全面升級，並連續兩年蟬聯新浪網站「年度最具創新銀行」大獎。

二零零七年，光大銀行改革重組工作取得了重大實質性成果。於十一月三十日，中央匯金投資有限責任公司（「匯金公司」）向光大銀行注入200億元人民幣等值美元的資金，資本充足率顯著提高，目前正在積極推進公開上市的工作。匯金公司入股後，本集團持有的光大銀行股權由21.39%攤薄至約6.23%，光大銀行將不再屬於本集團的聯營公司，而本集團在光大銀行的投資性質亦將變更為財務性投資並被視為備供銷售證券。由於光大銀行股東權益的大幅回升，原已在二零零四年底撥減至零的此項投資於二零零七年底的公平值回升至37.6億港元，並以「非實質出售聯營公司權益盈利」的形式，為二零零七年度帶來特殊收益6.99億港元。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RESULTS OF THE GROUP (continued)

Everbright Bank (continued)

Upon completion of its financial restructuring, Everbright Bank will remain under the common management of China Everbright Group. Close connections will be maintained to tap vast opportunities for joint ventures in the financial sector.

FINANCIAL POSITION

As at 31 December 2007, the total assets of the Group amounted to approximately HK\$20.3 billion, comprising cash on hand of approximately HK\$1.8 billion. During the year, the Group has fully repaid the renewable term loans of HK\$439 million extended by China Everbright Holdings Company Limited. Apart from trade liabilities in the ordinary course of business, the Group has no material liabilities at present.

As at 31 December 2007, the Group's committed borrowing facilities amounted to approximately HK\$170 million. The Group's gearing ratio (computed as the Group's total interest bearing liabilities divided by shareholders' fund) was nil% as at 31 December 2007 (2006: 6.9%).

As at 31 December 2007, the Group had no material exposure to foreign exchange fluctuations other than assets denominated in Renminbi.

As at 31 December 2007, none of the Group's listed securities was pledged.

As at 31 December 2007, the Group did not have any material contingent liabilities. The Group had provided guarantees in respect of loans extended to its subsidiaries totalling approximately HK\$170 million. As at 31 December 2007, there was no outstanding borrowings by any subsidiaries of the Group. As at 31 December 2007, the Group also provided guarantees to financial institutions in respect of trading limits provided by them to its subsidiaries which are engaged in the businesses of leverage forex trading and derivatives trading. The amount of such guaranteed liabilities varies according to the value of transactions.

經營業績(續)

光大銀行(續)

光大銀行完成財務重組後，仍與本集團共同歸屬於中國光大集團的管理體系，雙方仍保持密切的交流與溝通，在拓展各項金融業務方面存在巨大合作空間。

財務狀況

於二零零七年十二月三十一日，本集團的總資產約港幣203億元，其中現金總額約港幣18億元。本集團年內已向中國光大集團有限公司全額償還港幣4.39億元的可續期借款，除日常業務營運的流動負債外，本集團目前並無主要負債。

於二零零七年十二月三十一日，本集團的已承諾借貸額度約為港幣1.7億元。以附帶利息之負債與股東權益總額為計算基準，本集團於二零零七年十二月三十一日之負債資本比率為0%(二零零六年：6.9%)。

除以人民幣為基礎的資產外，於二零零七年十二月三十一日本集團並無重大之外匯風險。

於二零零七年十二月三十一日，本集團並沒有就銀行貸款額度作出上市證券抵押。

於二零零七年十二月三十一日，本集團並無任何重大或然負債。本集團對屬下附屬公司做出的借款擔保合共約港幣1.7億元，於二零零七年十二月三十一日，本集團屬下之附屬公司並未作出任何相關借款。截至二零零七年十二月三十一日止，本公司為參與槓桿外匯交易及參與衍生工具買賣之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。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RISK MANAGEMENT

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, liquidity risk, interest rate risk and foreign currency 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 risks in various areas 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.

風險管理

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、流動資金風險、利率風險和外匯風險。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準之內。

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。該架構能確保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。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RISK MANAGEMENT (continued)

(a) Credit risk (continued)

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

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties 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 manage its credit risk exposure and concentration. As at 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 ratings, of approximately HK\$241 million (2006: approximately HK\$240 million) and (ii) a Principal Guaranteed Note ("PGN") with a remaining notional amount of HK\$231 million issued by a reputable third party with sound financial standing.

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet date deducting any impairment allowance. Except for the corporate guarantee given by the Group as set out in note 32(a), the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of the corporate guarantee at the balance sheet date is disclosed in note 32(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from advances to customers are set out in note 18.

風險管理(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。本集團已有既定程序選擇有優良信貸評級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程度與集中度。於年結日，本集團除(i)客戶借款約港幣2.41億元(二零零六年：約港幣2.40億元)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，其名義值餘額為港幣2.31億元外，並無重大之信貸風險集中。

未計所持抵押品之最高信貸風險是金融資產的價值，包括衍生工具，於年結日扣除任何減值撥備。除了於附註32(a)所披露的集團所提供公司擔保，本集團並沒有提供其他擔保而擴大本集團或公司的信貸風險。於年結日，最高信貸風險是集團所提供公司擔保(附註32(a))。

因客戶借款引致本集團的信貸風險，於附註18以數位披露。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

RISK MANAGEMENT (continued)

(b) 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 longer term.

(c) 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 risk arises from advances to customers, bank balances and loans from ultimate holding company.

(d) Foreign currency risk

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, the 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.

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

風險管理(續)

(b) 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。

(c) 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準之內。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。

本集團之主要利率風險為客戶借款、銀行結餘及應付最終控股公司貸款。

(d) 外匯風險

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。

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。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

EMPLOYEES

As at 31 December 2007, the Group had 179 employees. Total staff cost for the year under review amounted to approximately HK\$299 million as noted in the consolidated income statement. The Group ensures that the remuneration packages for employees are fair and competitive and employees' remuneration (including salaries and bonuses) is linked to their performance. Discretionary year end bonuses may also be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement schemes and training programs. Directors and full time employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the share option scheme approved by the Company at the extraordinary general meeting held on 24 May 2002.

PROSPECTS

A major slowdown of the U.S. economy is expected in 2008 because of the subprime mortgage crisis which adds uncertainties to the global financial markets. In China, the excess short-term liquidity was rectified following a series of interest rate rises in 2007. Under a tightening monetary policy, the economic growth in Mainland China will slow down but healthy and sustainable growth is still expected. Nevertheless, the bull run of the domestic stock market in 2007 is unlikely to repeat itself in 2008.

僱員

本集團於二零零七年十二月三十一日擁有僱員179名。於回顧期內之總員工成本約為港幣2.99億元並已列載於綜合損益表內。本集團薪酬制度公平及與市場相若，員工薪酬(包括薪金及花紅機制)按表現釐定。本集團亦會按僱員之個別表現，酌情向僱員發放年終花紅。員工福利亦包括醫療保險、退休計劃及培訓計劃。本公司董事及全體僱員可能獲授根據公司於二零零二年五月二十四日股東特別大會上採納之認股權計劃之條款及條件發出之認股權以認購本公司之股份。

展望

二零零八年，由於美國次級按揭問題影響，美國經濟預計將大幅放緩，環球金融市場不明朗因素顯著增加。內地在二零零七年連續多次加息後，資本過剩局面有所改變，在從緊的貨幣政策下，內地經濟高速增長的勢頭略為放緩，但仍會保持較快而健康的增長，在此背景下，內地證券市場難以出現類似二零零七年的漲幅。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

PROSPECTS (continued)

The Group will adjust its development strategy in 2008 in response to intense competition in the market. We intend to leverage our position as a leading provider of cross-border financial services in Mainland China and Hong Kong. Our focus is on asset management, including direct investment funds, industry-specific funds, hedge funds and strategic investments. We will strive to increase the size of our AUM to form a business portfolio spearheaded by the asset management business and the fee-based business comprising investment banking (corporate finance) and securities brokerage (wealth management). According to the Company's stated strategies, the direct investment division will seek to make prudent investments at reasonable prices targeting at projects with proven records and growth potential. Drawing on the success of the direct investment business, an industry-specific investment division will be established to complement our overall business mix. Fee-based operations such as securities brokerage, wealth management and investment banking will be consolidated and additional outlets are being established in Hong Kong and Macau. Integration with Everbright Securities in relevant business segments will be enhanced and a cross-border business platform covering Mainland China and Hong Kong will be built to broaden sources of the fee-based business and its market share in Hong Kong. Our operations in equity capital markets and institutional sales will be bolstered by the IPO sponsorship and underwriting assignments by the investment banking division during the year. We appreciate the importance of risk management for financial enterprises and will ensure that all business divisions comply with internal rules and policies and exercise due controls over credit risks, operational risks and ethical risks. We will invest more in brand building and work to enhance corporate transparency and market recognition. Additional investments in information technology will also be made to ensure that our IT networks and online trading systems are ready to meet market requirements.

展望(續)

二零零八年，因應激烈的市場競爭環境，本集團調整發展策略，充分發揮在中港兩地提供跨境金融服務方面的優勢，集中發展直接投資、資產管理和產業投資業務，努力擴大資金管理規模，並形成與投資銀行(企業融資)和經紀業務(財富管理)等收費性業務共同發展的格局。根據公司的戰略定位，直接投資將以審慎的態度及合理價格投資有良好經營往績及增長潛力的項目，同時延伸直接投資業務的成功模式，設立產業投資部門，形成較完整的業務佈局；整合包括經紀業務、財富管理、投資銀行等在內的收費性業務，適當增加在港澳的服務網點，並加強與光大證券在相關業務領域的整合，建立跨越中港兩地的業務平臺，增加公司收費性業務的業務來源及在港的市場佔有率；投資銀行年內將有數個上市保薦及承銷業務，可望進一步帶動證券資本市場及機構銷售業務的發展；加強風險管理是金融類企業的重要課題，我們將確保各業務部門遵守本集團的相關守則和流程要求，控制信貸風險、操作風險和內部道德風險；加強品牌建設，提升公司的透明度和市場知名度；加大對信息科技方面的投入，使對外網路及網上交易系統符合市場要求。

CHIEF EXECUTIVE OFFICER'S REPORT

行政總裁報告書

PROSPECTS (continued)

Upon the successful listing of its A Shares, the financial strength and risk management of Everbright Securities will be further enhanced. It will seek to enlarge its market share through prudent management and moderate expansion. Active participation in novel businesses is planned to bring its innovation capabilities into full play. Meanwhile, there will be enormous potential for business cooperation between Everbright Securities and the Group, as the former seeks to develop and expand its overseas securities business by leveraging on the Group's operating network and resources in Hong Kong. As such, Everbright Securities will remain an important source of profit contribution for the Group.

After completion of the financial restructuring plan, Everbright Bank has significantly improved in terms of capital adequacy and competitive edge. The bank intends to enhance its corporate governance standards by introducing strategic investors with proven strengths and promote its brand name by launching innovative products, such as RMB wealth management services. Everbright Bank will strive to accomplish its IPO mission within the year. We see value of the Group's investment in the bank being better realized.

Year 2008 will be a year of stable development for the Group. We are operating upon a solid business structure with sound financial conditions. We will raise our level of risk control to cope with market volatility. We strive to maintain steady profit growth in our Hong Kong operations by improving our overall business mix, attracting and retaining high-caliber staff as well as creating a harmonious and progressive work environment. We have a clear brand positioning as "making wealth simple", our mission is to provide clients with simple, professional and practical solutions. We are confident that we will be able to offer the most trustworthy partnership to clients, helping them create wealth and value with ease.

As we toast our brilliant results in the past year, I would like to express my sincere gratitude on behalf of the management for the support extended to us by our clients and shareholders. With dedicated efforts, we will continue to add value for shareholders and enhance the Group's profile as a leading provider of cross-border financial services.

By order of the Board
Chen Shuang
Chief Executive Officer

Hong Kong, 27 March 2008

展望(續)

光大證券在A股成功上市後，資本實力將獲進一步加強，風險防範能力顯著增加，將繼續通過穩健的管理和適度擴張，提高市場份額，積極提升及發揮創新能力，參與各項新設業務的運營。同時，借助本集團在香港的運營網路和資源，開發並拓展境外證券業務，雙方在各項業務方面存在巨大合作和發展空間。光大證券將繼續為本集團帶來較高的回報。

隨著財務重組方案的落實，光大銀行的資本約束和競爭條件得到極大改善，將通過引進具實力的戰略投資者，提升公司的治理水準，發揮在人民幣理財等創新業務方面的優勢，打造良好的公司品牌。年內，光大銀行將努力實現公開上市的目標，本集團在光大銀行的投資價值將得到更好體現。

二零零八年是本集團穩健發展的一年，公司業務結構穩固，財務狀況良好，面對市場波動，我們將更注重新風險控制，完善整體業務佈局，穩定人才和吸引人才，創造和諧共進的工作環境，努力保持香港業務盈利的穩定增長。我們將以「簡單成就價值」為品牌定位，力求為客戶提供簡便、專業及實用的服務，與客戶建立最值得信賴的夥伴關係，並協助客戶輕鬆創造財富與價值。對此，我們充滿了信心。

本集團在過去一年，取得了亮麗的成績，本人在此僅代表管理層，衷心感謝所有客戶及股東對我們的支援，並將繼續履行我們的承諾，為股東帶來更大的回報，推動光大控股成為提供跨境金融服務的重要品牌。

承董事會命
陳爽
行政總裁

香港，二零零八年三月二十七日

CORPORATE GOVERNANCE

企業管治



The Company always aims to comply with established corporate governance best practice, and the Board's core value is to protect the interests of shareholders, customers, staff and other stakeholders.

本公司的既定政策是務求在企業管治範疇中達至最佳的企業管治水平並保障股東、客戶、員工及其他與本集團相關人士的利益，作為董事會秉持的核心價值。

CORPORATE GOVERNANCE REPORT

企業管治報告書

GOVERNANCE PRINCIPLES AND STRUCTURE

The Company always aims to comply with established corporate governance best practice, and the Board's core value is to protect the interests of shareholders, customers, staff and other stakeholders. It is committed to strictly abide by the laws and regulations of Hong Kong and observing the rules and guidelines issued by the relevant regulatory authorities such as the Hong Kong Securities and Futures Commission and the Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The Company also constantly reviews its corporate governance practices, with a view to measuring up to international and local best practices. One of the core values communicated within the Group is a belief that the highest standard of integrity is essential in business.

The Company has complied with the Code on Corporate Governance Practices ("the code") as set out in Appendix 14 of the Rules Governing the Listing of Securities ("the Listing Rules") on the Stock Exchange for the year ended 31 December 2007.

BOARD

The Board is at the core of the Company's corporate governance framework, and there is clear division of responsibilities between the Board and the Management. The Board is responsible for providing high-level guidance and effective oversight of the Management, generally, including:

- formulating the Group's long term strategy and monitoring the implementation thereof;
- reviewing and approving the annual business plan and financial budget;
- approving the annual and interim reports;
- reviewing and monitoring risk management and internal control;
- ensuring good corporate governance and compliance; and
- monitoring performance of the Management.

管治原則及架構

本公司的既定政策是務求在企業管治範疇中達至最佳的企業管治水平以保障股東、客戶、員工及其他與本集團相關人士的利益，作為董事會秉持的核心價值。為此，本公司致力維持和強化高水準的企業管治。除了嚴格遵守香港有關的法律法規、香港證券及期貨監察委員會及香港聯合交易所有限公司(「聯交所」)等監管機構的各項規定和指引外，本公司不時對其所採用的企業管治實務作出檢討，並力求符合國際和香港有關企業管治最佳慣例的要求。而當中於本集團普遍傳達的一個關鍵理念是，保持最高操守水準是業務發展的一個必備元素。

本公司於截至二零零七年十二月三十一日年內所有時間均遵守了聯交所證券上市規則(「上市規則」)附錄十四所載之企業管治常規守則(「守則」)。

董事會

董事會作為本公司管治架構核心，與管理層之間具有明確分工。董事會負責給予管理層高層指引和有效監控。一般而言，董事會負責：

- 制訂本集團的長期戰略並監控其執行情況；
- 審批年度業務計劃和財務預算；
- 批准有關年度及中期業績；
- 審查及監控本集團的風險管理及內部監控；
- 確保良好的企業管治及合規；及
- 監察管理層的工作表現。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD (continued)

The Board authorises the Management to carry out the approved strategies. The Management is responsible for the day-to-day operation of the Group and is required to report to the Board. The Board has formulated a written Board Mandate, which set out the circumstances under which the Management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board regularly reviews the Board Mandate.

To comply with the code, the positions of the Chairman and the Chief Executive Officer are held by Mr. Tang Shuangning and Mr. Chen Shuang separately. Their roles are distinct and are clearly established and stipulated in the Board's Mandate. In short, the Chairman is responsible for ensuring that the Board properly discharges its responsibilities and conforms to good corporate governance practices and procedures. As the Chairman of the Board, he is also responsible for making sure that all Directors are properly informed of important issues which the Company is focusing on and that all directors receive accurate, timely and clear information. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of directors and effective communication with shareholders. Mr. Zang Qiutao was appointed as the Deputy Chairman of the Board on 16 August 2007 by the Company to assist the Chairman in enhancing the function of the Board. The Chief Executive Officer is responsible for providing leadership for the management and implementing the important policies and development strategies approved by the Board. The Chief Executive Officer has direct management responsibility of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group.

Taking into consideration market practices and international best practices in corporate governance, the Board has established 6 standing Board Committees to assist it in carrying out its responsibilities. They are the Executive Committee, Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, Strategy Committee and Management Committee. In addition, the Board will, as necessary, authorise an independent board committee comprising all the independent non-executive Directors to review, approve and monitor connected transactions (including the continuing connected transactions) for compliance with the requirements of relevant laws and regulations.

董事會(續)

董事會特別授權管理層執行已確定的策略方針，由其負責日常營運並向董事會報告。為此，董事會訂立了授權綱要，特別明確了在哪種情況下管理層應向董事會匯報，以及在代表本集團作出何種決定或訂立何種承諾前應取得董事會批准等。董事會將定期對這些授權和指引進行重檢。

為符合守則，本公司主席及行政總裁分別由唐雙寧先生及陳爽先生擔任，兩者之間分工明確並已在董事會的授權綱要中作出明文規定。簡而言之，主席負責確保董事會適當地履行其職能並貫徹良好公司治理常規及程序；此外，作為董事會的主席，主席亦負責確保所有董事均適當知悉當前公司的重要事項，及時得到準確及清晰的資訊。主席帶領董事會制訂企業目標及有關策略，亦負責安排董事會事務，確保其有效性及擬定會議議程。主席並鼓勵董事全力投入董事會事務，以及促進與股東之間有良好的溝通。於二零零七年八月十六日，本公司委任了臧秋濤先生為董事會副主席，協助董事會主席進一步加強董事會功能。而行政總裁則負責領導整個管理層，推行及落實董事會所採納的重要策略及發展戰略。行政總裁直接負責本集團日常業務營運，並定期向董事會匯報有關本集團的財務及營運業績。

董事會在考慮有關的業界做法和公司治理最佳慣例的基礎上，成立了6個常設下屬委員會，負責協助董事會履行其職責，分別為：執行委員會、審核及風險管理委員會、提名委員會、薪酬委員會、戰略委員會及管理委員會。此外，董事會亦會按需要授權一個完全由獨立非執行董事組成的獨立董事委員會，負責審閱、批准和監控根據相關法律和監管規定要求須由董事會批准的關連交易(包括持續性關連交易)。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD (continued)

The Board Mandate contains a well-defined terms of reference for each of the Board Committees. The Board Committees make recommendations to the Board on relevant matters within their terms of reference, or make decisions under appropriate circumstances within the power delegated by the Board. Respective secretarial supports are assigned to all the Board Committees to ensure that each has adequate resources to discharge its responsibilities properly and effectively. According to their mandates, the Board and the Board Committees will review and evaluate their respective work processes and effectiveness on an annual basis.

The Board is responsible for supervising the management of the business and affairs of the Group with due regard to maximizing shareholder value and enhancing corporate governance of the Group. The role of the Board is to provide strategic guidance for the Group and effective oversight of management.

The Board has 9 members, comprising 5 executive directors, namely, Mr. Tang Shuangning, Mr. Zang Qiutao, Mr. Chen Shuang, Mr. Xu Haoming and Mr. Tang Chi Chun, Richard and 4 independent non-executive directors, namely Mr. Ng Ming Wah, Charles, Mr. Seto Gin Chung, John, Dr. Lin Zhijun and Ms. Tung Iring. Mr. Richard Tang, Mr. Charles Ng and Dr. Lin Zhijun, are directors in possession of financial management expertise. Over one-third of the members of the Board are independent non-executive directors. The composition of the Board ensures the independence and objectivity of the Board's decision-making process as well as the thoroughness and impartiality of the Board's oversight of the Management. The Board acts honestly and in good faith. Its decisions are made objectively and in the best interests of the Company, with a view to maximising long-term shareholder value and fulfilling its corporate responsibility to other stakeholders of the Company.

All the existing independent non-executive directors of the Company have been appointed for a fixed term, with formal letters of appointment setting out the key terms and conditions of their appointment. Pursuant to the Articles of Association, all directors, including the Chairman and Chief Executive Officer, shall retire by rotation at least once every three years at annual general meetings and be eligible for re-election. All new directors appointed by the Board are subject to re-election by shareholders at the next following general meeting.

董事會(續)

董事會授權綱要對各常設委員會均有清晰界定的職責約章，各下屬委員會並就其職權範圍內的有關事項向董事會提出建議，或在適當情況下按董事會轉授權力作出決定。所有常設委員會均獲指派專業秘書服務支援，以確保有關委員會備有足夠資源以有效地及恰當地履行其職責。根據其職責約章的規定，董事會及各常設委員會亦會每年評估及審查其工作程序及有效性。

董事會負責監督業務及事務管理，以實現股東價值的最大化，並加強本集團的公司治理。董事會的角色是為本集團提供戰略指引，並對管理層進行有效監控。

董事會共有董事9名，包括5名執行董事：唐雙寧先生、臧秋濤先生、陳爽先生、徐浩明先生及鄧子俊先生；以及4名獨立非執行董事，吳明華先生、司徒振中先生、林志軍博士及董愛菱女士。其中鄧子俊先生，吳明華先生及林志軍博士均為具備財務管理專長的董事。本公司董事會成員超過三份之一為獨立非執行董事，確保了董事會決策過程中的獨立性和客觀性及對管理層實行全面和公正的監控。董事會誠實、善意地行事，按照本公司的最佳利益客觀地做出決策，以盡力實現股東長期價值的最大化和切實履行對本公司其他相關者的公司責任。

本公司目前所有獨立非執行董事均有固定任期，並獲發正式聘書，以訂明其委任的主要條款及條件。本公司組織章程細則規定，所有董事(包括主席及行政總裁)須至少每三年一次輪流於股東週年大會上告退，但可膺選連任。新委任之董事須於下一個股東大會上膺選連任。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD (continued)

Save as disclosed below, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Board members. Mr. Tang Shuangning, Mr. Zang Qiutao and Mr. Chen Shuang are also directors of China Everbright Holdings Company Limited, the controlling shareholder of the Company. If a substantial shareholder or director has a potential conflict of interest in a matter to be considered by the Board and general meeting, relevant directors shall abstain from voting and a Board meeting attended by independent non-executive directors who have no material interest in the matter shall be held to discuss and vote on the same.

The Company has in place an appropriate directors' and officers' liability insurance policy to indemnify the directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are reviewed on an annual basis.

To ensure that the newly appointed directors have an adequate understanding of the Company's business and operation, the Board has set up an initial induction system for the directors.

A total of 7 Board meetings were held during the year with an average attendance rate of 99%. The meeting schedule was prepared and approved by the Board at the end of last year. The formal notices of the regular Board meetings are sent to all directors at least 14 days before the meeting. In general, The Board agenda and meeting materials are dispatched to all Board members for review at least 3 working days before the meetings. The agenda is approved by the Chairman following consultation with other Board members and the Management. The Board minutes are a detailed record of all the issues considered by the Board and the minutes approved by all the Board members are properly kept by the Company Secretary. The Chairman of the Board will meet independent non-executive directors in the absence of executive Directors and the Management at least once a year. This practice has been incorporated in the amended Working Rules of the Board. Individual attendance records of the relevant directors in 2007 are set out in the table at the last part of this report.

The Board has established standing Board Committees to assist it in carrying out its various responsibilities.

董事會(續)

除下述外，董事會成員之間並不存在任何關係，包括財務、業務、家屬或其他重大或相關的關係。唐雙寧先生、臧秋濤先生及陳爽先生為中國光大集團有限公司(本公司控股股東)的董事會成員；若主要股東或董事在股東大會或董事會上考慮的議題中存在潛在利益衝突時，相關董事均會放棄表決，並由在交易中沒有重大利益的獨立非執行董事出席之董事會會議商議及進行投票。

本公司於年度內為每位董事會成員購買了適當的董事及管理人員責任保險，以保障其因企業行為而引起之賠償責任，該保險的保額及保障範圍每年均會進行檢討。

為確保新任董事對本集團的運作及業務均有充足瞭解，董事會已制訂了一套關於董事入職介紹的制度。

董事會於年內共召開了7次會議，會議平均出席率達99%。定期之董事會會議時間表在上一年度末即已擬定並經董事會通過。會議正式通知亦會於召開定期董事會會議14天前發出通知；所有會議材料連同會議議程一般在會議預定日期至少3個工作天前送達全體董事會成員審閱。每次會議議程內容均在事前充份諮詢各董事會成員及管理層意見後，經主席確認而制訂。董事會的會議紀要對會議上各董事所考慮事項及達致的決定均有詳細的記錄，經全體董事審閱後的會議紀要亦備存於公司秘書處。董事會主席每年亦會與獨立非執行董事舉行一次沒有執行董事及管理層出席的會議。有關做法亦將予制度化並列入董事會的工作規則內。於二零零七年，各位董事的會議出席率詳列於後頁的出席表內。

董事會成立了不同的常設下屬委員會專門負責不同範疇的事項。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES

Executive Committee

As the decision making body of the Company's major affairs, the Executive Committee, as delegated by the Board Mandate, will call meetings from time to time to decide on major issues affecting the Company's operations, business and management, including reviewing and approving the Group's corporate goals, business plan and major business projects submitted of the Company or its subsidiaries. The Executive Committee comprises 4 members: the Chairman and the Deputy Chairman of the Board, the Chief Executive Officer and the Chief Financial Officer. The Committee is chaired by Mr. Tang Shuangning. Though there was no formal meeting held during the year, the members have discussed relevant matters from time to time.

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Board in fulfilling its oversight responsibility relating to the financial statements, internal control, internal audit and external audit of the Group. The Committee also assists the Board in performing its oversight role over the Company and its subsidiaries in, amongst others, the following areas:

- integrity of financial statements and financial reporting process;
- internal control systems;
- effectiveness of internal audit function;
- appointment of external auditors and assessment of their qualifications, independence and performance and, with authorisation of the Board, determination of their remuneration;
- periodic review and annual audit of the Company's and the Group's financial statements;
- compliance with applicable accounting standards as well as legal and regulatory requirements on financial disclosures;
- review and manage major risk events; and
- corporate governance framework of the Group and implementation thereof.

董事會下屬委員會

執行委員會

執行委員會作為本公司的重大事務決策機構，在董事會的授權下，通過不時的會議，對本集團的重大經營管理事項作出決策，其中包括審批本公司的企業目標、業務發展計劃及本集團各部門或附屬公司提出的重大業務計劃。執行委員會現時成員共4名，由主席、副主席、行政總裁及財務總監組成，委員會主席由唐雙寧擔任。本年度內，儘管委員會並沒有召開正式會議，成員間不時就相關事項進行討論。

審核及風險管理委員會

審核及風險管理委員會協助董事會對本集團的財務報表、內部控制、內部審計和外部審計等方面實施監督。該委員會亦協助董事會對本公司及其附屬公司在以下方面(但不僅限於以下方面)履行監控職責：

- 財務報表的真實性和財務報告程序；
- 內部監控系統；
- 內部稽核職能的有效性；
- 外部審計師的聘任、資格及獨立性的審查和工作表現的評估，及(如獲董事會授權)酬金的釐定；
- 本公司及本集團財務報告的定期審閱和年度審計；
- 遵循有關會計準則及法律和監管規定中有關財務資訊披露的要求；
- 審議及處理主要風險事項；及
- 本集團的企業管治架構及實施。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES (continued)

Audit and Risk Management Committee (continued)

The work performed by the Audit and Risk Management Committee in 2007 included the review and, where applicable, approval of:

- the Company's Directors' Report and financial statements for the year ended 31 December 2006 and the annual results announcement that were recommended to the Board for approval;
- the Company's interim financial statements for the six months ended 30 June 2007 and the interim results announcement that were recommended to the Board for approval;
- the audit report and management letter submitted by the external auditors;
- the re-appointment of external auditors, the audit fees payable to external auditors for the annual audit and interim review; and
- the Group's internal audit plan for year 2007 and key areas of focus identified.

In addition, pursuant to paragraph C.2 of the Code, the Audit and Risk Management Committee conducted an annual review of the effectiveness of the internal control systems of the Group. This review covered all material controls, including financial, operational and compliance controls as well as risk management. Upon completion of the review, the Audit and Risk Management Committee considered that the key areas of the Group's internal control systems were reasonably implemented and were able to prevent material misstatements or losses, safeguard the Group's assets, maintain appropriate accounting records, ensure compliance with applicable laws and regulations, and fulfil the requirements of the Code regarding internal control systems in general. For detailed information on this topic, please refer to the Internal Control section.

The Audit and Risk Management Committee comprises 4 members and all of them including the chairman are independent non-executive directors. The committee is chaired by Mr. Ng Ming Wah, Charles who has extensive experience in financial and financial services industry. A total of 4 Audit and Risk Management Committee meetings were held during the year with the attendance rate of 100%. Individual attendance records of the relevant members in 2007 are set out in the table at the last part of this report. The Committee's terms of reference are available from the Company.

董事會下屬委員會(續)

審核及風險管理委員會(續)

審核及風險管理委員會在二零零七年內的主要工作包括審閱和批核(如適用):

- 本公司截至二零零六年十二月三十一日止年度的財務報表及全年業績公告，並建議董事會通過；
- 本公司截至二零零七年六月三十日止六個月的中期財務報表和中期業績公告，並建議董事會通過；
- 由外部審計師提交的審計報告及致管理函；
- 年度外部審計師續聘的建議、支付予外部審計師的年度審計費用及審閱中期報表的費用；及
- 本集團二零零七年內部審計計劃及主要審核部份。

此外，根據《守則》第C.2條之有關規定，審核及風險管理委員會亦對本集團的內部監控系統是否有效進行了年度檢討，有關檢討涵蓋所有重要的監控及措施，包括財務、運作、合規及風險管理功能。通過有關檢討，審核及風險管理委員會認為本集團的內部監控系統能合理地落實各項重大方面的監控措施，防止嚴重錯漏或損失的發生，保障本集團資產的安全、會計紀錄的基本完善及法規的遵循，整體上基本符合《守則》中對內部監控系統的要求。有關此次檢討的具體內容，可參見內部監控部份。

審核及風險管理委員會由4名成員組成，全部成員包括主席均為獨立非執行董事。委員會主席由具豐富財務及金融業經驗的吳明華先生擔任。審核及風險管理委員會於本年度內共召開4次會議，出席率達100%。於二零零七年，各位委員會成員的出席率詳列於後頁的出席表內。委員會之職權範圍可向本公司索取。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES (continued)

Management Committee

As delegated by a Board Mandate approved by the Board, the Management Committee is managing the Group's day-to-day management and operations and implementing the Board Resolutions. Its responsibilities include the followings:

- Oversee and manage the daily operations of all the business units and back office departments of the Group, to ensure the Group's business operations comply with the requirements of relevant laws and regulatory bodies.
- Effectively implement all the business plans, guidelines, policies and directions resolved by the Board and/or Executive Committee and coordinate the collaboration and cooperation among all the business units and back office departments.
- Establish and review all the operational and managerial terms and reference of the Group, and approve all the business manuals and operational programs thereof.
- Establish internal control systems to review and prevent material risks faced by the various business units of the Group, including market risks, credit risks, financial risks and other risks.
- Organise the implementation of the Group's budget plan, which includes the yearly investment budget, the yearly revenue budget, the yearly costs budget and any other various budget refinements; oversee the progress of the budget implementation and report to the Board or Executive Committee.

In year 2007, the Management Committee had 6 members comprising 2 executive directors, the Deputy General Manager and 3 Assistant General Managers of the Company. The Committee is chaired by Mr. Chen Shuang, the Chief Executive Officer of the Company. The Management Committee usually holds meeting every two weeks but it will also deal with matters on an ad-hoc basis as and when necessary. 23 committee meetings were held during the year with the attendance rate of 100%.

董事會下屬委員會(續)

管理委員會

管理委員會根據董事會批准的《授權綱要》管理本公司日常經營及執行董事會決議，其具體職能包括：

- 監督及管理本集團所有業務部門及後臺部門的日常經營運作，確保本集團各部門和附屬公司的業務運作符合有關法律和監管機構的規定及要求。
- 有效地執行經董事會或執行委員會審批的業務計劃及其它方針、政策及指引，並協調各業務部門及後臺部門之間的協作及業務關係。
- 制定和檢討本集團的一切經營和管理規章制度，並審批本集團各項業務的管理和操作程式。
- 設立內部監控系統以便有效地監管及防範一切可能影響本集團各項業務的風險，包括市場風險、信貸風險、財務風險及其它風險。
- 組織本集團的年度預算的落實，包括年度投資預算、年度收入預算、年度成本預算及各項調整預算方案，監督有關預算的執行及完成情況，並向董事會或執行委員會匯報。

於二零零七年，管理委員會成員共有6名成員包括2位執行董事、副總經理及3位助理總經理。主席由行政總裁陳爽先生擔任。管理委員會一般每二星期召開會議一次，但亦會因應按特別需求而召開臨時會議。管理委員會於年內共召開23次會議，出席率達100%。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES (continued)

Nomination Committee

The Nomination Committee is responsible for assisting the Board in nominating the right candidates for directorship and senior management positions as well as evaluating the competence of the candidates to ensure that they are in line with the Group's overall development strategies. The committee assists the Board in fulfilling its oversight role over the Company and its subsidiaries in, amongst others, the following areas:

- selection and nomination of directors, Board Committee members and certain senior management members as specified by the Board from time to time;
- periodically review the structure, size and composition (including skills, experience and knowledge) of directors and Board Committee members.
- evaluate the independency of the independent non-executive directors; and
- look out for the right candidate for directorship with appropriate competency and provide suggestions to the Board thereof.

Based on the successful experience in the recruitment of directors and senior management, the Committee will first take into account the existing skills, knowledge and experience of the Board and the business requirements of the Group in order to determine the key requirements for the new director and objective criteria for selection. Such criteria will include relevant expertise, integrity, industry experience and independence. The work performed by the committee in 2007 included the followings:

- review matters relating to the appointment of independent non-executive directors to the Board;
- review matters relating to appointment of the Company Secretary; and
- review matters relating to appointment of the Chairman, the Deputy Chairman and the Chief Executive Officer.

董事會下屬委員會(續)

提名委員會

提名委員會負責協助董事會邀請新的董事會成員及高級管理人員並對其資格作出評估。確保董事會成員及高級管理人員的委任符合本集團總體發展方向。該委員會負責協助董事會對本公司及其附屬公司在以下方面(但不僅限於以下方面)實現監控職責：

- 董事、董事會常設委員會成員、及由董事會不時確定的部分高級管理人員的篩選和提名；
- 定期檢討董事和各常設委員會的結構、規模、組成(包括成員的技能、經驗和知識)；
- 評核獨立非執行董事的獨立性；及
- 物色具備合適資格及條件擔任本公司董事的人士，並就挑選提名有關人事出任董事或就此向董事會提供意見。

提名委員會在總結過往招聘董事及高級管理人員成功經驗的基礎上，在綜合考慮董事會及各委員會現有的技能、知識和經驗以及本集團業務需求的基礎上，提出對所需候選人的基本要求和篩選的客觀標準。有關標準包括董事之適當專業知識、個人操守、行業經驗及獨立性等。該委員會於二零零七年內的工作主要包括：

- 審議有關委任獨立非執行董事的事宜；
- 審議有關委任公司秘書的事宜；及
- 審議有關委任董事會主席、副主席及行政總裁。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES (continued)

Nomination Committee (continued)

The Nomination Committee currently has 4 members comprising the Chairman, the Deputy Chairman of the Board, and 2 independent non-executive directors. The independent non-executive directors represent half of the committee members. The Committee is chaired by Mr. Tang Shuangning, the Chairman of the Board. A total of 3 Nomination Committee meetings were held during the year with the attendance rate of 100%. Individual attendance records of the relevant members in 2007 are set out in the table at the last part of this report.

Remuneration Committee

The Remuneration Committee is responsible for assisting the Board in overseeing the Group's human resources and remuneration policies. The committee assists the Board in fulfilling its supervisory role over the Company and its subsidiaries in, among others, the following areas:

- setting of overall human resources strategies, basic criteria and objective of the remuneration scheme of the Group; and
- approval of remuneration, bonuses and other benefits in kind of directors, Board Committee members and senior management.

The work performed by the committee in 2007 included the review and, where applicable, approval of:

- performance appraisal of the executive directors and senior management for year 2006;
- the proposal on staff bonus (including the senior management) for year 2006 and salary adjustment for year 2007 for the Group;
- the incentive scheme of the Group; and
- the policies on performance appraisal of staff (including senior management), annual bonus and annual salary adjustment.

董事會下屬委員會(續)

提名委員會(續)

提名委員會現時共有4名成員，由董事會主席、副主席及2名獨立非執行董事組成，獨立非執行董事佔委員會成員的二分之一，委員會主席由董事會主席唐雙寧先生擔任。提名委員會於年內共召開三次會議，出席率達100%。於二零零七年，各位委員會成員的出席率詳列於後頁的出席表內。

薪酬委員會

薪酬委員會負責協助董事會確立本集團人力資源和薪酬管理策略。該委員會負責協助董事會對本公司及其附屬公司在以下方面(但不僅限於以下方面)實現監控職責：

- 制訂本集團的人力資源戰略和薪酬的基本原則及方向；及
- 批核董事、各委員會成員和高級管理人員的薪酬、花紅及其他福利的分配制度。

該委員會於二零零七年內的工作主要包括審議及在必要時，批核：

- 執行董事及高級管理人員二零零六年度的績效考核結果；
- 本集團(包括高級管理人員)二零零六年度花紅發放方案及二零零七年度薪酬調整方案；
- 本集團的激勵機制；及
- 審議有關本集團員工(包括高級管理人員)績效考核、年度花紅及年度調薪等管理政策。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

During the year, to ensure that the Board of Directors receives remuneration which commensurate for the time and effort they dedicate to the Group, the committee, in proposing the remuneration of directors, makes reference to companies of comparable business type or scale, and the nature and quantity of work at both Board and Board Committee levels (including frequency of meetings and nature of agenda items). The proposed remuneration will be put to shareholders for final approval at general meetings. The Remuneration Committee also determines the specific remuneration package of executive directors and senior management, including share options and benefits in kind. Currently the principal components of the Company's remuneration package for executive directors and senior management include basic salary, discretionary bonus and other benefits in kind. A significant portion of the executive director's or senior management's discretionary bonus is based on the Group's and the individual's performance during the year. The committee reviews and approves the annual and long-term performance targets for senior management by reference to corporate goals and objectives approved by the Board from time to time. The committee also reviews the performance of the senior management against the targets set on an ongoing basis, and reviews and approves the specific performance-based remuneration of the senior management.

The Remuneration Committee currently has 6 members comprising the Chairman and the Deputy Chairman of the Board and 4 independent non-executive directors. The independent non-executive directors represent over two-third of the committee members. The Committee is chaired by Mr. Tang Shuangning, the Chairman of the Board. A total of 2 Remuneration Committee meetings were held during the year with an average attendance rate of 90%. Individual attendance records of the relevant directors in 2007 are set out in the table at the last part of this report. The committee's terms of reference can be obtained from the Company Secretary.

Strategy Committee

The Strategy Committee is responsible for reviewing the mid to long term strategy and the business architecture of the Group and making suggestions to the Board. There is a working team under the committee to conduct support research on the market direction of the Group and to provide update on rules and regulations. The Strategy Committee currently has 6 members comprising: 2 executive directors and 4 independent non-executive directors. The committee is chaired by Mr. Seto Gin Chung, John, an independent non-executive director who has extensive experience in the financial services sector. One Strategy Committee meeting was held during the year of 2007. The focus of the agenda was in relation to the new strategic positioning of the Group.

董事會下屬委員會(續)

薪酬委員會(續)

本年度，為了確保董事會成員為本集團所付出的時間及精神獲得合理的補償，薪酬委員會在建議董事會成員的袍金水準時，參考同類型業務或規模公司的袍金水準，及董事會和常設委員會的工作性質及工作量(包括會議次數及議程內容)，制定了董事的會議及其他津貼，並交由股東於股東大會上作最終審批。薪酬委員會亦負責釐定全體董事及高級管理人員的薪酬待遇，包括認股權及其他非金錢利益權利。目前，對於執行董事及高級管理人員而言，其薪酬主要由基本薪金、酌情花紅及其它非金錢福利構成，而其中酌情花紅部分將在很大程度上由本集團及該董事或高級管理人員當年的表現所決定。薪酬委員會透過參照董事會不時通過的企業目標，檢討及審批高級管理人員的年度及長期績效目標，按照設定的績效目標對高級管理人員進行持續考核，並檢討和審批按表現而釐定的薪酬待遇。

薪酬委員會現時成員共6名，由董事會主席、副主席及4名獨立非執行董事組成。獨立非執行董事佔委員會成員的超過三分之二，委員會主席由董事會主席唐雙寧先生擔任。薪酬委員會於本年度內共召開2次會議，平均出席率達90%。於二零零七年，各位委員會成員的出席率詳列於後頁的出席表內。委員會之職權範圍可向公司秘書索取。

戰略委員會

戰略委員會負責研究本公司的長期發展戰略、規劃，向董事會建議本集團的中長期業務發展戰略。戰略委員會下設工作小組，負責就本公司的發展變化、市場趨勢、最新的法律規定向委員會提供諮詢服務，並根據委員會會議的需要搜集和提供有關的資料。戰略委員會現時成員共6名，由2名執行董事及4名獨立非執行董事組成，委員會主席由具有豐富金融業經驗的獨立非執行董事司徒振中先生擔任。戰略委員會於二零零七年內共召開1次會議，重點討論了本集團的戰略定位調整。

CORPORATE GOVERNANCE REPORT

企業管治報告書

BOARD EVALUATION

Each of the Board and Board Committees shall conduct a self-assessment review of their own effectiveness at least once a year, and review and amend as appropriate their mandates and working rules according to the outcome of these self-assessments.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has devised special rules governing securities dealing of directors in the "Employee Dealing Manual" which is more stringent than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules. Having made specific enquiry of all directors, the directors confirmed that they have complied with the required standard set out in the said manual and the Model Code throughout the year of 2007.

EXTERNAL AUDITORS

Pursuant to delegated responsibility by the Board, the Audit and Risk Management Committee reviewed and monitored the effectiveness, independence and objectivity of KPMG, the Group's external auditors, on their audit procedures, and the results thereof were satisfactory. Upon the recommendation of the Audit and Risk Management Committee, the Board will propose that KPMG be re-appointed as auditors of the Group at the Company's 2008 annual general meeting. Subject to authorisation by the shareholders, the Board will authorise the Audit and Risk Management Committee to determine the remuneration of KPMG.

For 2007, the total fee charged by KPMG was HK\$3,146,000 including non-audit service fee of HK\$858,000 for the review of interim financial statements, internal control and risk assessment review and other services. For 2006, the fee charged by KPMG for audit and non audit services was HK\$1,637,000. The increase was mainly due to change in the scope of work, the Group's expansion in operation and the increase in the cost of human resources of the audit firm.

董事會評估

董事會及董事會下屬委員會每年將至少進行一次對其工作有效性的自我評估，亦將根據評估結果，適時重檢及修定其職責約章和工作規則。

董事的證券交易

本公司在《僱員交易手冊》中已就董事之證券交易作出特別規定。該內部守則的條款比《上市規則》附錄十《上市公司董事證券交易的標準守則》中的強制性標準更為嚴格。經就此事專門徵詢所有董事，彼等均已確認其於二零零七年度內嚴格遵守了前述內部守則及標準守則有關條款的規定。

外部核數師

根據董事會授權，審核及風險管理委員會已對本集團外部審計師畢馬威會計師事務所的獨立性、客觀性及其審計程式的有效性作出檢討及監察，並滿意有關檢討的結果。根據審核及風險管理委員會的建議，董事會將向股東建議於二零零八年度股東週年大會上重新委任畢馬威會計師事務所為本集團審計師；倘獲股東授權，董事會將授權審核及風險管理委員會釐定畢馬威會計師事務所的酬金。

於二零零七年度，畢馬威會計師事務所收取的費用合共港幣3,146,000元，其中非審計業務費用港幣858,000元包括審閱中期財務報表，內部監控與風險評估及其他服務。二零零六年度，畢馬威會計師事務所所收取的財務報表審計及非審計業務費用合共港幣1,637,000元，上升的主要原因是工作範圍的改變、本集團之業務增長及會計師事務所人力資源成本上升。

CORPORATE GOVERNANCE REPORT

企業管治報告書

INTERNAL CONTROL

The Board has the responsibility to ensure that the Group maintains sound and effective internal controls to safeguard the Group's assets. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss; to manage rather than completely eliminate the risks of system failure, and to assist in the achievement of the Group's objectives. In addition to safeguarding the Group's assets, it also ensures the maintenance of proper accounting records and compliance with relevant laws and regulations.

The Group conducts an annual review of the effectiveness of its internal control systems covering all material controls, including financial, operational and compliance controls and risk management. The review is conducted by making reference to the guidelines and definitions given by the regulatory and professional bodies for the purpose of assessing five different internal control elements, namely, the control environment, risk assessment, control activities, information and communication, and monitoring. The assessment covers all the major internal controls and measures, including financial, operational and compliance controls and risk management functions. The annual review is coordinated by the Group's Internal Audit, which, after the Management and various business departments have performed their self-assessment, carries out independent examination and other post-assessment work on the review process and results. The results of the 2007 review had been reported to the Audit Committee and the Board.

The Audit and Risk Management Committee and the Board considered that the key areas of the Group's internal control systems are reasonably implemented and are able to prevent material misstatements or losses, safeguard the Group's assets, maintain appropriate accounting records, ensure compliance with applicable laws and regulations, and fulfill the requirements of the Code regarding internal control systems in general.

In addition, the key procedures that the Group has established and implemented to provide internal controls are summarised as follows:

- The Management has established a corresponding organisation structure and different hierarchy of duties, authorities and responsibilities of personnels, has formulated written policies and procedures to check and balance the authorities of different departments, reasonably safeguards the assets and the implementation of the internal control measures of the Group, and operates lawfully, in compliance with laws and regulations and under effective risk control.

內部監控

董事會有責任維持本集團的內部監控系統穩健妥善而且有效，以保障本集團的資產。內部監控系統旨在提供合理（而非絕對）的保證，以防出現嚴重錯漏或損失的情況，並管理（而非完全杜絕）運作系統故障的風險，以及協助達致本集團的目標。除保障本公司資產安全外，亦確保妥善的會計紀錄及遵守有關法例及規定。

本集團每年均對內部監控系統進行檢討，有關檢討工作是以監管機構及專業團體的指引、定義為基礎，根據內部監控環境、風險識別、監控措施、資訊與交流及監控機制的五項內部監控元素進行評估，涵蓋所有重要的監控及措施，包括財務、運作及合規、及風險管理功能。有關檢討由本集團內審部統籌，透過管理層及業務部門的自我評估，內審部對檢討過程及結果進行獨立的檢查及後續評價工作。有關二零零七年度的檢討結果已向每次的審核及風險管理委員會及董事會的定期會議上匯報。

審核及風險管理委員會及董事會認為本集團的內部監控系統能合理地落實各項重大方面的監控措施，防止嚴重錯漏或損失的發生，保障本集團資產的安全、會計紀錄的基本完善及法規的遵循，整體上基本符合《守則》中對內部監控系統的要求。

此外，本集團已基本建立且落實執行各項監控程式及措施，主要包括：

- 管理層建立了相應的組織架構和各級人員的職、權、責，制定書面的政策和程式，對各部門建立了相互牽制的職能分工，合理地保障本集團的各項資產安全及內部監控措施的執行，並能在合法、合規及有效風險控制下經營及運作。

CORPORATE GOVERNANCE REPORT

企業管治報告書

INTERNAL CONTROL (continued)

- The Management draws up and continuously monitors the implementation of the Group's strategies, business plans and financial budgets. The accounting and management systems that are in place provide the basis for evaluating financial and operational performance.
- The Group has various risk management and human resources management policies. There are specific units and personnel that are responsible for identifying, assessing and managing all the major risks. These include reputation, strategic, legal, compliance, credit, market, operation, liquidity and interest rate risks. These policies carry out their expected monitoring function.
- The Risk Management Group ("RMG") under the Management Committee, is responsible for discharging the core responsibility of the risk control monitoring function of the Group. Members of the RMG comprise various heads of departments and the risk management and compliance department. The RMG is responsible for supporting and assisting management in defining and assessing the key risk exposures of the Group's core business and conducting the co-ordination thereon, to define, assess and record the risk structure of the Group and make sure the relevant business units are aware of such issues. The RMG is chaired by an Assistant General Manager of the Group, and will report to Management Committee periodically. The Risk Management Group also submits a semi-annual risk evaluation report of the Company to the Audit and Risk Management Committee for their review.
- The Group's internal audit department independently reviews areas including financial activities, various business units, various kinds of risks, operations and activities. Audit reports are directly submitted to the Audit and Risk Management Committee. The internal audit department will closely follow up with items which require attention and put forward recommendations for improvement.
- The Audit and Risk Management Committee reviews the reports submitted by external auditors to the Group's Management in connection with the annual audit as well as the recommendations made by regulatory bodies on internal control. Internal audit department will follow up these issues to ensure the timely implementation of the recommendations, and will also periodically report the status of the implementation to the Management and the Audit and Risk Management Committee.

內部監控(續)

- 管理層制定並持續監察本集團的發展策略、業務計劃及財務預算的執行情況，並已設置了會計管理制度，提供衡量財務及營運表現的基礎。
- 本集團制定了相應的風險管理政策及人力資源管理政策，對各重大風險類別均設既定單位和人員承擔職責及處理程式，在風險的識別、評估及管理範疇，包括信譽、策略、法律、合規、信貸、市場、業務操作、流動性、利率等。此等政策均發揮了應有的監控功能。
- 本集團大部分風險管理工作是由管理委員會下設之風險管理小組負責，成員由不同部門主管及風險管理及監控部組成，負責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業務上的重要問題。風險管理小組主席由一名助理總經理擔任，並會定期向管理委員會匯報。風險管理小組就本集團風險評估報告書需每半年交由審核及風險管理委員會及董事會審閱。
- 本集團的內審部採用風險為本的評估方法，對財務範疇、各業務領域、各風險類別、職能運作及活動進行獨立的檢查，並直接向審核及風險管理委員會提交報告，對須關注的事項及需改善的方面作持續跟進。
- 審核及風險管理委員會負責審閱外部審計師在年度審計中致本集團管理層的報告以及監管機構提出的內部監控建議，並由內審部及其他負責監察的相關部門跟進相關建議，以確保本集團有適時地實施有關建議，並定期向管理層及審核及風險管理委員會報告建議的落實情況。

CORPORATE GOVERNANCE REPORT

企業管治報告書

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Board attaches a high degree of importance to continuous communication with shareholders, especially the direct dialogue with them at the Company's annual general meetings. Shareholders are therefore encouraged to actively participate in such meetings.

The Chairman of the Board, the Executive Committee, Nomination Committee and Remuneration Committee as well as Chairman of the Audit and Risk Management Committee and representatives of KPMG were present at the Company's 2007 annual general meeting held on 23 May 2007 at the J.W Marriott Hotel to respond to questions and comments raised by shareholders.

The Company has also provided additional information on the 2007 annual general meeting in a circular to shareholders. This includes background information to the proposed resolutions and information on the retiring and re-election of directors in order to let all the shareholders to have knowledge of their rights and conduct the voting with sufficient information.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS

The following statement should be read in conjunction with the auditor's statement of their responsibilities as set out in the Independent Auditor's Report contained in the Annual Report 2007 of the Company. The statement is made to set out for the shareholders the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Hong Kong Companies Ordinance to prepare financial statements which give a true and fair view of the state of affairs of the Company. The financial statements should be prepared on a going concern basis unless it is not appropriate to do so. The directors have the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the requirements of the Hong Kong Companies Ordinance. The directors also have general responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors consider that in preparing the financial statements in its Annual Report 2007, the Company has adopted appropriate accounting policies which have been consistently applied with the support of reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

與股東溝通及股東權利

董事會高度重視與股東持續保持對話，尤其是藉著股東週年大會與股東直接溝通及鼓勵他們的參與。

董事會主席、執行委員會主席、提名委員會主席、薪酬委員會主席、審核及風險管理委員會主席及畢馬威會計師事務所の代表均出席了本公司於二零零七年五月二十三日於萬豪酒店舉行的二零零七年度股東週年大會，以回應股東於會上提出的查詢。

此外，本公司亦於致股東通函中向股東提供關於二零零七年度股東週年大會的詳盡資料，包括擬在股東週年大會上通過的決議案的說明、退任及膺選連任董事的資料，以便股東對其在股東週年大會上的權利有進一步的瞭解，及能夠在掌握足夠及必須的資料的情況下作出決定。

董事會就財務報表所承擔的責任

以下聲明應與本公司二零零七年年報中獨立核數師報告內的審計師責任聲明一併閱讀。該聲明旨在區別董事及核數師在財務報表方面的責任。

董事須按香港《公司條例》規定編製真實兼公平之財務報表。除非並不適宜假設本公司及本集團將繼續其業務，否則財務報表必須以持續經營基準編製。董事有責任確保本公司存置的會計記錄，可合理準確披露本公司財務狀況以及可確保所編製的財務報表符合香港《公司條例》的規定。董事亦有責任採取合理可行的步驟，以保護本集團資產，並且防止及揭發欺詐及其他不正常情況。

董事認為於編製載於二零零七年年報內的財務報表時，本公司已採用合適的會計政策並貫徹使用，且具有合理及審慎的判斷及估計支持，並已遵守所有適用的會計標準。

CORPORATE GOVERNANCE REPORT

企業管治報告書

THE ROLES OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board believes independent non-executive directors play an important role in corporate governance. They help to provide the necessary checks and balances to ensure that the Group operates in a safe and sound manner and that its interests are protected. Independent non-executive directors can also assist by bringing in external experience and providing objective judgment. They are particularly important in performing a monitoring role. The Board considers all its independent non-executive directors to be independent in character and judgment. The Board has received written confirmation from the independent non-executive directors of their independence pursuant to the requirement of Rule 3.13 of the Listing Rules.

To determine the independence of the independent non-executive directors, the Nomination Committee is responsible for evaluating the independence of the existing independent non-executive directors as well as the candidates for independent non-executive directors and making suggestion to the Board accordingly. The Board of directors sets out a standard policy to determine the independence of an independent non-executive directors. For independent non-executive directors who have served more than 9 years, the Board will review the appointment every year. The Board will review and assess his/her independence every year. Having confirmed his/her independence, the Board will pass a formal resolution. The relevant independent non-executive director will be subject to rotation in accordance with the Articles of Association of the Company and the Listing Rules.

THE COMPANY SECRETARY

The Company Secretary is responsible for advising the Board on all governance matters. The directors have access to the advice and services of the Company Secretary. The Company Secretary is undertaken by a person with relevant professional qualification as stipulated by the Listing Rules. The Company's Articles of Association and the schedule of matters reserved to the Board for decision provide that the appointment and removal of the Company Secretary is a matter for the full Board.

Hong Kong, 27 March 2008

獨立非執行董事的角色

董事會認為獨立非執行董事在公司治理中發揮著重要的作用。其有助於提供必要的制衡，確保本集團在安全及恰當的狀態下運行，同時使各方利益得到保護。獨立非執行董事不但有助於引入外部經驗，並可同時提供客觀判斷。獨立非執行董事在發揮監控作用方面作用顯著。董事會認為所有獨立非執行董事於品格及判斷力上均具獨立性。董事會亦已接獲各獨立非執行董事就根據上市規則第3.13條之要求確認其獨立性之確認函。

為確保有關獨立董事的獨立性，本董事會下屬提名委員會負責對獨立董事候選人或在任獨立非執行董事進行獨立性評價，並就評價意見向董事會作出建議。董事會對確定獨立非執行董事的獨立性設固定政策。對於任期滿9年的獨立非執行董事，採取一年一議機制。董事會每年檢討及評估其獨立性，在確認其具備獨立性後，形成正式決議。而相關獨立非執行董事，亦會根據公司章程及上市規則規定依章輪值。

公司秘書

公司秘書負責向董事會就所有公司治理事宜提供意見。董事均可取得公司秘書的意見及享用其所提供的服務。本公司的公司秘書由具備上市規則規定的專業資格的人士擔任，本公司組織章程細則及於董事會審批事項中公司秘書的任免需要經由董事會以開會形式通過。

香港，二零零八年三月二十七日

CORPORATE GOVERNANCE REPORT

企業管治報告書

ATTENDANCE

The attendance of the directors and members at board meetings and various committee meetings is set out below:

出席率

各董事出席董事會及各委員會的情況如下列：

Directors/members 董事／委員	Board Meeting 董事會會議	Nomination Committee Meeting 提名委員會會議	Audit & Risk Management Committee Meeting 審核及風險管理委員會會議	Remuneration Committee Meeting 薪酬委員會會議
Tang Shuangning 唐雙寧 (Note 1 附註1)	4/5	1/1	n/a	n/a
Zang Qiutao 臧秋濤 (Note 2 附註2)	5/5	n/a	n/a	n/a
Wang Mingquan 王明權 (Note 3 附註3)	2/2	2/2	n/a	2/2
Guo You 郭友 (Note 4 附註4)	4/4	n/a	n/a	n/a
Chen Shuang 陳爽	7/7	n/a	n/a	n/a
Zhou Liqun 周立群 (Note 5 附註5)	3/3	3/3	n/a	n/a
He Ling 賀玲 (Note 6 附註6)	1/1	n/a	n/a	n/a
Xu Haoming 徐浩明	7/7	n/a	n/a	n/a
Tang Chi Chun, Richard 鄧子俊 (Note 7 附註7)	5/5	n/a	n/a	n/a
Ng Ming Wah, Charles 吳明華	7/7	n/a	4/4	1/2
Seto Gin Chung, John 司徒振中	6/7	3/3	4/4	2/2
Lin Zhijun 林志軍	6/7	2/3	4/4	2/2
Tung Iring 董愛菱	7/7	n/a	4/4	1/2

Notes:

- Mr. Tang Shuangning was appointed as executive director of the Company on 16 July 2007.
- Mr. Zang Qiutao was appointed as executive director of the Company on 6 August 2007.
- Mr. Wang Mingquan resigned as executive director of the Company on 16 July 2007.
- Mr. Guo You resigned as executive director of the Company on 12 October 2007.
- Dr. Zhou Liqun resigned as executive director of the Company on 6 August 2007.
- Ms. He Ling resigned as executive director of the Company on 16 April 2007.
- Mr. Tang Chi Chun, Richard was appointed as executive director of the Company on 27 July 2007.

附註：

- 唐雙寧先生已於二零零七年七月十六日獲委任為本公司執行董事。
- 臧秋濤先生已於二零零七年八月六日獲委任為本公司執行董事。
- 王明權先生已於二零零七年七月十六日辭任本公司執行董事。
- 郭友先生已於二零零七年十月十二日辭任本公司執行董事。
- 周立群博士已於二零零七年八月六日辭任本公司執行董事。
- 賀玲女士已於二零零七年四月十六日辭任本公司執行董事。
- 鄧子俊先生於二零零七年七月二十七日獲委任為本公司執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

DIRECTORS

Mr. Tang Shuangning

Chairman

Mr. Tang Shuangning, aged 53, is the Chairman of the Group and the Chairman of the Executive Committee, Remuneration Committee and Nomination Committee. Mr. Tang is also the Chairman of China Everbright Group Limited, China Everbright Holdings Company Limited, China Everbright Bank Company Limited and Everbright Securities Company Limited. He is also the Director of Sun Life Everbright Life Insurance Company Limited and the Chairman of China Everbright International Limited (Stock Code: 257). He serves as the Vice Chairman of the China Society for Finance and Banking and the Consultant of the China Society for Investment. Prior to joining the China Everbright Group, Mr. Tang was the Vice Chairman of the China Banking Regulatory Commission, the Director-General of the Banking Supervision Department I, the Director-General of the Currency, Gold and Silver Bureau and the Director-General of the Credit Management Division of the People's Bank of China. He holds a Master's Degree in Economics from China North-east University of Finance & Economics. Mr. Tang has extensive knowledge and experience in banking and finance management. He joined the Board in July 2007.

Mr. Zang Qiutao

Deputy Chairman

Mr. Zang Qiutao, aged 55, is the Deputy Chairman of the Board, the Executive Committee, the Remuneration Committee as well as the Nomination Committee of the Company. Mr. Zang is the Vice Chairman and General Manager of China Everbright Group Limited and China Everbright Holdings Company Limited. He is also the Chairman of China Everbright Industry Group Limited, China Everbright Investment Management Corporation and the Vice Chairman of China Everbright International Limited (Stock Code: 257). Mr. Zang graduated from the Graduate School of the Chinese Academy of Social Sciences. He was formerly Division Chief of the State Economic Commission and Deputy Division Director of the State Planning Commission. He joined the Board in August 2007.

董事

唐雙寧先生

主席

唐雙寧先生，現年53歲，為本集團主席，以及董事會下屬執行委員會、薪酬委員會及提名委員會主席。唐先生亦為中國光大(集團)總公司、中國光大集團有限公司、中國光大銀行股份有限公司及光大證券股份有限公司董事長。此外，唐先生亦為光大永明人壽保險有限公司董事及中國光大國際有限公司(股份代號：257)之主席。彼兼任中國金融學會副會長及中國投資學會顧問。彼在加入中國光大集團前，曾任中國銀行業監督管理委員會副主席、中國人民銀行銀行監管一司司長、貨幣金銀局局長及信貸管理司司長等職務。彼持有中國東北財經大學經濟學碩士學位。唐先生於銀行及金融管理方面擁有非常廣泛的知識及十分豐富的經驗。唐先生於2007年7月加入董事會。

臧秋濤先生

副主席

臧秋濤先生，現年55歲，為董事會副主席，以及董事會下屬執行委員會、薪酬委員會、提名委員會副主席。臧先生為中國光大(集團)總公司及中國光大集團有限公司副董事長兼總經理。此外，彼亦為中國光大實業(集團)有限責任公司、中國光大投資管理公司的董事長及中國光大國際有限公司(股份代號：257)副主席。臧先生於中國社會科學院研究生院畢業。彼曾任國家經濟委員會處長及國家計劃委員會副司長級職務。臧先生於2007年8月加入董事會。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

DIRECTORS (continued)

Mr. Chen Shuang

Chief Executive Officer

Mr. Chen Shuang, aged 40, is the Chief Executive Officer of the Group, a member of the Executive Committee and the Chairman of the Management Committee of the Company. Mr. Chen has overall responsibility for the operation of China Everbright Limited. He is also a director of China Everbright Holdings Company Limited and the General Manager of the Legal Department of China Everbright Holdings Company Limited. Mr. Chen holds a Master of Law Degree from the East China University of Political Science and Law. He is a qualified lawyer in the PRC and a senior economist. Prior to joining the China Everbright Group, Mr. Chen was the Chief of the Legal Department of Bank of Communications. He joined the Board in August 2004. He has over 15 years extensive experience in commercial banking and investment banking.

Mr. Xu Haoming

Mr. Xu Haoming, aged 43, is a director and President of Everbright Securities Company Limited and a director of China Everbright Group Limited. Mr. Xu holds a Master Degree in Business Administration from The Hong Kong Polytechnic University. Mr. Xu had worked as the Secretary General of the Office of China Everbright Group Limited and the Secretary General of the Office of the Executive Committee of the Board of Directors of China Everbright Holdings Company Limited. Prior to joining the China Everbright Group, Mr. Xu was the head of the General Administrative Division at the Headquarter of the Bank of Communications. He has extensive knowledge and experience in banking, securities and investment. Mr. Xu joined the Board in June 2005.

董事(續)

陳爽先生

行政總裁

陳爽先生，現年40歲，為本公司行政總裁，以及董事會下屬執行委員會成員及董事會下屬管理委員會主席。陳先生負責主持本公司的整體工作。彼亦為中國光大集團有限公司董事及中國光大集團有限公司法律部主任。陳先生持有華東政法學院法學碩士銜，並具中華人民共和國律師資格及高級經濟師，陳先生在加入光大集團前，曾任交通銀行總行法律事務室處長。陳先生於二零零四年八月加入董事會。具有逾15年的商業銀行及投資銀行豐富經驗。

徐浩明先生

徐浩明先生，現年43歲，現為光大證券股份有限公司董事、總裁，以及中國光大(集團)總公司董事。徐先生持有香港理工大學工商管理碩士學位。在此以前，徐先生曾任中國光大(集團)總公司辦公廳主任及中國光大集團有限公司董事會執行委員會辦公室主任。彼加入光大集團前，曾擔任交通銀行總行綜合處處長。徐先生在銀行、證券及投資等方面擁有深厚閱歷及豐富經驗。彼於二零零五年六月加入董事會。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

DIRECTORS (continued)

Mr. Tang Chi Chun, Richard

Mr. Tang Chi Chun, Richard, aged 46, is the Chief Financial Officer and Company Secretary of the Group. He has the overall responsibility for supervising the financial control, credit management and settlement and treasury management of the Group. Mr. Tang is the chairman of the Credit Group, Deputy Chairman of Strategic Investment Group and a member of the Executive Committee, the Management Committee, the Risk Management Group, the Market Information Dissemination Group and the Equity Capital Market Group of the Company. He is also a director of a number of subsidiaries of the Company. Mr. Tang is a Certified Public Accountant and is a graduate of the Accountancy Department, Hong Kong Polytechnic. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and has over 17 years of experience in audit, investment, accounting and finance. Since 1990, Mr. Tang had been engaged as department head of the financial and business operations of various international financial institutions. He joined the Group in September 2005 and joined the Board in July 2007.

Mr. Ng Ming Wah, Charles

Independent Non-executive Director

Mr. Ng Ming Wah, Charles, aged 58, was first appointed to the Board as an independent non-executive director in November 1993 and has acted as the Chairman of the Audit and Risk Management Committee (previously known as the Audit Committee) of the Company since August 1999. Mr. Ng graduated from Loughborough University in England in 1972 with a B.Sc. degree in Electronic and Electrical Engineering and from London Graduate School of Business Studies in England in 1974 with a M.Sc. degree in Business Studies. He is a director of Somerley Limited, the principal business of which is the provision of corporate financial advisory services. Mr. Ng has over 25 years of experience in corporate finance and investment banking. Mr. Ng is also a non-executive director of Goldlion (Holdings) Limited (Stock Code: 533) and an independent non-executive director of each of Stone Group Holdings Limited (Stock Code: 409), Dalian Ports (PDA) Company Limited (Stock Code: 2880) and China Molybdenum Co., Ltd. (Stock Code: 3993). In addition, Mr. Ng holds a number of community service positions, including as a member of the Council of Lingnan University of Hong Kong and a member of the Board of Governors of Hong Kong Arts Centre.

董事(續)

鄧子俊先生

鄧子俊先生，現年46歲，為本集團之財務總監及公司秘書。其負責本集團整體之財務監控、信貸管理、結算及司庫管理。鄧先生為本公司信貸委員會主席，及董事會下屬執行委員會管理委員會成員及風險管理小組、市場訊息交流小組及股票資本市場委員會成員。彼亦為本公司若干子公司的董事。鄧先生為註冊會計師，畢業於香港理工學院會計系。彼為特許會計師公會及香港會計師公會會員，並在審計、投資、會計及財務方面擁有逾17年經驗。自一九九零年起，鄧先生曾擔任多個國際性金融機構的財務及業務營運主管，彼於二零零五年九月加入本集團並於二零零七年七月加入董事會。

吳明華先生

獨立非執行董事

吳明華先生，現年58歲，彼於一九九三年十一月獲委任為本公司獨立非執行董事並自一九九九年八月起擔任本公司審核及風險管理委員會(前稱審核委員會)主席。吳先生於一九七二年畢業於英國拉夫堡大學，取得電子及電力工程學士學位。並於一九七四年畢業於英國倫敦商學院，取得商學理科碩士學位。彼為新百利有限公司之董事，該公司從事提供企業融資顧問服務。吳先生於企業融資及投資銀行方面擁有逾25年經驗。吳先生亦為金利來集團有限公司(股份代號：533)非執行董事、四通控股有限公司(股份代號：409)、大連港股份有限公司(股份代號：2880)及洛陽樂川鋁業集團股份有限公司(股份代號：3993)的獨立非執行董事。此外，吳先生亦身兼多個社會服務職位，包括為香港嶺南大學校董會成員及香港藝術中心監督團成員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

DIRECTORS (continued)

Mr. Seto Gin Chung, John

Independent Non-executive Director

Mr. Seto Gin Chung, John, aged 59, is an independent non-executive director of the Company and the Chairman of the Strategy Committee of the Company. Mr. Seto is a director of Pacific Eagle Asset Management Limited. He is also an independent non-executive director of Kowloon Development Company Limited (Stock Code: 34) and Hop Hing Holding Limited (Stock Code: 47). He was an independent director of Everbright Securities Company Limited, a company registered in mainland China. He was the Chief Executive Officer of HSBC Broking Services (Asia) Limited from 1982 to 2001 and was the chairman and a non-executive director of International Financial Network Holdings Limited (formerly known as "Stockmartnet Holdings Limited"), (Stock Code: 8123) from 2001 to 2005. He was a non-executive director of Hong Kong Exchanges and Clearing Limited (Stock Code: 388), from 2000 to 2003, a council member of the Stock Exchange of Hong Kong from 1994 to 2000 and was the first vice chairman of the Stock Exchange of Hong Kong from 1997 to 2000. He holds a Master of Business Administration degree from New York University, USA and has over 30 years of experience in the securities and futures industry. Mr. Seto joined the Board in April 2003.

董事(續)

司徒振中先生

獨立非執行董事

司徒振中先生，現年59歲，為本公司獨立非執行董事，以及董事會下屬戰略委員會主席。司徒先生為翔鷹資產管理有限公司之董事。彼亦為九龍建業有限公司(股份代號：34)、合興集團有限公司(股份代號：47)之獨立非執行董事。彼於二零零五年至二零零七年曾為中國內地註冊之光大證券股份有限公司之獨立董事。司徒先生於一九八二年至二零零一年為匯豐金融服務(亞洲)有限公司之行政總裁，於二零零一年至二零零五年，為國際金融社控股有限公司(前稱「金融社控股有限公司」)(股份代號：8123)之主席兼非執行董事。彼於二零零零年至二零零三年出任香港交易及結算所有限公司(股份代號：388)之非執行董事，並於一九九四年至二零零零年擔任香港聯交所理事會理事及於一九九七年至二零零零年出任香港聯交所第一副主席。彼持有美國紐約大學工商管理碩士學位，在證券及期貨業累積逾30年經驗。彼於二零零三年四月加入董事會。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

DIRECTORS (continued)

Dr. Lin Zhijun

Independent Non-executive Director

Dr. Lin Zhijun, aged 53, is an independent non-executive director of the Company. Dr. Lin is a Professor and Head of the Department of Accountancy and Law in Hong Kong Baptist University. He is also an independent non-executive director of Sinotruk (Hong Kong) Limited (Stock Code: 3808), a company listed on the Stock Exchange of Hong Kong Limited. Mr. Lin holds a Master's degree in Science in Accounting from University of Saskatchewan in Canada and a Doctorate's degree in Economics (Accounting) from Xiamen University. Dr. Lin worked as a Visiting Professor in The University of Hong Kong and Tenured Professor in the Faculty of Management of Lethbridge University in Canada. Dr. Lin worked at the Toronto office of an international accounting firm (now known as "Deloitte") in 1982-83 and he had also been a professional consultant to an international law firm. Dr. Lin is also a member of the American Institute of Certified Public Accountants, the Chinese Institute of Certified Public Accountants and the Australian Institute of Certified Management Accountants. He is a member of various educational accounting associations including the American Accounting Association, the International Association for Accounting Education and Research and the Hong Kong Association for Accounting Education. Dr. Lin is also an author of a series of professional articles and books. Dr. Lin joined the Board in September 2005.

Ms. Tung Iring

Independent Non-executive Director

Madam Tung Iring, aged 47, is an independent non-executive director of the Company. Ms. Tung is the operator of My Gym Children's Fitness Center. Ms. Tung holds a Bachelor Degree in Economics and Mathematics from The University of Western Ontario, Canada. Ms. Tung was employed by The Hong Kong Exchanges & Clearing Limited from August 1992 to March 2004 with her last position being Vice President of the Listing Division. From 1992, she worked as person-in-charge of one of the corporate finance teams of the Main Board and from January 2000 to March 2004, she was the Head of Growth Enterprise Market Board. Prior to that, she was financial and credit executive of several U.S. based financial institutions including Merrill Lynch (Asia) Limited. Ms. Tung joined the Board in July 2006.

董事(續)

林志軍博士

獨立非執行董事

林志軍博士，現年53歲，為本公司獨立非執行董事。現為香港浸會大學會計及法律系教授及系主任。彼亦為於香港聯合交易所上市之中國重汽(香港)有限公司(股份代號：3808)之獨立非執行董事。林博士持有加拿大Saskatchewan大學會計學理學碩士學位及廈門大學經濟學(會計學)博士學位。林博士亦曾於香港大學擔任客席教授、及於加拿大Lethbridge大學管理學院擔任教授。彼曾於一九八二至八三年工作於一家國際會計師事務所(現為「德勤」)多倫多分所，亦曾為一家國際律師事務所擔任顧問工作。林博士亦為美國註冊會計師協會、中國註冊會計師協會及澳大利亞註冊管理會計師協會之會員。彼亦為美國會計學會、國際會計教學及研究學會、香港會計教授會及多個會計學術團體之會員。林博士亦為多部關於會計學專業著作的作者。林博士於二零零五年九月加入董事會。

董愛菱女士

獨立非執行董事

董愛菱女士，現年47歲，為本公司獨立非執行董事。董女士現為小兒健體中心的經營者。彼持有加拿大西安大略省大學經濟及數學學士學位。董女士於一九九二年八月起直至二零零四年三月期間任職於香港聯合交易所及結算有限公司，離職時的職銜為上市科總監。自一九九二年起，其為上市科其中一個主板小組的負責人；而自二零零零年一月二零零四年三月，董女士為上市科創業板主管。在此之前，彼曾擔任包括美林(亞太)有限公司在內的數家跨國美資金融機構的財務或信貸顧問。董女士擁有豐富的金融市場及上市業務經驗。董女士於二零零六年七月加入董事會。

DIRECTORS AND SENIOR MANAGEMENT

董事及高層管理人員

SENIOR MANAGEMENT

Mr. Tsang Sui Cheong, Frederick

Mr. Tsang Sui Cheong, Frederick, aged 48, is an Assistant General Manager of China Everbright Ltd. and the chairperson of the Group's Risk Management Committee. Mr. Tsang is a Chartered Financial Analyst and has been a director of The Hong Kong Society of Financial Analysts Limited since 2001. He is a holder of a Bachelor's degree in Arts from the Wilfrid Laurier University and Master's degree in Arts from the University of Alberta. Before joining the Group in February 2000, he served as Head of Research for several international brokerage firms.

Mr. Chan Kam Hop

Mr. Chan Kam Hop, aged 58, is an Assistant General Manager of the Group. He joined the Group in May 2001 and was appointed as the Managing Director of China Everbright Securities (HK) Limited and China Everbright Forex & Futures (HK) Limited which are engaged in securities brokerage, futures brokerage and leveraged foreign exchange trading respectively. Mr. Chan has over 30 years experience in the financial and brokerage business and has extensive experience in operations, sales and management. Prior to joining the Group, Mr. Chan had worked in another reputable local brokerage firm for over 26 years.

Ms. Gan Fang

Ms. Gan Fang, aged 40, is an Assistant General Manager of the Group, responsible for the investment banking business of the Group. She holds a Master's degree in Economics from Zhongnan University of Finance and Law and a PhD in Economics from Graduate School, The Chinese Academy of Social Sciences. She has over 10 years experience in investment banking and direct investment. Prior to joining the Group, she worked in two famous financial institutions.

高層管理人員

曾瑞昌先生

曾瑞昌先生，現年48歲，為本集團助理總經理及風險管理委員會主席。曾先生為特許金融分析師，並於二零零一年起為香港財經分析師學會董事。彼持有加拿大偉佛羅利大學文學學士學位。彼亦持有加拿大阿伯特大學碩士銜。彼於二零零零年二月加入本集團前，曾出任多間國際證券公司的研究部主管。

陳錦合先生

陳錦合先生，現年58歲，為本集團助理總經理。彼於二零零一年五月加入本集團，並出任中國光大證券(香港)有限公司及中國光大外匯、期貨(香港)有限公司董事總經理。該等公司分別從事證券經紀業務、期貨經紀業務及槓桿式外匯買賣業務。陳先生從事金融經紀業務逾三十年，彼在推動金融投資業務多元化的工作上擁有廣泛營運、銷售及管理經驗。陳先生在加入本集團前曾在另一家本地著名證券商工作逾26年。

甘芳女士

甘芳女士，現年40歲，為本集團助理總經理，主要負責本集團投資銀行業務。彼持有中南財經政法大學經濟學碩士學位及中國社會科學院研究生院經濟學博士學位。甘女士擁有10多年投資銀行和直接投資經驗，熟悉資本市場運作。在加入本集團之前，她曾在兩家著名金融機構任職。

DIRECTORS' REPORT

董事會報告書

The Directors hereby present their Annual Report together with the audited financial statements of China Everbright Limited ("the Company") and its subsidiaries (collectively "the Group") for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Group is principally engaged in investment holding and the provision of financial services. The principal activities of the subsidiaries are set out in note 13 to the financial statements.

TURNOVER AND CONTRIBUTION TO GROUP RESULTS

The turnover and contribution to operating results of the Group by activity and geographical location are set out in note 37 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2007 are set out on page 65 of this Annual Report.

The Directors recommend the payment of a final dividend of HK\$0.10 per share for the year ended 31 December 2007 (2006: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

The Group's turnover represents the aggregate of revenue from the sale of trading securities, interest income, dividend income, rental income, brokerage commission and service income. Accordingly, it is not practical to state the percentage of the sales attributable to the Group's largest customers and percentage of the purchases attributable to the Group's largest suppliers.

None of the Directors, their associates or any shareholder holding more than 5% of the Company's issued share capital has an interest in the share capital of any of the five largest suppliers.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for the past five financial years is set out on page 174 of this Annual Report.

董事會向各位股東呈覽中國光大控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)截至二零零七年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本集團之主要業務為投資控股及提供金融服務。附屬公司之主要業務詳情載於財務報表附註13。

營業額及對集團業績之貢獻

以主要業務及地域分佈及其對本集團營業額及經營業績貢獻之詳情載於財務報表附註37。

業績及盈利分配

本集團截至二零零七年十二月三十一日止年度之業績載於本年報第65頁。

董事會建議就截至二零零七年十二月三十一日止年度派發末期股息每股港幣0.10元。(二零零六年：無)。

主要客戶及供應商

本集團之營業額主要包括累計出售交易證券之收入、利息收入、股息收入、租金收入及經紀佣金與服務收入，因此未能列出最大客戶及最大供應商所佔本集團銷售額之百分比。

各董事及其聯繫人或任何股東(指根據董事會所知擁有本公司已發行股本逾百分之五者)概無擁有任何五大供應商之權益。

財務摘要

本集團過往五年財政年度之業績、資產及負債摘要載於本年報第174頁。

DIRECTORS' REPORT

董事會報告書

FIXED ASSETS

Movements in fixed assets are set out in note 12 to the financial statements.

PROPERTIES

Particulars of major properties held by the Group as at 31 December 2007 are set out on pages 175 to 176 of this Annual Report.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates as at 31 December 2007 are set out in note 13 and 14 to the financial statements respectively.

SHARE CAPITAL

During the year, the issued share capital of the Company had been increased from 1,569,003,212 shares to 1,584,704,212 shares. The Company issued 15,701,000 shares on the exercise of share options granted to senior executives of the Group.

Details of the movements in the share capital of the Company during the year are set out in note 25 to the financial statements.

SHARE PREMIUM AND RESERVES

Movements in share premium and reserves during the year are set out on pages 68 and 136 of this Annual Report.

Distributable reserves of the Company as at 31 December 2007 as calculated under Section 79B of the Hong Kong Companies Ordinance amounted to approximately HK\$208,858,000 (2006: Nil).

BORROWINGS AND INTEREST CAPITALISED

Bank loans and overdrafts repayable within one year or on demand are classified as current liabilities in the financial statements. No interest was capitalised by the Group during the year.

CONTINUING CONNECTED TRANSACTIONS

Set out below is information regarding certain continuing connected transactions which the Group is required to disclose in the Company's Annual Report pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

固定資產

固定資產於本年度內之變動情況載於財務報表附註12。

物業

本集團於二零零七年十二月三十一日持有之主要物業資料載於本年報第175頁至第176頁。

附屬及聯營公司

本公司於二零零七年十二月三十一日之各主要附屬及聯營公司之詳情分別載於財務報表附註13及14。

股本

於本年度內，本公司之已發行股本由港幣1,569,003,212股增加至1,584,704,212股。本公司因本集團高級行政人員行使認股權而發行15,701,000股股份。

本公司股本於本年度內之變動情況載於財務報表附註25。

股本溢價及儲備

股本溢價及儲備於本年度內之變動情況載於本年報第68及136頁。

於二零零七年十二月三十一日，本公司按照香港《公司條例》第79B條計算的可分配予股東之儲備約為港幣208,858,000元（二零零六年：無）。

借貸及利息資本化

本集團須於一年內或須限令償還之銀行貸款及透支於財務報表內概列為流動負債。於本年度內，本集團並無將任何利息資本化。

持續的關連交易

下述乃本集團根據香港聯合交易所有限公司證券上市規則（「上市規則」）第14A章的規定須於年報內披露的一些持續關連交易的資料。

DIRECTORS' REPORT

董事會報告書

CONTINUING CONNECTED TRANSACTION (continued)

1. After the Company's acquisition of China Everbright Financial Holdings Limited ("Everbright Financial") on 31 December 1998, the provision of financial services by Everbright Financial and its subsidiaries to China Everbright Holdings Company Limited ("CE Holdings", i.e. the ultimate controlling shareholder of the Company) and China Everbright International Limited and their respective subsidiaries would constitute connected transactions for the Company. The Stock Exchange has granted a waiver to the Company from strict compliance with the requirements of the Listing Rules in relation to connected transactions subject to certain disclosure requirements (the "General Waiver").

The details of these transactions during the year ended 31 December 2007 are set out as follows:

持續的關連交易(續)

1. 於一九九八年十二月三十一日本公司完成收購中國光大金融控股有限公司(「光大金融」)之事項後，光大金融及其附屬公司向中國光大集團有限公司(「光大集團」)，即本公司的最終控股股東、中國光大國際有限公司及彼等各自之附屬公司提供金融服務將構成本公司之關連交易。聯交所已就該等關連交易須遵守上市規則中的規定向本公司給予豁免(「一般豁免」)，惟本公司須履行若干披露條件。

截至二零零七年十二月三十一日止年度有關上述交易之詳情如下：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Management of funds of CE Holdings by way of investing, into China Everbright Dragon Fund, a private fund established by the Group (the "Dragon Fund Investment") (Note 1)	管理光大集團的資金，投資於本集團成立的私人基金－中國光大龍騰基金(「龍騰基金投資」)(註1)	158,042	125,145
Management fee received from CE Holdings in respect of the Dragon Fund Investment (Note 1)	源自龍騰基金投資而收取光大集團的管理費(註1)	4,662	1,802
Performance fee received from CE Holdings in respect of the Dragon Fund Investment (Note 1)	源自龍騰基金投資而收取光大集團的績效費(註1)	25,155	10,284
Incentive fee income received from CE Holdings for provision of investment management services (Note 1)	源自龍騰基金投資而收取光大集團的獎勵費(註1)	19,291	2,029
Rental expense paid to a wholly owned subsidiary of the ultimate holding company (Note 2)	向最終控股公司持有之全資附屬公司支付租金(註2)	4,938	2,779

Note 1: Also refer to Note 31(a)(i) to the financial statements.

Note 2: Also refer to Note 31(a)(v) to the financial statements.

註1：參閱財務報表附註31(a)(i)。

註2：參閱財務報表附註31(a)(v)。

DIRECTORS' REPORT

董事會報告書

CONTINUING CONNECTED TRANSACTION (continued)

2. Apart from the above transactions under the General Waiver, set out below is information in relation to certain continuing connected transactions entered into by the Group and required under the Listing Rules to be disclosed in the Annual Report of the Company:

- a) On 5 February 2007, CEL Management Services Limited ("CELMS"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Lane Bright Limited, a wholly-owned subsidiary of CE Holdings, in respect of leasing office premises situated on 36th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for a term of 2 years from 31 December 2006 to 30 December 2008 at a monthly rental of HK\$410,400, exclusive of rates and management fees and other charges. The aforesaid tenancy agreement constituted a continuing connected transaction of the Company pursuant to the Listing Rules.

In 2007, the total rental expenses incurred by CELMS under the aforesaid tenancy agreement amounted to approximately HK\$4,938,000. (Please also refer to note 31(a)(v) to the Financial Statements.)

- b) On 4 September 2006, CEL Management Services Limited ("CELMS"), a wholly-owned subsidiary of the Company, entered into a tenancy agreement with Newepoch Group Limited, a wholly-owned subsidiary of CE Holdings, in respect of leasing office premises situated in Room 4103-5, 41st Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for a term of 2 years from 1 September 2006 to 31 August 2008 at a monthly rental of HK\$224,000, exclusive of rates, management fees and other charges. The first two months of the lease term was rent free. The aforesaid tenancy agreement constituted a continuing connected transaction of the Company pursuant to the Listing Rules. The Tenancy Agreement was terminated on 30 September 2007 with a 2 months rent free period granted by Newepoch before the date of termination.

During the year ended 31 December 2007, the total rent expenses incurred by CELMS under the aforesaid tenancy agreement amounted to approximately HK\$1,232,000. (Please also refer to note 31(a)(vi) to the Financial Statements.)

持續的關連交易(續)

2. 除上述根據一般豁免進行的交易外，下述乃本集團根據上市規則規定其詳情須載於本公司年報內：

- a) 於二零零七年二月五日，本公司的全資附屬公司光大控股管理服務有限公司(「光大管理服務」)與光大集團全資附屬公司隆耀有限公司簽訂一項租賃協定，租用位於香港夏慤道十六號遠東金融中心36樓的辦公室物業，為期兩年由二零零六年十二月三十一日至二零零八年十二月三十日止，每月租金港幣410,400元(不含差餉、管理費及其它費用)。根據上市規則，上述租賃協定構成本公司持續關連交易。

於二零零七年，光大管理服務就上述租賃協定的租金支出為港幣4,938,000元。(請參照財務報表附註31(a)(v)。

- b) 於二零零六年九月四日，本公司的全資附屬公司光大控股管理服務有限公司(「光大管理服務」)與Newepoch Group Limited，光大集團的全資附屬公司簽訂一項租賃協議，租用位於香港夏慤道十六號遠東金融中心41樓4103-5室的辦公室物業，為期兩年由二零零六年九月一日至二零零八年八月三十一日止，每月租金為港幣224,000元(不含差餉、管理費及其他費用)，租期首兩個月為免租期。根據上市規則，上述租賃協議構成本公司的持續關連交易。該租賃協議於二零零七年九月三十日已被終止。而終止租約前2個月為免租期。

截至二零零七年十二月三十一日止年度內，光大管理服務就上述租賃協議的租金支出為港幣約1,232,000元。(請參照財務報表附註31(a)(vi)。

DIRECTORS' REPORT

董事會報告書

CONTINUING CONNECTED TRANSACTION (continued)

- c) According to an incentive agreement dated 25 May 2007 ("2007 Incentive Agreement"), which was announced on the same date, China Everbright Assets Management Limited, a wholly-owned subsidiary of the Company, agreed to pay to the Investment Team through China Forebright Investment Management Limited, a limited company owned by the Investment Team, certain Provisional Bonus and Actual Bonus for the period from 1 January 2007 to 31 December 2009 in the consideration of their provision of investment advisory services to SOF, i.e. SeaBright China Special Opportunities (I) Limited, a closed-end investment company with limited liability incorporated under the laws of the British Virgin Islands.

The 2007 Incentive Agreement revised the formulae for determination and payment of the bonus to the Investment Team and the co-investment obligations of the Investment Team as an enhancement in risk management measure. The agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

In the opinion of the directors, these transactions were conducted on normal commercial terms. The independent non-executive directors have reviewed these connected transactions and confirmed that such transactions were entered into on normal commercial terms in the ordinary course of business of the Group and in accordance with the agreements governing these transactions. Where there is no agreement, the transactions were entered into on terms no less favourable than the terms available to independent third parties, and the aggregate value of such transactions did not exceed the limits set out in Rule 14A.34 of the Listing Rules.

The directors have requested the auditors of the Company to perform certain agreed audit procedures on the continuing connected transactions and have received a letter from the auditors as required under Rule 14A.38 of the Listing Rules.

持續的關連交易(續)

- c) 根據一份二零零七年五月二十五日激勵協議(「2007激勵協議」)，於同日亦作出公告，本公司之全資附屬公司，中國光大資產管理有限公司同意透過China Forebright Investment Management Limited(項目管理團隊所擁有公司)於二零零七年一月一日至二零零九年十二月三十一日向項目管理團隊支付若干暫付激勵獎金及實際激勵獎金，作為他們為SOF基金提供投資諮詢服務的回報。SOF基金指SeaBright China Special Opportunities (I) Limited，一家以有限責任公司形式在英屬處女群島註冊成立的封閉式基金。

2007年激勵協議修改了項目管理團隊的獎金計算方法及付款方式，並加強了項目管理團隊共同投資的風險管理機制。激勵協議根據上市規則第14A章構成本公司之持續關連交易。

董事認為上述交易按一般商業條款進行。本公司之獨立非執行董事已審閱該等關連交易，並確認該等交易乃本集團在日常業務中按一般商業條款及該等交易之協議規定而訂立，或如無訂立協議，交易條件不遜於給予獨立第三者之條款，上述交易之總金額並無超過上市規則第14A.34條規定之交易上限。

董事會已要求本公司核數師就持續關連交易進行若干協定核數程序，並已接獲核數師根據上市規則第14A.38條之規定而發出之函件。

DIRECTORS' REPORT

董事會報告書

DIRECTORS

The directors of the Company during the year and up to the date of this Report are as follows:

Executive Directors:

- Mr. Tang Shuangning, *Chairman*
(Appointed on 16 July 2007)
- Mr. Zang Qiutao, *Deputy Chairman*
(Appointed on 6 August 2007)
- Mr. Chen Shuang, *Chief Executive Officer*
- Mr. Xu Haoming
- Mr. Tang Chi Chun, Richard, *Chief Financial Officer*
(Appointed on 27 July 2007)
- Ms. He Ling
(Resigned on 16 April 2007)
- Mr. Wang Mingquan
(Resigned on 16 July 2007)
- Dr. Zhou Liqun
(Resigned on 6 August 2007)
- Mr. Guo You
(Resigned on 12 October 2007)

Independent Non-executive Directors:

- Mr. Ng Ming Wah, Charles
- Mr. Seto Gin Chung, John
- Dr. Lin Zhijun
- Ms. Tung Iring

Article 87 of the Company's Articles of Association provides that any director appointed by the Board of Directors shall hold office only until the next following general meeting of the Company, but shall be eligible for re-election at such meeting. Accordingly, Mr. Tang Shuangning, Mr. Zang Qiutao and Mr. Tang Chi Chun, Richard, being directors so appointed, shall retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

董事

於本年度內及截至本報告書日期止，本公司董事為：

執行董事：

- 唐雙寧先生，*主席*
(於二零零七年七月十六日獲委任)
- 臧秋濤先生，*副主席*
(於二零零七年八月六日獲委任)
- 陳爽先生，*行政總裁*
- 徐浩明先生
- 鄧子俊先生，*財務總監*
(於二零零七年七月二十七日獲委任)
- 賀玲女士
(於二零零七年四月十六日辭任)
- 王明權先生
(於二零零七年七月十六日辭任)
- 周立群博士
(於二零零七年八月六日辭任)
- 郭友先生
(於二零零七年十月十二日辭任)

獨立非執行董事：

- 吳明華先生
- 司徒振中先生
- 林志軍博士
- 董愛菱女士

本公司組織章程細則第87條規定，獲董事會委任的董事之任期於下一個股東大會屆滿，但可於該大會膺選連任。因此，唐雙寧先生、臧秋濤先生及鄧子俊先生在即將舉行之股東週年大會上退任，並願意膺選連任。

DIRECTORS' REPORT

董事會報告書

DIRECTORS (continued)

Articles 120 and 121 of the Company's Articles of Association provide that one-third of the directors or the nearest number to but not exceeding one-third of the directors shall retire from office and be eligible for re-election. Accordingly, Mr. Chen Shuang and Mr. Xu Haoming, being the longest serving directors, shall retire by rotation. They will offer themselves for re-election at the forthcoming Annual General Meeting.

Generally, the term of office for each independent non-executive director is for a period of 3 years (except Mr. Ng Ming Wah, Charles who has served more than 9 years for a term of one year) all are subject to rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2007, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the "SFO") as recorded in the register of directors' and chief executives' interests and short positions required to be maintained under section 352 of the SFO are as follows:

1a. Long position in shares of the Company:

Name of director	董事姓名	Total 總數	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	% of total issued shares (if 0.01% or more) 佔已發行股份 總數百分比 (倘0.01%或以上)
Tang Chi Chun, Richard	鄧子俊	406,000	406,000	-	-	0.03%
Seto Gin Chung, John	司徒振中	320,000	320,000	-	-	0.02%

董事(續)

本公司組織章程細則第120條及第121條規定，於每年股東週年大會上，三分之一的董事或最接近但不超過此數目之董事將退任，但可膺選連任。因此，任期最長的董事：陳爽先生、徐浩明先生將依章輪值告退，並願意於即將舉行之股東週年大會上膺選連任。

一般情況下，每位獨立非執行董事的任期為三年(除吳明華先生因已服務超過9年而其任期為一年外)，但將根據本公司組織章程細則需輪值退任。

董事及主要行政人員持有之股份、相關股份權益、債券及淡倉

於二零零七年十二月三十一日，本公司根據證券及期貨條例第352條規定須設置之董事及主要行政人員權益及淡倉登記冊所載記錄顯示，各董事及主要行政人員在本公司及其聯繫公司(定義見證券及期貨條例第XV部)之股份、相關股份股本衍生工具及債券之權益如下：

1a. 於本公司股份之長倉：

DIRECTORS' REPORT

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

董事及主要行政人員持有之股份、相關股份權益、債券及淡倉(續)

1b. Long position in shares of China Everbright International Ltd. ("CEIL"), an associated corporation of the Company

1b. 於本公司之聯繫公司光大國際有限公司之長倉

Name of director	董事姓名	Total	Personal interests	Family interests	Corporate interests	% of total issued shares (if 0.01% or more)
		總數	個人權益	家族權益	公司權益	佔已發行股份總數百分比 (倘0.01%或以上)
Chen Shuang	陳爽	4,500,000	4,500,000	-	-	0.14%

2. Long position in underlying shares of equity derivatives of the Company

2. 於本公司相關股份、股本衍生工具之長倉

Name of director	Nature of interest	Date of Grant	Number of equity derivatives held	Number of underlying shares	Total	Total Percentage
董事姓名	權益性質	授出日期	持有股本衍生工具數目	相關股份數目	總數	總百分比
Chen Shuang 陳爽	Personal 個人	03.09.04	750,000	750,000	2,030,000	0.13%
	Personal 個人	03.05.05	1,280,000	1,280,000		
Seto Gin Chung, John 司徒振中	Personal 個人	05.05.05	320,000	320,000	320,000	0.02%
Tang Chi Chun, Richard 鄧子俊	Personal 個人	27.09.05	400,000	400,000	719,000	0.05%
	Personal 個人	10.04.06	319,000	319,000		

All the above shares and underlying shares of equity derivatives were beneficially owned by the directors concerned. The percentage shown was calculated based on the number of issued shares of the Company as at 31 December 2007.

上述股份及相關股份股本衍生工具均由有關董事實益持有。上表所顯示之百分比以本公司於二零零七年十二月三十一日已發行股份數目計算。

Details of the share options held by the directors and chief executives of the Company are shown in the following section under the heading "Information on Share Options".

本公司董事及主要行政人員持有之認股權的資料見於下列「認股權資料」項下。

DIRECTORS' REPORT

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

2. Long position in underlying shares of equity derivatives of the Company (continued)

As at 31 December 2007, save as disclosed herein, none of the directors and chief executives of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO as recorded in the register of directors' and chief executives' interests and short positions.

3. Long position in underlying shares of equity derivatives of associated corporations

As at 31 December 2007, the following directors had personal interests in options to subscribe for shares in China Everbright International Limited ("CEIL"), an associated corporation of the Company. The shares of CEIL are listed on the Hong Kong Stock Exchange.

董事及主要行政人員持有之股份、相關股份權益、債券及淡倉(續)

2. 於本公司相關股份、股本衍生工具之長倉(續)

於二零零七年十二月三十一日除此披露者外，本公司根據證券及期貨條例而設置之董事及主要行政人員權益及淡倉登記冊內，本公司董事及主要行政人員概無擁有本公司或任何聯營公司之股份、相關股份股本衍生工具或債券之淡倉權益。

3. 於有聯繫公司相關股份、股本衍生工具之長倉

於二零零七年十二月三十一日，以下董事個人擁有可認購本公司之聯繫公司中國光大國際有限公司之認股權，其股份於香港聯交所上市。

Name of director 董事姓名	Nature of interest 權益性質	Exercise price (HK\$) 行使價 (港元)	Date of Grant 授出日期	Exercise period 行使期	Number of underlying shares of CEIL (ordinary shares) 光大國際之 相關股份數目 (普通股)	Total Percentage 總百分比
Zang Qiutao 臧秋濤	Personal 個人	0.85	03.08.06	03.08.07-25.05.13	4,000,000	0.13%

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS

Information in relation to share options of the Company disclosed in accordance with the Listing Rules was as follows:

1. Outstanding share options as at 1 January 2007:

	Number of options 認股權數目	Date of Grant 認股權 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Wang Mingquan 王明權	3,000,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Guo You 郭友	750,000 640,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Zhou Liqun 周立群	750,000 1,920,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
He Ling 賀玲	750,000 1,280,000	07.07.03 03.05.05	08.07.03-07.01.06 04.05.05-03.11.07	08.07.04-07.01.07 04.05.06-03.05.10	2.375 2.850
Chen Shuang 陳爽	750,000 1,280,000	03.09.04 03.05.05	04.09.04-03.03.07 04.05.05-03.11.07	04.09.05-03.03.08 04.05.06-03.05.10	3.225 2.850
Tang Chi Chun, Richard 鄧子俊	800,000 425,000	27.09.05 10.04.06	28.09.05-27.03.08 11.04.06-10.10.08	28.09.06-27.09.10 11.04.07-10.04.11	3.100 4.800
Seto Gin Chung, John 司徒振中	640,000	05.05.05	06.05.05-05.11.07	06.05.06-05.05.10	3.000
Total employees 僱員的總數	500,000 5,032,500 120,000 820,000 5,775,000	03.09.04 03.05.05 05.05.05 04.07.05 10.04.06	04.09.04-03.03.07 04.05.05-03.11.07 06.05.05-05.11.07 05.07.05-04.01.08 11.04.06-10.10.08	04.09.05-03.03.08 04.05.06-03.05.10 06.05.06-05.05.10 05.07.06-04.07.10 11.04.07-10.04.11	3.225 2.850 3.000 3.135 4.800

認股權資料

根據上市規則所披露有關認股權的資料如下：

1. 於二零零七年一月一日尚未行使的認股權：

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

2. Outstanding share options as at 31 December 2007:

	Number of options 認股權數目	Date of Grant 認股權 授出日期	Vesting period 有效期	Exercise period 行使期	Exercise price (HK\$) 行使價 (港元)
Guo You 郭友	640,000	03.05.05	04.05.05-03.11.07	04.05.06-03-05-10	2.850
Chen Shuang 陳爽	750,000 1,280,000	03.09.04 03.05.05	04.09.04-03.03.07 04.05.05-03.11.07	04.09.05-03.03.08 04.05.06-03-05-10	3.225 2.850
Seto Gin Chung, John 司徒振中	320,000	05.05.05	06.05.05-05.11.07	06.05.06-05-05-10	3.000
Tang Chi Chun, Richard 鄧子俊	400,000 319,000	27.09.05 10.04.06	28.09.05-27.03.08 11.04.06-10.10.08	28.09.06-27.09.10 11.04.07-10.04.11	3.100 4.800
Total employees 僱員的總數	500,000 2,172,500 410,000 3,700,000	03.09.04 03.05.05 04.07.05 10.04.06	04.09.04-03.03.07 04.05.05-03.11.07 05.07.05-04.01.08 11.04.06-10.10.08	04.09.05-03.03.08 04.05.06-03.05.10 05.07.06-04.07.10 11.04.07-10.04.11	3.225 2.850 3.135 4.800

3. No share options were granted during the year ended 31 December 2007.

認股權資料(續)

2. 於二零零七年十二月三十一日尚未行使的認股權：

3. 截至二零零七年十二月三十一日止年度並無授出認股權。

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

4. Number of share options exercised during the year ended 31 December 2007:

		Date of Grant 授出日期	No. of Shares 股份數目	Exercise price (HK\$) 行使價 (港元)	WA Closing price**(HK\$) 加權平均 收市價** (港元)
Wang Mingquan (Note 1)	王明權 (註1)	07.07.03	3,000,000	2.375	9.09
		03.05.05	1,440,000	2.850	17.6
Guo You (Note 2)	郭友 (註2)	07.07.03	750,000	2.375	9.09
Zhou Liqun (Note 3)	周立群 (註3)	07.07.03	750,000	2.375	9.09
		03.05.05	1,440,000	2.850	17.06
He Ling (Note 4)	賀玲 (註4)	07.07.03	750,000	2.375	9.09
Seto Gin Chung, John	司徒振中	05.05.05	320,000	3.000	27.70
Tang Chi Chun, Richard (Note 5)	鄧子俊 (註5)	27.09.05	400,000	3.100	23.41
		10.04.06	106,000	4.800	25.75
Total employees	僱員的總數	03.05.05	4,140,000	2.850	18.92
		05.05.05	120,000	3.000	23.95
		04.07.05	410,000	3.135	9.62
		10.04.06	2,075,000	4.800	23.67

Note:

1. Mr. Wang Mingquan, resigned as director of the Company on 16 July 2007.
2. Mr. Guo You, resigned as director of the Company on 12 October 2007.
3. Dr. Zhou Liqun, resigned as director of the Company on 6 August 2007.
4. Ms. He Ling, resigned as director of the Company on 16 April 2007.
5. Mr. Tang Chi Chun, Richard, was appointed as director of the Company on 27 July 2007.

** The weighted average ("WA") closing price of the shares of the Company immediately before the dates on which the options were exercised.

認股權資料(續)

4. 截至二零零七年十二月三十一日止年度內行使的認股權數目：

		Date of Grant 授出日期	No. of Shares 股份數目	Exercise price (HK\$) 行使價 (港元)	WA Closing price**(HK\$) 加權平均 收市價** (港元)
Wang Mingquan (Note 1)	王明權 (註1)	07.07.03	3,000,000	2.375	9.09
		03.05.05	1,440,000	2.850	17.6
Guo You (Note 2)	郭友 (註2)	07.07.03	750,000	2.375	9.09
Zhou Liqun (Note 3)	周立群 (註3)	07.07.03	750,000	2.375	9.09
		03.05.05	1,440,000	2.850	17.06
He Ling (Note 4)	賀玲 (註4)	07.07.03	750,000	2.375	9.09
Seto Gin Chung, John	司徒振中	05.05.05	320,000	3.000	27.70
Tang Chi Chun, Richard (Note 5)	鄧子俊 (註5)	27.09.05	400,000	3.100	23.41
		10.04.06	106,000	4.800	25.75
Total employees	僱員的總數	03.05.05	4,140,000	2.850	18.92
		05.05.05	120,000	3.000	23.95
		04.07.05	410,000	3.135	9.62
		10.04.06	2,075,000	4.800	23.67

註:

1. 王明權先生已於二零零七年七月十六日辭任本公司董事。
2. 郭友先生已於二零零七年十月十二日辭任本公司董事。
3. 周立群博士已於二零零七年八月六日辭任本公司董事。
4. 賀玲女士已於二零零七年四月十六日辭任本公司董事。
5. 鄧子俊先生於二零零七年七月二十七日獲委任為本公司董事。

** 本公司股份在緊接有關認股權行使日期之前的加權平均收市價。

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTIONS (continued)

5. No share options were cancelled during the year ended 31 December 2007.
6. Number of share options lapsed during the year ended 31 December 2007:

		Date of Grant 授出日期	No. of options 認股權數目
Wang Mingquan	王明權	03.05.05	480,000
Zhou Liqun	周立群	03.05.05	480,000

7. Valuation of share options

The fair value of share options granted is measured using a Binomial Option Pricing Model based on the volatility of the Company's share price immediately preceding the date of grant, taking into account the terms and conditions upon which the share options were granted.

The Group amortises the fair value of share options granted to employees as an expense in the income statement in accordance with HKFRS 2 "Share-based Payments". Details of the underlying accounting policy are set out in note 2(q)(ii) to the financial statements.

Save as disclosed herein, as at 31 December 2007, none of the directors, the chief executives or their respective associates had any interest in the securities of the Company or any of its associated corporations or in any arrangements to which the Company is a party to purchase shares of the Company or any other body corporate.

INFORMATION ON SHARE OPTION SCHEME

At the Extraordinary General Meeting of the Company held on 24 May 2002, an ordinary resolution was passed to adopt a Share Option Scheme ("the Scheme").

A summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

1. Purpose of the Scheme:

To provide an incentive or reward to eligible persons for their contribution and continuing efforts in promoting the interests of the Group.

認股權資料(續)

5. 截至二零零七年十二月三十一日止年度內並無註銷認股權。
6. 截至二零零七年十二月三十一日止年度內失效的認股權數目：

7. 認股權估值

認股權的公平價值是採納一種《二項期權定價模式》訂定，並以本公司於認股權授出前之股價波幅作基礎，亦已顧及給予認股權的所有條款。

按照《香港財務報告準則》第2號「認股份償付」，本集團須將認股權的公平價值於損益表內攤銷確認為支出。相關的會計政策詳情已刊載於財務報表附註2(q)(ii)。

除上文所披露者外，於二零零七年十二月三十一日，無任何董事，主要行政人員或彼等各自之聯繫人持有本公司或其任何聯營公司之證券權益，或任何購買本公司或任何其他法人團體股份之安排。

認股權計劃資料

本公司於二零零二年五月二十四日舉行之股東特別大會上通過普通決議案以採納一認股權計劃(「計劃」)。

根據上市規則披露的有關計劃的摘要如下：

1. 該計劃的目的：

對本集團作出貢獻及提升本集團利益而努力不懈之合資格人士提供激勵或報酬。

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTION SCHEME (continued)

2. Participants of the Scheme:

Any employee(s) including any director(s) of the Company or any subsidiary or associated company.

3. Total number of shares available for issue under the Scheme and percentage of issued share capital as at 31 December 2007:

99,080,421 (6.25%)

4. Maximum entitlement of each participant under the Scheme:

The maximum number of shares (issued and to be issued) in respect of which options may be granted under the Scheme and any other share option scheme(s) of the Company (whether exercised, cancelled or outstanding) to any participants in any 12-month period shall not exceed 1 per cent of the total number of shares in issue from time to time unless such grant has been duly approved by ordinary resolution of the shareholders in general meeting.

5. The period within which the shares must be taken up under an option:

The exercise period of options ranges from 1 to 4 years.

6. The minimum period for which an option must be held before it can be exercised:

The vesting periods ranges from 1 to 2.5 years from the date of grant.

7. (a) The amount payable on application or acceptance of the option:

HK\$1.00

(b) The period within which payments or calls must or may be made:

Within 30 days after the date of offer

(c) The period within which loans for such purposes must be repaid:

N/A

認股權計劃資料(續)

2. 該計劃的參與者：

本公司或其任何附屬公司或聯營公司之任何僱員及彼等之董事。

3. 該計劃中可予發行的股份數目及其於二零零七年十二月三十一日佔已發行股本的百分比：

99,080,421 (6.25%)

4. 該計劃中每名參與者可獲授權益上限：

根據該計劃及本公司任何其他認股權計劃而於任何12個月期間向任何參與者授出認股權(無論已行使、註銷或尚未行使者)，其有關之股份最多數目(包括已發行及將予發行股份數目)將不可超逾本公司不時已發行股份總數之1%。如授出之數目超逾1%，則必須經本公司股東於股東大會上以普通決議案正式批准。

5. 可根據認股權認購股份的期限：

認股權行使期限由一年至四年不等。

6. 認股權行使之前必須持有的最短期限：

認股權之有效期為授出日期起計一年至二年半不等。

7. (a) 申請或接受認股權時須付之金額：

1.00港元

(b) 付款或通知付款的期限：

授出日期後30天內

(c) 償還申請認股權貸款的期限：

不適用

DIRECTORS' REPORT

董事會報告書

INFORMATION ON SHARE OPTION SCHEME (continued)

8. The basis of determining the exercise price:

The exercise price is determined by the directors which shall be at least the highest of (i) the nominal value of the shares; (ii) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (iii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant.

9. The remaining life of the Scheme:

The Scheme will expire on 24 May 2012.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' SERVICE CONTRACTS

No director offering for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not terminable by the employing company within one year without payment of compensation other than the normal statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

認股權計劃資料(續)

8. 行使價的釐定基準：

認股權之行使價將由董事會釐定，並至少須為下列三者中之最高者：(i) 股份面值；(ii) 於授出認股權當日，股份於聯交所每日報價表示之收市價；及(iii) 緊接授出認股權當日前五個交易日，股份於聯交所每日報價表所示之平均收市價。

9. 該計劃尚餘的有效期：

該計劃將於二零一二年五月二十四日終止。

董事於重大合約之權益

於年結日或本年度內，本公司、其控股公司、附屬公司、或同系附屬公司概無訂立任何本公司董事擁有直接或間接重大權益之重要合約。

董事之服務合約

所有在即將舉行之股東週年大會上膺選連任之董事，均沒有與本公司或其任何附屬公司訂立任何在一年內不能終止，或除正常法定補償外還須支付任何補償方可終止之服務合約。

董事認購股份或債券之權利

除上文所披露者外，在本年度任何時間內，本公司、其任何附屬公司、控股公司或控股公司之附屬公司概無訂立任何安排，使董事可藉購買本公司或任何其他法人團體之股份或債券而獲益。

DIRECTORS' REPORT

董事會報告書

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2007 the following persons had an interest or short position in the shares and underlying shares of the Company which must be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group:

Long Position

Name of shareholder

股東名稱

China Everbright Holdings Company Limited (Note)
中國光大集團有限公司(附註)

Datten Investments Limited (Note)(附註)

Honorich Holdings Limited

Note: Honorich Holdings Limited ("Honorich") is wholly-owned by Datten Investments Limited ("Datten") which in turn is a wholly-owned subsidiary of China Everbright Holdings Company Limited ("Holdings"). Accordingly, Datten and Holdings are deemed to have the same interests in the shares of the Company as Honorich.

Save as disclosed above as at 31 December 2007, the directors are not aware of any other persons who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's securities during the year.

主要股東

於二零零七年十二月三十一日，下列人士在本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益或淡倉，或直接或間接擁有附帶權利在任何情況下在本集團任何其他成員公司之股東大會上投票之任何類別股本面值5%或以上權益：

股份之長倉

No. of shares beneficially held 實益持有股份數目	% of total issued shares 佔已發行 股本百分比
--	--

867,119,207

54.72%

867,119,207

54.72%

867,119,207

54.72%

附註: Honorich Holdings Limited(「Honorich」)乃由Datten Investments Limited(「Datten」)全資擁有，而Datten乃中國光大集團有限公司(「光大集團」)之全資附屬公司，因此Datten及光大集團於本公司股本中被視為擁有與Honorich相同之權益。

除上文所披露者外，於二零零七年十二月三十一日，董事並不知悉有任何其他人士於本公司股份及相關股份中擁有須根據證券及期貨條例第XV部第2及第3分部知會本公司之權益及淡倉，或直接或間接擁有附帶權利，可在任何情況下在本集團任何成員公司之股東大會上投票之任何類別股本面值5%或以上權益。

購買、出售或贖回本公司之證券

本公司於年內並無贖回本身之股份。本公司及其任何附屬公司於年內概無購買或出售本公司之任何證券。

DIRECTORS' REPORT

董事會報告書

CORPORATE GOVERNANCE

The Company believes that upholding good corporate governance measures is of importance to ensure effective internal control and to protect the long term interest of the shareholders, customers, staff and the Company. The Company complies strictly with the applicable laws and regulations and codes and guidelines of the regulatory authorities, and strives to follow the best international and local corporate governance practice and to develop and improve the corporate governance practices of the Company.

For further details, please refer to the section "Corporate Governance Report" of this report.

AUDITORS

KPMG were first appointed auditors of the Company in 2005 upon the retirement of PricewaterhouseCoopers. KPMG retire, and being eligible, offer themselves for reappointment. A resolution for their re-appointment as auditors will be proposed at the forthcoming Annual General Meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE

During the year, the Audit and Risk Management Committee comprised Mr. Ng Ming Wah, Charles, Mr. Seto Gin Chung, John, Dr. Lin Zhijun and Ms. Tung Iring. The Committee is chaired by Mr. Ng Ming Wah, Charles. All members of the Committee are independent non-executive directors.

The Audit and Risk Management Committee and management have reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Company for the year ended 31 December 2007. The terms of reference of the Audit and Risk Management Committee and a summary of the duties discharged in 2007 have been set out in the section "Corporate Governance Report" of this Report.

企業管治

本公司深信，保持良好企業管治機制，對確保本公司有效的內部監控，保障股東、客戶、員工以及本公司的長遠利益最為重要。為此，本公司將嚴格遵守適用的法律法規及監管機構的各項規定和指引，並積極配合國際和當地有關企業管治最佳慣例的要求及推動和完善本公司的企業管治機制。

詳情請參閱本報告「企業管治報告書」部份。

核數師

畢馬威會計師繼羅兵咸會計師退任後於二零零五年首次被委任為本公司核數師。畢馬威會計師任滿告退，但表示願意應聘連任，在即將舉行的股東週年大會上，將提呈重新委任核數師之決議案。

審核及風險管理委員會

於本年度內審核及風險管理委員會成員包括吳明華先生、司徒振中先生、林志軍博士及董愛菱女士。主席由吳明華先生擔任。委員會所有成員均為獨立非執行董事。

審核及風險管理委員會已與管理層一同回顧本集團所採用之會計政策及慣例，並討論審計、內部監控及財務申報事宜，包括審閱本公司現公佈之截至二零零七年十二月三十一日止年度之經審核財務報表。審核及風險管理委員會之工作範圍及其於二零零七年工作概述已列於本報告「企業管治報告書」部份。

DIRECTORS' REPORT

董事會報告書

RETIREMENT SCHEMES

The Company provides retirement benefits to all local eligible employees under an approved defined contribution provident fund ("the ORSO Scheme"). The ORSO Scheme is administered by trustees, the majority of which are independent, with its assets held separately from those of the Company. The ORSO Scheme is funded by contributions from employees and employers at 5% each based on the monthly salaries of employees. Forfeited contributions may be used to reduce the existing level of contribution by the Company.

As from 1 December 2000, the Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the ORSO Scheme. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$20,000.

The employees of the subsidiaries in the People's Republic of China are members of the retirement schemes operated by the local authorities. The subsidiaries are required to contribute a certain percentage of their payroll to these schemes to fund the benefits. The only obligation of the Group with respect to these schemes is the required contributions under the schemes.

The Group's total contributions to these schemes charged to the consolidated income statement during the year ended 31 December 2007 amounted to approximately HK\$1.51 million.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

On behalf of the Board
Tang Shuangning
Chairman

Hong Kong, 27 March 2008

退休計劃

本公司已為所有本地合資格僱員設定認可定額供款公積金(「職業退休計劃條例計劃」)。職業退休計劃條例計劃由信託人(大部份為獨立信託人)管理，其資產與本公司之資產分開持有。僱員及僱主均須就職業退休計劃條例計劃供款，分別為僱員月薪的5%。沒收供款可用作抵銷本公司現需承擔之供款。

自二零零零年十二月一日起，本集團亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄且原先未包括在職業退休計劃條例計劃內之僱員提供強制性公積金計劃(「強積金計劃」)。強積金計劃為由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及僱員各自須向計劃供款，供款額為僱員有關收入之5%，而有關收入每月之上限為港幣20,000元。

中華人民共和國附屬公司之僱員均參與當地政府管理之退休計劃。該等附屬公司須按員工薪金之若干百分比向上述計劃作出供款。就此等計劃而言，本集團之唯一責任為根據此等計劃作出所需供款。

本集團於截至二零零七年十二月三十一日止年度內向此等計劃所作之總供款額約為港幣151萬元，並已入賬綜合損益表內。

獨立性確認書

本公司已接獲各獨立非執行董事根據上市規則第3.13條就彼等之獨立性而發出之確認書。本公司認為全體獨立非執行董事均屬獨立。

足夠的公眾持股量

根據本公司公開取得之資料，以及就本公司董事所知，於本年報刊發日期，本公司維持上市規則所規定之公眾持股量。

承董事會命
唐雙寧
主席

香港，二零零八年三月二十七日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF CHINA EVERBRIGHT LIMITED

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Everbright Limited (the "Company") set out on pages 65 to 173, which comprise the consolidated and Company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立核數師報告 致中國光大控股有限公司股東

(於香港註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審核列載於第65至第173頁中國光大控股有限公司(「貴公司」)的綜合財務報表，此綜合財務報表包括於二零零七年十二月三十一日的綜合資產負債表及貴公司的資產負債表與截至該日止年度的綜合損益表、綜合權益變動表和綜合現金流量表，以及主要會計政策概要及其他附註解釋。

董事就財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》編製及真實而公平地列報該等財務報表。這責任包括設計、實施及維護與編製及真實而公平地列報財務報表相關的內部控制，以使財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述；選擇和應用適當的會計政策；及按情況下作出合理的會計估計。

核數師的責任

我們的責任是根據我們的審核對該等財務報表作出意見。我們是按照香港《公司條例》第141條的規定，僅向整體股東報告。除此以外，我們的報告書不可用作其他用途。我們概不就本報告書的內容，對任何其他人士負責或承擔法律責任。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2008

我們已根據香港會計師公會頒佈的香港審計準則進行審核。這些準則要求我們遵守道德規範，並規劃及執行審核，以合理確定此等財務報表是否不存有任何重大錯誤陳述。

審核涉及執行情序以獲取有關財務報表所載金額及披露資料的審核憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致財務報表存有重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製及真實而公平地列報財務報表相關的內部控制，以設計適當的審核程序，但並非為對公司的內部控制的效能發表意見。審核亦包括評價董事所採用的會計政策的合適性及所作出的會計估計的合理性，以及評價財務報表的整體列報方式。

我們相信，我們所獲得的審核憑證是充足和適當地為我們的審核意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零零七年十二月三十一日的事務狀況及截至該日止年度的集團利潤及現金流量，並已按照香港《公司條例》妥為編製。

畢馬威會計師事務所
執業會計師
香港中環
遮打道10號
太子大廈8樓

二零零八年三月二十七日

CONSOLIDATED INCOME STATEMENT

綜合損益表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Note	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
		附註		
Turnover	營業額	3	4,437,805	2,772,433
Cost of sales	銷售成本		(3,535,655)	(2,307,160)
Other income	其他收入	3	902,150	465,273
Staff costs	員工費用	4	(299,287)	(174,011)
Depreciation and amortisation expenses	折舊及攤銷費用		(7,082)	(4,596)
Other operating expenses	其他經營費用		(171,307)	(84,634)
Profit from operations	經營盈利	5	1,755,199	534,315
Finance costs	財務費用	6	(122,780)	(62,217)
Gain on deemed disposal of interest in associates	非實質出售聯營公司權益盈利	14	924,503	–
Share of profits less losses of associates	應佔聯營公司盈利減虧損	14	2,906,226	538,194
Profit before taxation	除稅前盈利		5,463,148	1,010,292
Income tax	稅項	8	(197,724)	(88,338)
Profit after taxation	除稅後盈利		5,265,424	921,954
Attributable to:	歸屬於：			
Shareholders of the Company	本公司股東		5,005,592	878,976
Minority interests	少數股東權益		259,832	42,978
			5,265,424	921,954
Dividends payable to shareholders of the Company attributable to the year:	於本年派發的應付股息予本公司股東：			
Final dividend per share proposed after the balance sheet date	擬派期末股息每股	10	HK\$0.10港元	–
Earnings per share	每股盈利	11		
– Basic	– 基本		HK\$3.17港元	HK\$0.56港元
– Diluted	– 攤薄		HK\$3.14港元	HK\$0.56港元

BALANCE SHEETS

資產負債表

As at 31 December 2007
於二零零七年十二月三十一日

	Note 附註	Group 集團		Company 公司	
		31 December 2007 二零零七年 十二月三十一日 HK\$'000 港幣千元	31 December 2006 二零零六年 十二月三十一日 HK\$'000 港幣千元	31 December 2007 二零零七年 十二月三十一日 HK\$'000 港幣千元	31 December 2006 二零零六年 十二月三十一日 HK\$'000 港幣千元
Non-current assets					
非流動資產					
Fixed assets	12	271,280	262,606	1,164	930
Investments in subsidiaries	13(a)	-	-	1,604,181	1,568,181
Amounts due from subsidiaries	13(b)	-	-	2,954,359	3,031,265
Investments in associates	14(a)	4,470,959	1,681,468	1,784,192	1,681,468
Available-for-sale securities	15	9,045,828	1,810,215	3,805,890	99,573
Financial assets designated at fair value through profit or loss	16	665,434	219,922	-	-
Intangible assets	17	1,250	1,250	-	-
		14,454,751	3,975,461	10,149,786	6,381,417
Current assets					
流動資產					
Advances to customers	18	1,600,458	901,122	-	-
Amount due from ultimate holding company	31(b)	-	2,613	-	-
Amount due from a subsidiary	13(b)	-	-	250,000	100,000
Debtors, deposits and prepayments	19	1,346,319	351,944	2,654,793	4,812
Trading securities	20	1,057,748	981,872	-	-
Cash and cash equivalents	21	1,826,923	2,154,365	228	235
		5,831,448	4,391,916	2,905,021	105,047
Current liabilities					
流動負債					
Creditors, deposits received and accrued charges	22	(815,107)	(412,610)	(2,800)	(2,614)
Trading securities	20	(542,207)	(300,641)	-	-
Amounts due to subsidiaries	13(c)	-	-	(3,442,029)	(2,592,647)
Amounts due to associates	14(d)	(438)	(438)	(438)	(438)
Loans from ultimate holding company	31(b)	-	(439,773)	-	(439,773)
Amount due to ultimate holding company	31(b)	-	(37)	-	-
Provision for taxation	24(a)	(489,055)	(314,258)	-	-
		(1,846,807)	(1,467,757)	(3,445,267)	(3,035,472)
Net current assets/(liabilities)		3,984,641	2,924,159	(540,246)	(2,930,425)
Total assets less current liabilities		18,439,392	6,899,620	9,609,540	3,450,992

BALANCE SHEETS

資產負債表

As at 31 December 2007
於二零零七年十二月三十一日

		Note 附註	Group 集團		Company 公司	
			31 December 2007 二零零七年 十二月三十一日 HK\$'000 港幣千元	31 December 2006 二零零六年 十二月三十一日 HK\$'000 港幣千元	31 December 2007 二零零七年 十二月三十一日 HK\$'000 港幣千元	31 December 2006 二零零六年 十二月三十一日 HK\$'000 港幣千元
Non-current liabilities	非流動負債					
Note payable	應付票據	23	(42,787)	(99,573)	-	-
Deferred tax liabilities	遞延稅項負債	24(b)	(899,021)	(169,880)	-	-
			(941,808)	(269,453)	-	-
NET ASSETS	淨資產		17,497,584	6,630,167	9,609,540	3,450,992
CAPITAL AND RESERVES	股本及儲備					
Share capital	股本	25	1,584,704	1,569,003	1,584,704	1,569,003
Reserves	儲備	26	14,774,268	4,806,317	8,024,836	1,881,989
Total equity attributable to shareholders of the Company	歸屬於本公司股東權益		16,358,972	6,375,320	9,609,540	3,450,992
Minority interests	少數股東權益		1,138,612	254,847	-	-
TOTAL EQUITY	權益總額		17,497,584	6,630,167	9,609,540	3,450,992

Approved and authorised for issue by the Board of Directors on 27 March 2008 and signed on behalf of the Board by:

於二零零八年三月二十七日經董事會批准及授權刊發並由以下董事代表會簽署：

Tang Shuangning
唐雙寧
Director
董事

Chen Shuang
陳爽
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Attributable to the shareholders of the Company 歸屬於本公司股東											
		Share capital	Share premium	Option premium reserve	Investment reserve	Capital redemption reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total	Minority interests	Total equity
		股本	股本溢價	溢價儲備	重估儲備	贖回儲備	商譽儲備	資本儲備	匯兌儲備	保留盈利	合計	少數股東權益	權益合計
		HK\$'000	HK\$'000	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	港幣千元	港幣千元
As at 1 January 2007	二零零七年一月一日	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167
Exchange rate adjustments	匯率調整	-	-	-	-	-	-	-	4,918	-	4,918	-	4,918
Surplus on revaluation, net of deferred tax	重估增值，遞延稅後淨額	-	-	-	4,686,933	-	-	-	-	-	4,686,933	560,332	5,247,265
Share options forfeited	取消授出員工認股權	-	-	(1,004)	-	-	-	-	-	1,004	-	-	-
Shares issued under share option scheme	向員工授出之認股權	15,701	51,219	(20,162)	-	-	-	-	-	-	46,758	-	46,758
Release upon disposal of available-for-sale securities	出售可供銷售證券撥回	-	-	-	(298,803)	-	-	-	-	-	(298,803)	-	(298,803)
Increase in exchange reserve on interest in associates	所佔聯營公司之匯兌儲備增加	-	-	-	-	-	-	-	247,234	-	247,234	-	247,234
Share of investment revaluation reserve of associate	所佔聯營公司之投資重估儲備增加	-	-	-	278,730	-	-	-	-	-	278,730	-	278,730
Net investment by minority shareholders	少數股東淨投資	-	-	-	-	-	-	-	-	-	-	63,601	63,601
Equity settled share-based transactions	以股份支付之股本交易	-	-	6,915	-	-	-	-	-	-	6,915	-	6,915
Release upon deemed disposal of an associate	非實質出售聯營公司撥回	-	-	-	32,249	-	2,747,637	-	(26,874)	(2,747,637)	5,375	-	5,375
Profit for the year	本年盈利	-	-	-	-	-	-	-	-	5,005,592	5,005,592	259,832	5,265,424
As at 31 December 2007	於二零零七年十二月三十一日	1,584,704	5,692,367	14,451	5,796,646	2,984	(924,395)	109,714	287,880	3,794,621	16,358,972	1,138,612	17,497,584
Representing:	組成如下：												
Company and subsidiaries	本公司及其附屬公司	1,584,704	5,692,367	14,451	5,468,567	2,984	(924,395)	10,000	7,438	1,259,733	13,115,849	1,138,612	14,254,461
Associates	聯營公司	-	-	-	328,079	-	-	99,714	280,442	2,534,888	3,243,123	-	3,243,123
As at 31 December 2007	於二零零七年十二月三十一日	1,584,704	5,692,367	14,451	5,796,646	2,984	(924,395)	109,714	287,880	3,794,621	16,358,972	1,138,612	17,497,584

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		Attributable to the shareholders of the Company 歸屬於本公司股東											
		Share capital	Share premium	Option premium reserve	Investment revaluation reserve	Capital redemption reserve	Goodwill reserve	Capital reserve	Exchange reserve	Retained earnings	Total	Minority interests	Total equity
		股本	股本溢價	溢價儲備	重估儲備	贖回儲備	商譽儲備	資本儲備	匯兌儲備	保留盈利	合計	少數股東權益	權益合計
		HK\$'000	HK\$'000	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	港幣千元	港幣千元
As at 1 January 2006	二零零六年一月一日	1,564,876	5,629,208	19,141	500,250	2,984	(3,672,032)	28,066	16,557	738,031	4,827,081	64,857	4,891,938
Exchange rate adjustments	匯率調整	-	-	-	-	-	-	-	5,294	-	5,294	179	5,473
Surplus on revaluation, net of deferred tax	重估增值，遞延稅後淨額	-	-	-	785,584	-	-	-	-	-	785,584	3,858	789,442
Share options forfeited	取消授出員工認股權	-	-	(303)	-	-	-	-	-	303	-	-	-
Shares issued under share option scheme	向員工授出之認股權	4,127	11,940	(5,057)	-	-	-	-	-	-	11,010	-	11,010
Release upon disposal of available-for-sale securities	出售可供銷售證券撥回	-	-	-	(205,397)	-	-	-	-	-	(205,397)	-	(205,397)
Increase in exchange reserve on interest in associates	所佔聯營公司之匯兌儲備增加	-	-	-	-	-	-	-	40,751	-	40,751	-	40,751
Share of investment revaluation reserve of associates	所佔聯營公司之投資重估儲備	-	-	-	17,100	-	-	-	-	-	17,100	-	17,100
Share of the increase in associates' capital reserve appropriated from the associates' retained earnings	應佔聯營公司自保留盈利轉出之資本儲備增加	-	-	-	-	-	-	81,648	-	(81,648)	-	-	-
Net investment by minority shareholders	少數股東淨投資	-	-	-	-	-	-	-	-	-	-	142,975	142,975
Equity settled share-based transactions	以股份支付之股本交易	-	-	14,921	-	-	-	-	-	-	14,921	-	14,921
Profit for the year	本年盈利	-	-	-	-	-	-	-	-	878,976	878,976	42,978	921,954
As at 31 December 2006	於二零零六年十二月三十一日	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167
Representing:	組成如下：												
Company and subsidiaries	本公司及其附屬公司	1,569,003	5,641,148	28,702	1,080,437	2,984	(3,672,032)	10,000	2,520	1,907,000	6,569,762	254,847	6,824,609
Associates	聯營公司	-	-	-	17,100	-	-	99,714	60,082	(371,338)	(194,442)	-	(194,442)
As at 31 December 2006	於二零零六年十二月三十一日	1,569,003	5,641,148	28,702	1,097,537	2,984	(3,672,032)	109,714	62,602	1,535,662	6,375,320	254,847	6,630,167

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

	Note	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	經營活動產生之現金流出淨額 36	(952,342)	(449,196)
INVESTING ACTIVITIES	投資活動		
Purchase of fixed assets	購買固定資產	(15,877)	(137,409)
Proceeds from disposal of fixed assets	出售固定資產所得款項	3	12,255
Decrease/(increase) in time deposits pledged	用作抵押之定期存款減少／（增加）	168,099	(548,069)
Purchase of available-for-sale securities	購買可供銷售證券	(41,567)	(271,215)
Purchase of financial assets designated at fair value through profit or loss	購買指定為通過損益以反映公平價值的金融資產	(36,250)	(189,013)
Proceeds from disposal of subsidiaries	出售附屬公司所得款項	244,655	–
Proceeds from disposal of available-for-sale securities	出售可供銷售證券所得款項	687,085	440,334
Bank interest received	已收銀行利息	73,949	102,159
Proceeds received from a finance lease	已收融資租賃合約款項	–	12,305
Dividends from investments in securities	已收證券投資股息	71,015	45,223
Dividends from an associate	已收聯營公司股息	–	26,856
Capital injected into an associate	注資聯營公司	–	(34,206)
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES	投資活動產生之現金流入／（流出）淨額	1,151,112	(540,780)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING ACTIVITIES	融資前現金流入／（流出）淨額	198,770	(989,976)

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

	Note	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
	附註		
FINANCING ACTIVITIES	融資活動		
Issue of ordinary shares	發行普通股股份	46,758	11,010
Issues of shares in subsidiaries to minority shareholders	發行附屬公司之股份予少數股東	311,300	142,975
Redemption of shares by minority shareholders	少數股東贖回股份	(247,699)	–
Repayment of loans from ultimate holding company	償還貸款予最終控股公司	(439,773)	–
Dividend paid to minority shareholders	派發股息予少數股東	(50,706)	–
Issue of notes	發行票據	–	97,541
NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES	融資活動產生之現金(流出)／流入淨額	(380,120)	251,526
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物之減少淨額	(181,350)	(738,450)
CASH AND CASH EQUIVALENTS	現金及現金等價物		
Beginning of year	年初結餘	1,606,296	2,334,389
Exchange rate adjustments	匯率調整	22,007	10,357
End of year	年末結餘	1,446,953	1,606,296
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物餘額分析		
Bank balances and cash – general accounts	銀行結餘及現金 – 一般賬戶	1,826,923	2,154,365
Deposits pledged	用作抵押之存款	(379,970)	(548,069)
End of year	年末結餘	1,446,953	1,606,296

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Cash flow from operating activities	經營活動所產生之現金流包括：		
includes:			
Interest received on advances to customers and others	向客戶收取借款利息及其他	274,939	120,651

DISPOSAL OF SUBSIDIARIES

During the year the Group disposed several subsidiaries. The fair value of assets disposed and liabilities assumed are as follows:

出售附屬公司

於本年，本集團出售幾家附屬公司，出售資產及負債的公平價假設如下：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Proceeds from disposal of subsidiaries	出售附屬公司所得款項	247,042	-
Less: cash of subsidiaries	扣除：附屬公司之現金	(2,387)	-
Net disposal proceeds	淨出售所得款項	244,655	-
Less: Available-for-sale securities	扣除：備供銷售證券	(10,604)	-
Other debtors and prepayment	應收賬款及預付款	(5,186)	-
Gain on disposal of subsidiaries	出售附屬公司收益	228,865	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These 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.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(z) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

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，而在英屬維京群島註冊成立的 Honorich Holdings Limited Holdings Limited 則為本公司之中間控股公司。

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布所有適用的《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。

香港會計師公會已經頒佈若干新訂及經修訂之香港財務報告準則，該等香港財務報告準則於本集團及本公司今個會計期間首次生效或可供提前採納。附錄2(z)載有首次應用該等新發展而導致的任何會計政策變動，惟以本財務報表所反映的今個及過往會計期間並與本集團相關者為限。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2007 comprise the Company and its subsidiaries (together referred as the "Group") and the Group's interest in associates.

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 properties (note 2(h)); and
- financial instruments classified as trading, financial assets designated at fair value through profit or loss or available-for-sale securities (note 2(f)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgments, 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 judgments 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 recognized 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

截至二零零七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。

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，指定為通過損益以反映公平價值的金融資產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 2007
截至二零零七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 intragroup 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 unrealized 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 Group, 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.

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).

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，則該實體將視為受本集團控制。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。本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。本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。

少數股東權益是指本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。少數股東權益佔本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。

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)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and jointly controlled entities

An associate is an entity in which the Group or the 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 the Company and other parties, where the contractual arrangement establishes that the Group or the 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)).

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.

2. 主要會計政策(續)

(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發揮明顯影響力，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(參照附註2(e)及2(m))。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Associates and jointly controlled entities (continued)

Unrealised profits and losses resulting from transactions between the Group and its associates and joint 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.

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.

2. 主要會計政策(續)

(d) 聯營公司及共同控制實體(續)

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。

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、負債及或有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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Goodwill (continued)

Goodwill on acquisitions that occurred prior to 1 January 2001 has eliminated against goodwill reserves. Such goodwill is released from goodwill reserves to retained earnings when all or part of the business to which the goodwill is related to is disposed.

(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:

Trading debt and equity securities are acquired or incurred principally for the purpose of trading, or are part of a portfolio of identified debt and equity securities that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Investment in debt and equity securities are designated at fair value through profit or loss upon initial recognition when these financial instruments are managed, evaluated and reported internally on a fair value basis, and the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise.

Debt and equity securities under this category are carried at fair value and are not allowed to be reclassified into or out of this category while held or issued. Changes in the fair value are include in the income statement in the period in which they arisen. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in the income statement.

2. 主要會計政策(續)

(e) 商譽(續)

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：

債權及股票證券乃主要為買賣用途而購入或產生，或作為共同管理的已辨認債權及股票證券投資組合之一部份，並且有證據顯示近期有實際短期獲利回套的情況。

債權及股票證券投資乃於該等金融工具最初管理並按公平價值進行內部評估及呈報時，被指定為通過損益以反映公平價值。這種指定能夠消除或大幅減少使用其他指定時會出現的會計錯配。

這個類別的債權及股票證券乃按公平值列賬，且不得在持有或已發行的情況下重新分類為這個類別或其他類別。公平值之變動於產生期內計入損益表。於出售或回購時，銷售收益淨額或淨支付額與賬面值之差別計入損益表。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

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.

(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 properties

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.

2. 主要會計政策(續)

(f) 其他債權與股票證券投資(續)

其他證券投資則分類為可供銷售證券，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。

(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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investment properties (continued)

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).

(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.

2. 主要會計政策(續)

(h) 投資物業(續)

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。

(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及累計減值損失列賬(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。

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，並在退掉或出售時於損益賬內確認。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

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 the 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)).

2. 主要會計政策(續)

(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

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，並且被認為有無限使用期的而無需攤銷，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))。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased assets (continued)

(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.

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

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。

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 2007
截至二零零七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.
- 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.

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撇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。
- 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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 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
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.

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)

- 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，減值損失可回撥。在此情況下，回撥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，其相關之租賃權益；
- 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
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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

– 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)

– 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 2007
截至二零零七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.

(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.

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)

– 減值損失之回撥

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，則減值損失會被回撥。商譽的減值損失不可回撥。

減值損失回撥只局限至該資產的賬面值，猶如該等減值損失從未在往年被確認。減值損失回撥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)及無訂定價還期貨款則屬例外。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。

(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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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).

2. 主要會計政策(續)

(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。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(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.

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.

2. 主要會計政策(續)

(q) 僱員福利(續)

(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。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

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.

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.

2. 主要會計政策(續)

(r) 所得稅(續)

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回撥，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回撥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回撥時，會計入該等差異。

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回撥的時間而該差異在可見將來不會回撥；而就可扣稅差異而言，除非該差異在可見將來可以回撥。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax (continued)

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.

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.

2. 主要會計政策(續)

(r) 所得稅(續)

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，應予回撥。

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。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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

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。

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 2007
截至二零零七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.

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

2. 主要會計政策(續)

(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。

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前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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

2. 主要會計政策(續)

(v) 借貸成本

借貸成本在發生期間在損益表中列支，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。

(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，或可發揮重大影響本集團的財務及經營決策，或共同控制本集團；
- (ii) 本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) 該人士屬本集團主要管理人員的成員、或屬個人的近親家庭成員、或受該等個人人士控制、或共同控制或重大影響的實體；或
- (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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.

(y) Segregated accounts

Segregated accounts maintained by the subsidiaries of the Company to hold clients' monies are not recognised as an asset in the financial statements.

2. 主要會計政策(續)

(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。

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總部資產、計息貸款、借貸、稅項、總部與財務費用。

(y) 信託賬戶

本公司就所持客戶款項存置之信託賬戶不再於財務報表中確認為資產。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of HKFRS 7, "Financial instruments: Disclosures" and the amendment to HKAS 1, "Presentation of financial statements: Capital disclosures", there have been some additional disclosures provided as follows:

As a result of the adoption of HKFRS 7, the financial statements include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by HKAS 32, "Financial instruments: Disclosure and presentation". These disclosures are provided throughout these financial statements, in particular in note 34.

The amendment to HKAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital. These new disclosures are set out in note 25(a).

Both HKFRS 7 and amendment to HKAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 42).

2. 主要會計政策(續)

(z) 會計政策的改變

香港會計師公會已經頒佈若干新訂及經修訂之香港財務報告準則及詮釋，該等香港財務報告準則及詮釋於本集團及本公司今個會計期間首次生效或可供提前採納。

本公司並無因以上發展而就所呈列的年度對本財務報表所應用之會計政策作出重大改動。然而，採納香港財務報告準則第7號「金融工具：披露」及香港會計準則第1號「財務報表的呈列：資本披露」的修訂後，本公司作出下文所述的若干額外披露：

採納香港財務報告準則第7號後，與過往香港會計準則第32號「金融工具：披露及呈列」規定須披露的資料比較，財務報表對本集團金融工具的規模及該等工具所引致之風險的性質及程度，作出了更多的披露。有關披露於整份財務報表提供，特別是附錄34。

香港會計準則第1號的修訂新增多項額外披露規定，包括資本水平，以及本集團及本公司管理資本的目標、政策及程序。有關新披露事項載於附錄25(a)。

香港財務報告準則第7號及香港會計準則第1號的修訂，對金融工具所確認的金額的分類、確認及計量並無任何重大影響。

本集團並無應用任何並未於本會計期間生效的新準則或詮釋(請參見附錄42)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Turnover	營業額		
Sale of trading securities	出售交易證券之收入款項		
– equity securities	– 股票證券	3,183,845	2,245,535
– debt securities	– 債權證券	30,212	73,269
– derivatives and others	– 衍生工具及其他	639,124	87,366
Net unrealised gain/(loss) on trading investments	交易投資之未實現淨收益/(損失)		
– trading securities	– 交易證券	79,383	217,424
– derivatives	– 衍生工具	(225,603)	(241,900)
Brokerage commission and service income	經紀佣金與服務收入	311,088	123,097
Interest income on financial assets not at fair value through profit or loss	利息收入—非通過損益以反映公平價值的金融資產		
– bank deposits	– 銀行存款	71,514	100,443
– advances to customers	– 客戶借款	239,863	96,905
– finance leases	– 融資租賃合約	–	589
– others	– 其他	35,076	23,746
Dividend income from	股息收入		
– listed investments	– 上市投資	62,454	44,945
– unlisted investments	– 非上市投資	9,200	–
Gross rental income from investment properties	來自投資物業租金總收入	1,649	1,014
		4,437,805	2,772,433
Other income	其他收入		
Net gain on disposal of available-for-sale securities	出售備供銷售證券之淨收益	610,149	323,174
Realised gain on financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產已實現收益	215,632	–
Unrealised gain on revaluation of financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產重估增值的未實現收益	192,428	–
Gain on disposal of subsidiaries	出售附屬公司收益	228,865	–
Unrealised gain on note payable	應付票據公允值未實現收益	56,786	–
Exchange gain, net	匯兌淨收益	20,058	6,955
Surplus on revaluation of investment properties	投資物業重估增值	2,400	368
Gain on disposal of fixed assets	出售固定資產之收益	–	51
Recovery of doubtful debts previously written off	收回以前年度已撥備呆賬	2,369	–
Others	其他	2,038	1,735
		1,330,725	332,283

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

4. STAFF COSTS

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Salaries and allowances	薪酬工資及津貼	283,841	152,207
Share-based payments	以股份償付	6,915	14,921
Staff welfare and insurance	員工福利及保險	5,733	4,336
Staff training and recruitment	員工培訓及招聘	1,291	1,341
Pension costs – mandatory provident fund and defined contribution plans	退休成本—強積金及定額供款計劃	1,507	1,206
		299,287	174,011

4. 員工費用

5. PROFIT FROM OPERATIONS

Profit from operations is stated after charging the following:

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Depreciation on owned assets	自置固定資產折舊	7,082	4,596
Operating lease rentals in respect of rented premises	土地及房產經營租賃租金	7,716	4,614
Auditors' remuneration	核數師酬金	3,146	1,637
Provision and write-off of bad and doubtful debts	呆壞賬準備及撇除	-	833

5. 經營盈利

經營盈利已扣除下列項目：

6. FINANCE COSTS

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Interest on bank loans	銀行貸款之利息	114,322	40,843
Interest to ultimate holding company (note 31(a))	最終控股公司貸款之利息(附註31(a))	8,458	21,374
		122,780	62,217

6. 財務費用

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments:

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

7. 董事及最高酬金之五名人員的酬金

(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 benefit in kind	Discretionary bonuses	Share-based payments (Note 1) 以股份償付 (註1)	Retirement scheme contributions 退休計劃 供款	2007 Total 二零零七年 合計	
	Directors fee	薪金、津貼及 實物利益	酌情花紅	以股份償付 (註1)	退休計劃 供款	二零零七年 合計	
	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	
<i>Executive directors</i> 執行董事							
Tang Shuangning (Note 2)	唐雙寧(註2)	-	59	-	-	59	
Zang Qiutao (Note 3)	臧秋濤(註3)	-	62	-	-	62	
Wang Mingquan (Note 4)	王明權(註4)	-	1,108	-	156	1,264	
Guo You (Note 5)	郭友(註5)	-	55	-	104	159	
Chen Shuang (Note 6)	陳爽(註6)	-	885	10,500	231	11,616	
Zhou Liqun (Note 7)	周立群(註7)	-	539	-	156	695	
He Ling (Note 8)	賀玲(註8)	-	234	4,607	60	4,901	
Xu Haoming	徐浩明	-	100	-	-	100	
Tang Chi Chun, Richard (Note 9 and 10)	鄧子俊(註9及10)	-	626	3,679	222	5	4,532
<i>Independent non-executive directors</i> 獨立非執行董事							
Ng Ming Wah, Charles	吳明華	100	153	-	-	253	
Seto Gin Chung, John	司徒振中	100	152	-	104	356	
Lin Zhijun	林志軍	100	147	-	-	247	
Tung Iring	董愛菱	100	137	-	-	237	
		400	4,257	18,786	1,033	5	24,481

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments: (continued)

		Salaries, allowances and benefit in kind	Discretionary bonuses	Share-based payments (Note 1)	Retirement scheme contributions	2006 Total	
Directors fee	薪金、津貼及 實物利益	Director's fee	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	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 4)	王明權(註4)	–	2,095	–	1,034	–	3,129
Guo You (Note 5)	郭友(註5)	–	100	–	345	–	445
Chen Shuang (Note 6)	陳爽(註6)	–	880	4,800	982	–	6,662
Zhou Liqun (Note 7)	周立群(註7)	–	915	6,500	1,034	–	8,449
He Ling (Note 8)	賀玲(註8)	–	890	3,000	690	–	4,580
Xu Haoming	徐浩明	–	85	–	–	–	85
<i>Independent non-executive directors</i>		<i>獨立非執行董事</i>					
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 11)	董偉(註11)	40	40	–	182	–	262
Tung Iring	董愛菱	46	62	–	–	–	108
		386	5,572	14,300	4,631	–	24,889

7. 董事及最高酬金之五名人員的酬金(續)

(a) 董事酬金：(續)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(a) Directors' emoluments: (continued)

Note:

- (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 28 and in the directors' report.
- (2) Mr. Tang Shuangning was appointed as executive director and Chairman of the Company on 16 July 2007.
- (3) Mr. Zang Qiutao was appointed as executive director and Deputy Chairman of the Company on 6 August 2007.
- (4) Mr. Wang Mingquan resigned as executive director and Chairman of the Company on 16 July 2007.
- (5) Mr. Guo You resigned as executive director of the Company on 12 October 2007.
- (6) Mr. Chen Shuang was appointed as Chief Executive Officer on 6 August 2007.
- (7) Dr. Zhou Liqun resigned as executive director of the Company on 6 August 2007.
- (8) Madam He Ling resigned as executive director of the Company on 16 April 2007.
- (9) Mr. Tang Chi Chun, Richard was appointed as executive director of the 27 July 2007.
- (10) Mr. Tang Chi Chun, Richard was appointed as Company Secretary on 23 August 2007.
- (11) Mr. Tung Wai, David retired from the capacity of Director with effect from 26 May 2006.

7. 董事及最高酬金之五名人員的酬金(續)

(a) 董事酬金：(續)

註：

- (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28及董事會報告書內。
- (2) 唐雙寧先生於2007年7月16日被委任為執行董事兼董事會主席。
- (3) 臧秋濤先生於2007年8月6日被委任為執行董事兼董事會副主席。
- (4) 王明權先生於2007年7月16日辭去執行董事兼董事會主席職務。
- (5) 郭友先生於2007年10月12日辭去執行董事職務。
- (6) 陳爽先生於2007年8月6日被委任為行政總裁。
- (7) 周立群博士於2007年8月6日辭去執行董事職務。
- (8) 賀玲女士於2007年4月16日辭去執行董事職務。
- (9) 鄧子俊先生於2007年7月27日被委任為執行董事。
- (10) 鄧子俊先生於2007年8月23日被委任為公司秘書。
- (11) 董偉先生已於2006年5月26日辭去董事職務。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Salaries and other emoluments	薪金及其他報酬	5,004	5,529
Discretionary bonuses	酌情花紅	87,605	31,977
Share-based payments	以股份償付	2,075	5,355
Retirement scheme contributions	退休計劃供款	36	72
		94,720	42,933

		2007 二零零七年	2006 二零零六年
Number of directors	董事人數	1	2
Number of employees	僱員人數	4	3
		5	5

7. 董事及最高酬金之五名人員的酬金(續)

(b) 最高酬金之五名人員

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

7. DIRECTORS' AND FIVE HIGHEST PAID INDIVIDUALS' EMOLUMENTS (continued)

(b) Five highest paid individuals' emoluments (continued)

Their emoluments were within the following bands:

		Number of individuals 人數	
		2007 二零零七年	2006 二零零六年
HK\$5,000,001 to HK\$15,000,000	港幣5,000,001 to 港幣15,000,000元	3	4
HK\$15,000,001 to HK\$25,000,000	港幣15,000,001 to 港幣25,000,000元	1	1
HK\$25,000,001 to HK\$35,000,000	港幣25,000,001 to 港幣35,000,000元	-	-
HK\$35,000,001 to HK\$45,000,000	港幣35,000,001 to 港幣45,000,000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 (2006: Nil).

7. 董事及最高酬金之五名人員的酬金(續)

(b) 最高酬金之五名人員(續)

支付酬金組別如下：

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(二零零六年：無)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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% (2006: 17.5%) of the estimated assessable profits for the year. Taxation for overseas subsidiaries is calculated at the appropriate current rates of taxation ruling in the relevant jurisdictions.

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%(二零零六年: 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。

於綜合損益表內之稅項/(回撥)組成如下:

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Company and subsidiaries	公司及附屬公司		
Current taxation	當前準備		
– Hong Kong profits tax	– 香港利得稅	145,999	72,033
– Overseas taxation	– 海外稅項	50,021	9,554
– (Over)/under provision in respect of Hong Kong profits tax in prior years	– 往年香港利得稅 (回撥) / 不足之準備數	(133)	9,370
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	1,837	(2,619)
		197,724	88,338

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 the taxation charge as follows:

8. 稅項(續)

本集團除稅前盈利之稅項，與稅項費用之差異如下：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Profit before taxation	除稅前盈利	5,463,148	1,010,292
Calculated at the rates applicable to profits in the tax jurisdictions concerned	按相關稅務司法權區適用所得稅率計算之稅項	948,807	175,295
Tax effect of income not subject to taxation	無須課稅之收入	(850,967)	(135,732)
Tax effect of expenses not deductible for taxation purpose	不可扣稅之支出	11,599	3,447
Tax effect of utilisation of previously unrecognised losses	使用以前未有確認之稅損	(2,962)	(3,655)
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	91,380	39,613
(Over)/under provision in respect of prior years	往年(回撥)/不足之準備數	(133)	9,370
Taxation charge	稅項費用	197,724	88,338

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Net profit for the year of approximately HK\$4,000,731,000 (2006: HK\$455,344,000) has been dealt with in the financial statements of the Company.

9. 股東應佔盈利

本年度於本公司賬上之淨盈利約為港幣4,000,731,000元(二零零六年：約港幣455,344,000元之淨盈利)已於本公司之財務報表作處理。

10. DIVIDENDS

10. 股息

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Dividend declared after the balance sheet date	於年結日後派發的期末股息		
– Final dividend, of HK\$0.10 (2006: HK\$ Nil) per ordinary share	– 期末股息，每普通股港幣0.10元 (二零零六年：無)	158,841	–
		158,841	–

The directors proposed a final dividend of HK\$0.10 per ordinary share (2006: HK\$ Nil per ordinary share). The proposed dividends are not reflected as dividend payable in the financial statements.

董事會建議就截至二零零七年十二月三十一日止年度派發期末股息每普通股港幣0.10元(二零零六年：無)。建議的股息並不反映於財務報表的應付股息。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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\$5,005,592,000 (2006: HK\$878,976,000) and the weighted average number of 1,579,314,372 ordinary shares (2006: 1,566,028,602 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

		2007 二零零七年	2006 二零零六年
Issued ordinary shares at 1 January	於一月一日已發行普通股股數	1,569,003,212	1,564,875,712
Effect of share options exercised	行使認股權之影響	10,311,160	1,152,890
		1,579,314,372	1,566,028,602

(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\$5,005,592,000 (2006: HK\$878,976,000) and the weighted average number of 1,591,946,205 ordinary shares (2006: 1,576,435,626 ordinary shares), calculated as follows:

Weighted average number of ordinary shares (diluted)

		2007 二零零七年	2006 二零零六年
Weighted average number of ordinary shares at 31 December	於十二月三十一日已發行普通股股份之加權平均股數	1,579,314,372	1,566,028,602
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，假設無需支付金額發行之股數	12,631,833	10,407,024
		1,591,946,205	1,576,435,626

11. 每股盈利

(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5,005,592,000元(二零零六年：港幣878,976,000元)及本年內已發行股份之加權平均股數1,579,314,372股普通股(二零零六年：1,566,028,602股普通股)，計算如下：

股份之加權平均股數

		2007 二零零七年	2006 二零零六年
Issued ordinary shares at 1 January	於一月一日已發行普通股股數	1,569,003,212	1,564,875,712
Effect of share options exercised	行使認股權之影響	10,311,160	1,152,890
		1,579,314,372	1,566,028,602

(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5,005,592,000元(二零零六年：港幣878,976,000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1,591,946,205股普通股(二零零六年：1,576,435,626股普通股)，計算如下：

股份之加權平均股數(攤薄)

		2007 二零零七年	2006 二零零六年
Weighted average number of ordinary shares at 31 December	於十二月三十一日已發行普通股股份之加權平均股數	1,579,314,372	1,566,028,602
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，假設無需支付金額發行之股數	12,631,833	10,407,024
		1,591,946,205	1,576,435,626

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

12. FIXED ASSETS

(a) Group

12. 固定資產

(a) 集團

		Interests in leasehold land held for own use under operating leases 以經營租賃 持作自用之 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 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
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
		302,528	39,957	14,902	11,932	40,702	410,021
At 1 January 2007	於二零零七年一月一日	302,528	39,957	14,902	11,932	40,702	410,021
Additions	添置	-	-	-	8,374	7,503	15,877
Disposal	出售	-	-	-	(788)	(325)	(1,113)
Surplus on revaluation	重估增值	-	-	758	-	-	758
At 31 December 2007	於二零零七年十二月三十一日	302,528	39,957	15,660	19,518	47,880	425,543
Representing:	組成如下：						
Cost	成本	-	-	-	19,518	47,880	67,398
Valuation	專業估值	302,528	39,957	15,660	-	-	358,145
		302,528	39,957	15,660	19,518	47,880	425,543

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

12. FIXED ASSETS (continued)

(a) Group (continued)

12. 固定資產(續)

(a) 集團(續)

		Interests in leasehold land held for own use under operating leases 以經營租賃 持作自用之 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		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
Accumulated amortisation, depreciation and impairment:		累積攤銷、折舊及減值：					
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)
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
At 1 January 2007	於二零零七年一月一日	99,128	3,476	-	10,053	34,758	147,415
Charge for the year	本年度計提	2,573	812	-	1,153	2,544	7,082
Written back on disposal	出售時回撥	-	-	-	(143)	(91)	(234)
At 31 December 2007	於二零零七年十二月三十一日	101,701	4,288	-	11,063	37,211	154,263
Net book value:		賬面淨值：					
At 31 December 2007	於二零零七年十二月三十一日	200,827	35,669	15,660	8,455	10,669	271,280
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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

12. FIXED ASSETS (continued)

(b) Company

12. 固定資產(續)

(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 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
At 1 January 2007	於二零零七年一月一日	95	2,036	1,348	3,479
Additions	添置	-	-	687	687
At 31 December 2007	於二零零七年十二月三十一日	95	2,036	2,035	4,166
Accumulated depreciation:	累積折舊：				
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
At 1 January 2007	於二零零七年一月一日	49	1,938	562	2,549
Charge for the year	本年度計提	19	39	395	453
At 31 December 2007	於二零零七年十二月三十一日	68	1,977	957	3,002
Net book value:	賬面淨值：				
At 31 December 2007	於二零零七年十二月三十一日	27	59	1,078	1,164
At 31 December 2006	於二零零六年十二月三十一日	46	98	786	930

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 2007 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 2007, had the Group's interests in leasehold land and buildings been carried at fair value, their carrying amount would have been HK\$405,947,000 (2006: HK\$271,830,000).

Investment properties of HK\$15,560,000 (2006: HK\$6,856,000) of the Group are rented out under operating leases, of which HK\$6,800,000 (2006: HK\$5,650,000) are rented to the ultimate holding company.

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

Group

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Held in Hong Kong	於香港		
- on long lease	- 以長期租約持有	218,563	221,464
- on medium-term lease	- 以中期租約持有	24,275	23,784
		242,838	245,248
Held outside Hong Kong	於香港以外地區		
- on medium-term lease	- 以中期租約持有	9,318	9,535
		9,318	9,535
		252,156	254,783

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二零零七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。

於二零零七年十二月三十一日，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405,947,000元(二零零六年：約港幣271,830,000元)。

本集團價值約港幣15,560,000元(二零零六年：約港幣6,856,000元)之投資物業已根據經營租約租出，其中約港幣6,800,000元(二零零六年：約港幣5,650,000元)已出租予最終控股公司。

- (d) 物業的賬面淨值分析如下：

集團

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Held in Hong Kong	於香港		
- on long lease	- 以長期租約持有	218,563	221,464
- on medium-term lease	- 以中期租約持有	24,275	23,784
		242,838	245,248
Held outside Hong Kong	於香港以外地區		
- on medium-term lease	- 以中期租約持有	9,318	9,535
		9,318	9,535
		252,156	254,783

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

13. INVESTMENTS IN SUBSIDIARIES AND BALANCES WITH SUBSIDIARIES

(a) Investments in subsidiaries

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Investments, at cost	投資，按成本值：		
Unlisted shares	非上市股份	1,609,081	1,573,081
Less: provision for impairment in value	減：投資減值撥備	(4,900)	(4,900)
		1,604,181	1,568,181

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

13. 附屬公司投資及與附屬公司的往來賬款

(a) 附屬公司投資

下列只包括對本集團的業績、資產或負債有影響之附屬公司。

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 中國	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
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

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

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 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	83.90%	Investment 投資
		Participating redeemable preference shares 有參與權可贖回優先股	US\$734.63 734.63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
China Everbright Financial Holdings Limited 中國光大金融控股有限公司	Hong Kong 香港	Ordinary 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 普通股	HK\$1,000,000 港幣1,000,000元	100% ¹	Investment 投資

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)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

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 Forex & Futures (HK) Limited 中國光大外匯、期貨（香港）有限公司	Hong Kong 香港	Ordinary 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 中國光大財富管理有限公司	Hong Kong 香港	Ordinary 普通股	HK\$500,000 港幣500,000元	100%	Provision of wealth management services 提供財富管理
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
China Special Opportunities Fund, L.P.	Cayman Islands 開曼群島	Limited Partnership 有限合伙	Not applicable 不適用	61.50%	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%	Fund management 基金管理

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）

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

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
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 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 Ltd.	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
Mutiplus (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
Solidpole Limited 億捷有限公司	Hong Kong 香港	Ordinary 普通股	HK\$2 港幣2元	100%	Investment holding 投資控股
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%	Asset management 提供資產管理服務

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)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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)

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
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	78.90% ¹	Investment 投資
		Participating redeemable preference shares 有參與權可贖回優先股	US\$415 415美元		
Trycom Management Limited 得基有限公司	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100%	Investment holding 投資控股
Wealthlink Pacific Ltd.	British Virgin Islands 英屬維京群島	Ordinary 普通股	US\$1 1美元	100%	Investment 投資控股
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

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.

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%。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

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

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, interest free and have no fixed terms of repayment (2006: HK\$155,368,000 which bears an average of 3.04% per annum) and five non-interest bearing subordinated loans totalling HK\$827,123,000 out of which HK\$577,123,000 is repayable in 2009, HK\$150,000,000 is repayable in 2008 and HK\$100,000,000 is repayable on demand (2006: three non-interest bearing subordinated loans totalling HK\$250,000,000 out of which HK\$150,000,000 is repayable in 2008 and HK\$100,000,000 is repayable on demand). 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)

(b) 應收附屬公司款項

應收附屬公司款項均無抵押、無須計息及無固定償還日期(二零零六年：約港幣155,368,000元，平均年息3.04%)，及五筆不計息償貸款共港幣827,123,000元，其中港幣577,123,000元於二零零九年到期，港幣150,000,000元於二零零八年到期及港幣100,000,000元即時還款外，(二零零六年：三筆不計息償貸款共港幣250,000,000元，其中港幣150,000,000元於二零零八年到期，港幣100,000,000元即時還款外)。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 2007
截至二零零七年十二月三十一日止年度

14. INVESTMENTS IN ASSOCIATES AND AMOUNTS DUE TO ASSOCIATES

(a) Investments in associates:

		Group 集團		Company 公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
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	1,784,460	5,534,961	1,784,875	5,535,376
Share of post-acquisition reserves	應佔收購後儲備	3,494,381	(183,974)	–	–
		5,319,299	5,391,445	1,825,265	5,575,766
Less:	減：				
Provision for impairment charged against investment costs	投資成本減值準備	(165,548)	(165,548)	(41,073)	(3,894,298)
Premium on acquisition	收購溢價	(682,792)	(3,544,429)	–	–
Carrying value, net (Note 14 (b) (i))	帳面值，淨額 (附註14(b)(i))	4,470,959	1,681,468	1,784,192	1,681,468

14. 聯營公司投資及應付聯營公司款項

(a) 聯營公司投資：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 2007, particulars of the principal associate 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
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	39.31%

(i) In early 2007, Everbright Securities issued 453 million new shares to 11 investors for a total cash consideration of RMB1,246 million. The objective of the placement was to broaden the capital base of Everbright Securities. After the new share issue, the Group's interest in Everbright Securities was diluted from 46.60% to 39.31% effective from 1 January 2007. As a result of the share dilution, the Group has recorded a deemed gain on disposal of HK\$225 million.

For the year ended 31 December 2007, Everbright Securities recorded an after tax profit of RMB5.1 billion (according to HKFRS) and the Group's share of profit, under equity accounting method, amounted to HK\$2.03 billion.

Everbright Securities is planning to list its shares on the Shanghai Stock Exchange by way of an initial public offering.

14. 聯營公司投資及應付聯營公司款項(續)

(b) 本集團於二零零七年十二月三十一日，主要聯營公司資料如下：

(i) 於二零零七年初，光大證券以現金支付方式發行4.53億新股予11位投資者，集資共人民幣12.46億元。光大證券增資擴股目的是擴闊資本基礎。由二零零七年一月一日起，本公司於光大證券之權益由46.60%被攤薄至39.31%。本集團因是次股權攤薄而錄得港幣2.25億元之非實質出售聯營公司權益盈利。

截至二零零七年十二月三十一日，光大證券錄得稅後盈利人民幣51億元(按香港會計準則)，根據權益會計法本集團應佔盈利為港幣20.3億元。

光大證券目前正計劃通過公開發行上市方式在上海證券交易所上市。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

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

(b) (continued)

- (ii) On 30 November 2007, China Everbright Bank Company Limited ("Everbright Bank") issued 20 billion shares to the Central SAFE Investments Limited according to a Subscription Plan approved by the China Banking Regulatory Commission for a consideration equivalent to RMB20 billion. As a result of the new share issue, the Group's equity interest in Everbright Bank was diluted from 21.39% to 6.23% effective from 30 November 2007. After the new share issue, the Group no longer has significant influence over Everbright Bank and the investment in Everbright Bank was reclassified from investments in associates to available-for-sale securities (Note 15). As a result of the share dilution and change in classification, the Group has recorded a gain on deemed disposal of HK\$699 million. In 2007, the Group has recorded approximately HK\$873 million share of profit from the equity accounting of Everbright Bank's results to 30 November 2007. This share of profit was arrived at after the deduction of the Group's unrecorded share of Everbright Bank's losses since 2004.

14. 聯營公司投資及應付聯營公司款項(續)

(b) (續)

- (ii) 於二零零七年十一月三十日，中國光大銀行股份有限公司(「光大銀行」)跟據中國銀行業監督管理委員會已審批的入股方案，發行200億股份予中央匯金投資有限責任公司(「匯金公司」)，集資共人民幣200億元等值。由二零零七年十一月三十日起，因是次發行股份而引致本集團於光大銀行之股權由21.39%攤薄至6.23%。本集團於光大銀行已沒有重大影響，而該投資項目會由聯營公司投資重列為備供銷售證券(附註15)。因股權攤薄及重列所帶來的影響，本集團已錄得港幣6.99億元為非實質出售光大銀行權益的盈利。本集團於二零零七年按權益會計法錄得應佔光大銀行盈利約港幣8.73億元，當中已扣除自二零零四年本集團未作入賬之應佔光大銀行虧損。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七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 the 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:

Consolidated income statement	綜合損益表	Everbright Securities 光大證券	
		2007 二零零七年 RMB'000 人民幣千元	2006 二零零六年 RMB'000 人民幣千元
Turnover	營業額	10,189,791	2,075,347
Profit before taxation	除稅前盈利	7,226,503	1,529,900
Current taxation	本年度稅項	(2,174,783)	(373,876)
Minority interests	少數股東權益	(51,255)	3,397
Profit attributable to shareholders	股東應佔盈利	5,000,465	1,159,421
Consolidated balance sheet	綜合資產負債表		
Total assets	總資產	13,775,866	5,755,697
Total liabilities	總負債	(3,086,165)	(2,094,421)
Minority interests	少數股東權益	10,689,701 (83,406)	3,661,276 (38,921)
Net assets	淨資產	10,606,295	3,622,355

(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：

(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 2007
截至二零零七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	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		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	2,494,642	1,374,215	-	-
Listed in PRC Mainland	於中國內地上市	2,715,673	-	-	-
Unlisted equity securities	非上市股票證券	3,835,513	436,000	3,805,890	99,573
		9,045,828	1,810,215	3,805,890	99,573

On 20 December 2005, the Group entered into a securities lending agreement with an independent third party to lend 18,000,000 in China Mobile (Hong Kong) Limited ("China Mobile") shares (stock code: 941.hk) 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 2007, the number of China Mobile shares on loan was 6,000,000 (2006: 12,000,000) and the shares had a fair value of approximately HK\$827 million (2006: HK\$808 million).

於二零零五年十二月二十日，本集團就18,000,000股中國移動(香港)有限公司(「中國移動」)(股份代號：941.hk)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。於二零零七年十二月三十一日，此已外借之6,000,000股(二零零六年：12,000,000股)中國移動的公平值約港幣8.27億元(二零零六年：約港幣8.08億元)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

15. AVAILABLE-FOR-SALE SECURITIES (continued)

The Group held the following principal available-for-sale securities as at 31 December 2007:

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
Everbright Bank (i) 光大銀行(i)	PRC 中國	Banking operations 銀行業務	6.23%
Goldwind Science and Technology Company Limited (i) ("Goldwind") 新疆金風科技股份有限公司 (i) (「金風」)	PRC 中國	Manufacturing of wind power generating equipment 製造風力發電設備	4.37%

Realised gains on disposal of Goldwind is subject to the payment of an incentive project bonus to an investment team (see note 32(b)).

(i) At 31 December 2007, the carrying value of interests in Everbright Bank and Goldwind both exceeded 10% of total assets of the Group.

15. 備供銷售證券(續)

於二零零七年十二月三十一日，本集團持有以下主要的備供銷售證券：

以上金風項目出售時的確認收益，需要作出計算激勵獎金給予投資團隊(附註32(b))。

(i) 於二零零七年十二月三十一日，投資在光大銀行及金風該兩個項目的賬面值均高於本集團總資產的10%。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

16. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

16. 指定為通過損益以反映公平價值的金融資產

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
At fair value:	公平值：		
Hong Kong listed equity securities	香港上市股票證券	277,473	-
Overseas unlisted convertible bonds	海外非上市可換股債券	-	140,314
Overseas unlisted equity securities	海外非上市股票證券	373,303	79,608
Overseas unlisted convertible preference shares	海外非上市可換優先股	14,658	-
		665,434	219,922

Realised gains on disposal of the above unlisted financial assets are subject to the payment of an incentive project bonus to an investment team (see note 32(b)).

以上非上市金融資產出售時的確認收益，需要作出計算激勵獎金給予投資團隊(附註32(b))。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

17. INTANGIBLE ASSETS

17. 無形資產

		Goodwill 商譽 HK\$'000 港幣千元	Trading rights 交易權 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
Cost:	成本：			
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
At 1 January 2007	於二零零七年一月一日	102,300	1,250	103,550
Release upon deemed disposal of an associate	非實質出售聯營公司撥回	(88,350)	–	(88,350)
At 31 December 2007	二零零七年十二月三十一日	13,950	1,250	15,200
Accumulated amortisation and impairment loss:	累計攤銷及 減值損失：			
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
At 1 January 2007	於二零零七年一月一日	102,300	–	102,300
Release upon deemed disposal of an associate	非實質出售聯營公司撥回	(88,350)	–	(88,350)
At 31 December 2007	二零零七年十二月三十一日	13,950	–	13,950
Net book value:	賬面淨值：			
At 31 December 2007	二零零七年十二月三十一日	–	1,250	1,250
At 31 December 2006	二零零六年十二月三十一日	–	1,250	1,250

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

18. ADVANCES TO CUSTOMERS

18. 客戶借款

	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Term loans to customers 有期客戶貸款	241,898	239,916
Amounts due from margin clients 孖展客戶借款	1,364,417	669,433
	1,606,315	909,349
Less: impairment loss provision 減：減值損失準備	(5,857)	(8,227)
	1,600,458	901,122

Term loans are secured by unlisted bonds issued by reputable financial institutions held as collateral. Amounts due from margin clients are secured by listed securities of margin clients held as collateral. An ageing analysis is as follows:

有期貨款客戶以優良信貸評級的機構發行之非上市債券作抵押。孖展客戶持有之主要為上市證券作抵押，賬齡分析如下：

	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Repayable on demand 即時還款	1,542,150	909,349
Over 3 months to 1 year 三個月以上至一年	64,165	-
	1,606,315	909,349

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

19. DEBTORS, DEPOSITS AND PREPAYMENTS

19. 應收賬款、按金及預付款

		Group 集團		Company 公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Accounts receivable, net	應收賬款，淨值	1,112,944	313,211	-	-
Deposits, prepayments and other receivables	按金、預付款及其他應收賬款	233,375	38,733	4,793	4,812
Dividend receivable from subsidiaries	應收附屬公司股息	-	-	2,650,000	-
		1,346,319	351,944	2,654,793	4,812

Details of the ageing analysis on accounts receivables are as follows:

應收賬款的賬齡分析如下：

		2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元
Within 1 month	一個月以下	1,104,229	312,651
Within 1 to 2 months	一至二個月	5,770	232
Within 2 to 3 months	二至三個月	1,192	5
Within 3 to 6 months	三至六個月	899	205
Over 6 months	六個月以上	854	118
		1,112,944	313,211

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 2007
截至二零零七年十二月三十一日止年度

20. TRADING SECURITIES

20. 交易證券

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 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	813,705	443,046
– listed overseas	– 海外上市	83,275	443,920
		896,980	886,966
Debt securities:	債權證券：		
– listed overseas	– 海外上市	–	20,269
– unlisted	– 非上市	372	3,347
		372	23,616
Derivatives:	衍生工具：		
– equity-linked and options	– 與股票掛鈎	160,396	70,918
– others	– 其他	–	372
		160,396	71,290
		1,057,748	981,872
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	(47,002)	(16,344)
Derivatives:	衍生工具：		
– equity – linked note (i)	– 與股票掛鈎(註(i))	(434,098)	(231,829)
– others	– 其他	(61,107)	(52,468)
		(542,207)	(300,641)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

20. TRADING SECURITIES (continued)

- (i) On 21 December 2005, the Group 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 2007, the fair value of the PGN of HK\$434,098,000 (2006: HK\$231,829,000) was calculated with reference to the terms of the PGN and the closing share price of China Mobile as at 31 December 2007, 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.

20. 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。

於二零零七年十二月三十一日，PGN之公平值港幣434,098,000元(二零零六年：港幣231,829,000元)計算乃根據PGN之合約條款，並依據中國移動於二零零七年十二月三十一日之收市價，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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

21. CASH AND CASH EQUIVALENTS

21. 現金及現金等價物

		Group 集團		Company 公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		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	575,817	695,419	228	235
Fixed deposits with banks	銀行定期存款	1,251,106	1,458,946	-	-
		1,826,923	2,154,365	228	235

22. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

22. 應付賬款、已收按金及預提費用

		Group 集團		Company 公司	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Accounts payable	應付賬款	605,621	287,436	-	-
Other creditors, deposits received and accrued charges	其他應付賬款、 已收按金及預提費用	209,486	125,174	2,800	2,614
		815,107	412,610	2,800	2,614

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

23. 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 note as at 31 December 2007 was HK\$42,787,000 (2006: HK\$99,573,000). 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.

23. 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元等值的票據予一第三者。該票據於二零零七年十二月三十一日的賬面值為港幣42,787,000元（二零零六年：港幣99,573,000元）。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到期。

24. INCOME TAX IN THE BALANCE SHEET

(a) Current taxation in the balance sheet represents:

24. 於資產負債表的稅項準備

(a) 於資產負債表內的本年利得稅：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Provision for Hong Kong Tax for the year	本年準備香港利得稅	145,999	72,033
Provision for PRC Tax for the year	本年準備中國內地利得稅	50,021	9,554
Provisional profit tax paid	預繳香港利得稅	(14,496)	(14,259)
		181,524	67,328
Balance of profit tax provision relating to prior years	以往年度香港利得稅準備	307,531	246,930
		489,055	314,258

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

24. INCOME TAX IN THE BALANCE SHEET (continued)

(b) Deferred taxation

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

	Tax losses		Accelerated tax depreciation		Fair value adjustment for available-for-sale/trading securities		Total	
	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
At 1 January	-	-	(68)	(12)	(169,812)	(104,150)	(169,880)	(104,162)
Credited/ (charged) to profit or loss (note 8)	829	15,976	17	(56)	(2,683)	(13,301)	(1,837)	2,619
Credited/ (charged) to reserve	-	-	-	-	(727,304)	(68,337)	(727,304)	(68,337)
Set off of tax	(829)	(15,976)	-	-	829	15,976	-	-
At 31 December	-	-	(51)	(68)	(898,970)	(169,812)	(899,021)	(169,880)

In accordance with the accounting policy set out in note 2(r), the Group has not recognised deferred tax assets, in respect of tax losses of approximately HK\$992 million (2006: HK\$572 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.

24. 於資產負債表的稅項準備(續)

(b) 遞延稅項

遞延稅項資產/(負債)變動如下：

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9.92億元(二零零六年：約港幣5.72億元)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 2007
截至二零零七年十二月三十一日止年度

25. SHARE CAPITAL

25. 股本

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
<i>Authorised:</i>	<i>法定股本：</i>		
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
<i>Issued and fully paid:</i>	<i>已發行及已繳足股本：</i>		
At 1 January	年初餘額	1,569,003	1,564,876
Exercise of share options	行使認股權	15,701	4,127
At 31 December	年末餘額	1,584,704	1,569,003

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.

(a) Capital Management

The Group's primary objectives in capital management are maximising shareholder returns, matching of business funding needs and maintaining the Group's ability to continue as a going concern. Management regularly, or as change in circumstances which warrants, reviews and manages its capital structure so as to maintain a proper balance amongst shareholder returns, leveraging and funding requirement.

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席之投票權。所有普通股份對本公司之剩餘資產均有同樣之分享權。

(a) 資本管理

本集團資本管理的首要目標，是將股東回報最大化、配合業務資金需要，以及維持本集團的持續發展。管理層定期或因應情況變化檢討及管理其資本架構，以維持股東回報、槓桿及資金要求之間的適當平衡。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

25. SHARE CAPITAL (continued)

(a) Capital Management (continued)

Net-debt is defined as liabilities generated from operations (includes creditors and other payables and trading securities liability), note payable, interest bearing loans and unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity less unaccrued proposed dividends. The net-debt-to-adjusted capital ratio at 31 December 2007 and 2006 is as follows:

	Note 附註	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Current liabilities	流動負債		
Creditors, deposits received and accrued charges	應付賬款、已收按金及預提費用	22	412,610
Trading securities	交易證券	20	300,641
Loans from ultimate holding company	應付最終控股公司之貸款	31(b)	439,773
		1,357,314	1,153,024
Non-current liabilities	非流動負債		
Note payable	應付票據	23	99,573
Total debt	負債總額	1,400,101	1,252,597
Add: Proposed dividends	加：建議股息	158,841	–
Less: Cash and cash equivalents	減：現金及現金等價物	(1,446,953)	(1,606,296)
Net liabilities/(assets)	淨債務(資產)	111,989	(353,699)
Total equity	權益總額	17,497,584	6,630,167
Less: Proposed dividends	減：建議股息	(158,841)	–
Adjusted capital	經調整的資本	17,338,743	6,630,167
Net-debt-to-adjusted capital ratio	淨債務經調整資本比率	0.6%	(5.3%)

25. 股本(續)

(a) 資本管理(續)

淨債務的定義為經營產生的負債(包括應付賬款及其他應付款項及交易證券負債)、應付票據、產生利息的貸款及未計提的建議股息，減去現金及現金等價物。經調整之資本為權益總額減未計提的建議股息。於二零零七年十二月三十一日及二零零六年十二月三十一日的淨債務資本比率如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

25. SHARE CAPITAL (continued)

(a) Capital Management (continued)

The Company is not subject to externally imposed capital requirements. Certain subsidiaries of the Company are subject to regulatory imposed capital and liquid capital requirements (see also Note 34(b)), these subsidiaries have complied with those requirements at all time during both the current and prior financial years.

The capital restructure plan of the Group's former associated company China Everbright Bank Company Limited ("Everbright Bank") has been in progress since 2004. The Group had retained significant cash reserves with the aim to participate in any restructuring plan so as to retain a significant equity stake in Everbright Bank. However, with the conclusion of Everbright Bank's restructure plan in November 2007, the Group's participation in such plan has been ruled out (see notes 14 and 15). Therefore the Group has revised its funding allocation to various business operations aiming at achieving an optimal capital allocation mix.

25. 股本(續)

(a) 資本管理(續)

本公司毋須遵守外界的資本規定。本公司若干附屬公司須遵守監管當局定下的資本及流動資本規定(請參見附註34(b))，該等附屬公司於兩個財政年度內一直符合有關規定。

本集團前度聯營公司中國光大銀行股份有限公司(「光大銀行」)的資本重組計劃自二零零四年以來一直進行當中。本集團預留了大量現金儲備，目的是參與有關計劃，以期在光大銀行中維持重大股權。然而，隨著光大銀行的重組計劃於二零零七年十一月結束，本集團不能參與該計劃(請參見附註14及15)。因此，本集團已將資金分配予各項業務，以期達致最佳的資本配置。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

26. RESERVES The Company

26. 儲備 本公司

		Share premium	Option premium reserve	Investment revaluation reserve	Capital reserve	Capital redemption reserve	Retained profits/ losses (Accumulated)	Total
		股本溢價	認股權溢價儲備	投資重估儲備	資本儲備	贖回儲備	保留盈利/ (累計虧損)	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
As at 1 January 2006	二零零六年一月一日餘額	5,629,208	19,141	-	-	2,984	(4,248,524)	1,402,809
Surplus on revaluation	重估增值	-	-	2,032	-	-	-	2,032
Share options forfeited	取消授出員工認股權	-	(303)	-	-	-	303	-
Shares issued under share option scheme	向員工授出之認股權	11,940	(5,057)	-	-	-	-	6,883
Equity settled share-based transactions	以股份支付之股本交易	-	14,921	-	-	-	-	14,921
Profit for the year	本年盈利	-	-	-	-	-	455,344	455,344
As at 31 December 2006 and 1 January 2007	於二零零六年十二月三十一日及二零零七年一月一日	5,641,148	28,702	2,032	-	2,984	(3,792,877)	1,881,989
Surplus on revaluation	重估增值	-	-	2,133,740	-	-	-	2,133,740
Share options forfeited	取消授出員工認股權	-	(1,004)	-	-	-	1,004	-
Shares issued under share option scheme	向員工授出之認股權	51,219	(20,162)	-	-	-	-	31,057
Equity settled share-based transactions	以股份支付之股本交易	-	6,915	-	-	-	-	6,915
Implied interest on non-interest bearing subordinated loans to a subsidiary	應收一附屬公司不計息償貸款之假定利息	-	-	-	(29,596)	-	-	(29,596)
Profit for the year	本年盈利	-	-	-	-	-	4,000,731	4,000,731
As at 31 December 2007	於二零零七年十二月三十一日	5,692,367	14,451	2,135,772	(29,596)	2,984	208,858	8,024,836

The movement 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 2007
截至二零零七年十二月三十一日止年度

27. 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).
- (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.

27. 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之公平值。
- (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。
- (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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

28. 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
				36,640,000

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

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 2007
截至二零零七年十二月三十一日止年度

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(continued)

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

		2007 二零零七年		2006 二零零六年	
		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	27,152,500	3.241	25,902,500	2.766
Granted during the year	於年內授出	–	–	6,200,000	4.800
Exercised during the year	於年內行使	(15,701,000)	2.980	(4,127,500)	2.669
Lapsed during the year	於年內失效	(960,000)	2.850	(822,500)	2.908
Outstanding at 31 December	於十二月三十一日 餘額	10,491,500	3.667	27,152,500	3.241
Exercisable at 31 December	於十二月三十一日 可行使	6,986,500	3.196	12,020,000	2.685

The weighted average share price at the date of exercise for share options exercised during the year was HK\$15.983 (2006: HK\$6.528).

The options outstanding at 31 December 2007 had exercise prices ranging from HK\$2.850 to HK\$4.800 (2006: HK\$2.375 to HK\$4.800) and a weighted average remaining contractual life of 2.463 years (2006: 2.925 years).

28. 以股份支付之股本交易(續)

(ii) 認股權之數目及其加權平均計算之行使價如下：

於年內行使之認股權之加權平均股價為港幣15.983元(二零零六年：港幣6.528元)。

於二零零七年十二月三十一日尚餘之認股權之行使價為港幣2.850元到港幣4.800元不等(二零零六年：港幣2.375元到港幣4.800元)及其加權平均剩餘合約年期為2.463年。(二零零六年：2.925年)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

28. EQUITY SETTLED SHARE-BASED TRANSACTIONS

(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

<i>Weighted average</i>	<i>加權平均數</i>
Fair value at measurement date	於計量日的公平值
Share price	股價
Exercise price	行使價
Expected volatility	預期波幅
Expected option life	預期認股權年期
Expected dividends	預期股息
Risk-free interest rate	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. No share option has been granted for the year ended 31 December 2007.

28. 以股份支付之股本交易(續)

(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

	2007 二零零七年	2006 二零零六年
	–	HK\$1.73
	–	HK\$4.59
	–	HK\$4.80
	–	39%
	–	4.0 years
	–	–%
	–	4.6%

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。二零零七年度並無授出認股權。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

29. MATURITY PROFILE

Maturity profile as at 31 December 2007

29. 期限分析

於二零零七年十二月三十一日期限分析

		1 year or less		5 years or		
		3 months	but over	less but over		
Repayable		or less	3 months	1 year	After	Total
on demand		3個月	3個月	1年	5 years	總額
即時還款		或以下	以上至1年	以上至5年	5年以上	
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
Assets	資產					
- Advances to customers	- 客戶借款	1,536,293	-	64,165	-	1,600,458
- Debt securities	- 債權證券	372	-	-	-	372
- Fixed deposits	- 定期存款	-	1,251,106	-	-	1,251,106
		1,536,665	1,251,106	64,165	-	2,851,936
Liabilities	負債					
- Note payable	- 應付票據	-	-	-	(42,787)	(42,787)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

29. MATURITY PROFILE (continued)

Maturity profile as at 31 December 2006

29. 期限分析(續)

於二零零六年十二月三十一日期限分析

		Repayable on demand	3 months or less	1 year or less but over 3 months	5 years or less but over 1 year	After 5 years	Total
		即時還款	或以下	以上至1年	以上至5年	5年以上	總額
		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						
- Advances to customers	- 客戶借款	909,349	-	-	-	-	909,349
- Financial assets designated at fair value through profit or loss	- 指定為通過損益 以反映公平價值 的金融資產	-	-	-	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)

30. SEGREGATED ACCOUNTS NOT REFLECTED ON BALANCE SHEET

30. 不反映於資產負債表之信託賬戶

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Bank balances – segregated accounts	銀行結餘 – 信託賬戶	1,210,948	478,341
Receivable from clearing house and futures brokers	應收結算所及期貨商款項	21,190	14,171
Amounts held on behalf of clients	代客持有款項	(1,232,138)	(492,512)
		-	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

31. RELATED PARTY TRANSACTIONS

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

31. 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：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Management of funds of CE Holdings by way of investing, into China Everbright Dragon Fund, a private fund established by the Group (the "Dragon Fund Investment") (i)	管理光大集團的資金，投資於本集團成立的私人基金－中國光大龍騰基金（「龍騰基金投資」）(i)	158,042	125,145
Incentive fee income received from ultimate holding company (i)	向最終控股公司收取之獎勵費 (i)	19,291	2,029
Management fee shared by ultimate holding company (i)	最終控股公司分擔之管理費用 (i)	4,662	1,802
Performance fee shared by ultimate holding company (i)	最終控股公司分擔之表現費 (i)	25,155	10,284
Interest income earned from associates on deposits placed	從聯營公司收取存款之利息收入	30	35
Rental income received from:	租金收入：		
– an associate (ii)	– 聯營公司 (ii)	84	84
– 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	209	–
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	8,458	21,374
Rental expenses paid to ultimate holding company (iv)	向最終控股公司支付租金 (iv)	–	35
Rental expense paid to wholly-owned subsidiaries 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))	6,170	3,600
Consultancy fee expenses:	諮詢費支出：		
– paid to an associate	– 向聯營公司支付	300	300
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	61,787	35,615
– retirement scheme contributions	– 退休計劃供款	83	77
– Share-based payments	– 以股份償付	2,628	7,773

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

31. 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 percentages. The incentive fee earned directly from the ultimate holding company is disclosed above.

Some portions of the portfolios have been placed with 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 the 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 rental agreement is continued with the same rental amount. The rental income earned by the Group amounted to HK\$84,000 for the year.

31. 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的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于上文。

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，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。該租約按以往相同租金續約，本集團於本年度之租金收入為港幣84,000元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

31. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

- (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. In 2007, the tenancy was continued at the same rent and the rental income earned by the Group amounted to HK\$180,000 for the year.
- (iv) From 8 April 2003, the Group entered into a monthly tenancy agreement with the ultimate holding company in relation to the leasing of residential premises to the Group. There was no rental expense incurred on this tenancy for the year ended 31 December 2007.
- (v) On 5 February 2007, 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 2006 to 30 December 2008. The rent expense amounted to HK\$4,938,000 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 tenancy agreement has been terminated on 30 September 2007. The rental expense incurred for the year amounted to HK\$1,232,000.

31. 有關連人士交易(續)

(a) (續)

- (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。於二零零七年，該租約按以往相同租金續約，本集團於本年度之租金收入為港幣180,000元。
- (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，本集團於本年度並無租金支出。
- (v) 於二零零七年二月五日，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，租期由二零零六年十二月三十一日至二零零八年十二月三十日，本年度之租金支出為港幣4,938,000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，該租約於二零零七年九月三十日終止。本年度之租金支出為港幣1,232,000元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

31. RELATED PARTY TRANSACTIONS (continued)

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

31. 有關連人士交易(續)

(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	
		2007 二零零七年	2006 二零零六年	2007 二零零七年	2006 二零零六年
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
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	-	-
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)	289,319	49,050	-	-
Amount due from ultimate holding company (iii)	應收最終控股公司款項(iii)	-	2,613	-	-
Loans from ultimate holding company (iv)	應付最終控股公司之貸款(iv)	-	(439,773)	-	(439,773)
Amount due to ultimate holding company (iv)	應付最終控股公司之款項(iv)	-	(37)	-	-

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

31. 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) In 2006, the Company renewed three term loans with CEHL amounting to HK\$380 million and RMB60 million. All the term loans have been repaid in 2007. 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 5.5% per annum for the Renminbi loan.

31. 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。應收款項計息，無抵押及並於要求時償還。
- (iv) 於二零零六年，本公司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。所有貸款已於二零零七年償還。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5.5厘。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

32. CONTINGENT LIABILITIES

(a) Corporate guarantee

		Company 公司	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
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	170,000	80,000

As at 31 December 2007 and 31 December 2006, the Group's subsidiaries did not utilise any of its banking facilities.

As at 31 December 2007 and 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.

32. 或然負債

(a) 公司擔保

		Company 公司	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
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	170,000	80,000

於二零零七年十二月三十一日及二零零六年十二月三十一日，集團屬下之附屬公司並未有任何借款。

於二零零七年十二月三十一日及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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

32. CONTINGENT LIABILITIES (continued)

(b) Incentive payment

According to an Incentive Agreement dated 25 May 2007, which was announced on the same date, the Group is obligated to pay incentive project bonus to an Investment Team, all the individual members of which are employees of the Group, on realisation of each project, whether in whole or in part, under SeaBright China Special Opportunities (I) Limited ("SOF" the Group has a 78.9% equity interest in SOF). The amount of incentive project bonus payable under the agreement is equal to 15% of profit realised from disposal of those investments plus the related amount of advisor fee income received less certain attributable project expenses and the investment team's operating expenses. The incentive project bonus is recognised on realisation of the relevant project. As at 31 December 2007, the accumulated unrealised gains associated with the relevant projects amounted to HK\$3.91 billion (2006: HK\$292 million). In the consolidated financial statements, HK\$3.50 billion (2006: HK\$261 million) of the fair value appreciation has been reflected in the investment revaluation reserve while the remaining HK\$0.41 billion appreciation has been accounted for in the income statement (2006: HK\$31 million). If all relevant projects were disposed of on 31 December 2007 at their fair value, the amount of incentive project bonus payable to the Investment Team would be approximately HK\$0.48 billion.

32. 或然負債(續)

(b) 激勵款項

根據於二零零七年五月二十五日訂明，並於同日公佈之激勵協議，本集團會按SeaBright China Special Opportunities (I) Limited(「SOF」，本集團持有78.9% SOF之股權)每項目之全部或部份實現利潤計算並承諾支付項目激勵獎金給予投資團隊(所有成員均屬於本集團員工)，而激勵獎金是相等於該項目實現淨現金收益的15%，加有關顧問費收入，並扣除相關項目之應佔日常管理費及投資團隊營運費用。項目激勵獎金在每個項目出售後才會被確認。於二零零七年十二月三十一日，相關項目之未實現公平值增值為港幣39.1億元(二零零六年：港幣2.92億元)。在綜合財務報表內，其中港幣35億元(二零零六年：港幣2.61億元)之增值在投資儲備中反映，餘下港幣4.1億元則已在損益表中入帳(二零零六年：港幣0.31億元)。如所有相關項目於二零零七年十二月三十一日以公平值出售，將要支付投資管理團隊之項目激勵獎金約為港幣4.8億元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

33. COMMITMENTS

(a) Capital commitment

The Group has capital commitments are as at 31 December 2007 (2006: Nil):

	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Authorised but not contracted for 已批核但未簽約	163,655	–
Contracted but not provided for 已簽約但未計提	51,043	–
	214,698	–

(b) Operating lease commitments

Operating lease commitments as at 31 December 2007 amounted to approximately HK\$13,400,000 (2006: HK\$5,139,000) of which HK\$7,931,000 (2006: HK\$3,333,000) is payable in the next twelve months. The Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	2007 二零零七年		2006 二零零六年	
	Properties 房產 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元	Properties 房產 HK\$'000 港幣千元	Others 其他 HK\$'000 港幣千元
Not later than one year 一年內到期	7,918	13	3,058	275
Later than one year and not later than five years 一年以上至五年	5,469	–	1,802	4
	13,387	13	4,860	279

33. 承擔

(a) 資本承擔

於二零零七年十二月三十一日，本集團的資本承擔如下(二零零六年：無)：

(b) 經營租賃承擔

於二零零七年十二月三十一日，經營租賃承擔總額約為港幣13,400,000元(二零零六年：約港幣5,139,000元)，其中約港幣7,931,000元(二零零六年：約港幣3,333,000元)為未來十二個月內須支付之承擔金額。本集團根據不可撤銷之經營租賃，於未來支付之最低租賃付款總額如下：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

33. COMMITMENTS (continued)

(c) Future operating lease arrangement

As at 31 December 2007, the Group had future aggregate minimum lease receipts under non-cancellable operating leases for investment properties as follows:

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Not later than one year	一年內到期	589	223
Later than one year and not later than five years	一年以上至五年	44	-
		633	223

(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 2007 are detailed as follows:

		Fair value assets/(liabilities) 公平值資產/(負債)		Contractual/ notional amounts 合約/名義金額	
		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元	2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Overseas futures	海外期貨	(1,990)	(2,334)	128,550	85,339
Forwards contracts	期貨合約	(59,118)	(50,134)	1,913,308	2,173,404
Equity linked derivatives	股票掛鈎衍生工具	(434,098)	(231,829)	231,031	462,062
Overseas index swap	海外指數掉期	-	-	39,483	-
Hang Seng Index futures	恆生指數期貨	-	122	-	100,090
Interest derivatives	利率衍生工具	-	249	-	15,557
		(495,206)	(283,926)	2,312,372	2,836,452

33. 承擔(續)

(c) 未來經營租賃安排(續)

於二零零七年十二月三十一日，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：

(d) 資產負債表外金融工具

於二零零七年十二月三十一日，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：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

33. COMMITMENTS (continued)

(d) Off-balance sheet financial instruments (continued)

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. 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, liquidity risk, interest rate risk, foreign currency risk and equity price 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 risks in various areas of business. The following is a brief description of the Group's approach in managing these risks.

33. 承擔(續)

(d) 資產負債表外金融工具(續)

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。

34. 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、流動資金風險、利率風險、外匯風險和股價風險。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。該架構能確保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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(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.

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 ratings and/or reputation.

Investments in debt instruments and unlisted derivative financial instruments are also governed by whether the issuers and the trade counterparties 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 manage 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 ratings, of approximately HK\$241 million (2006: approximately HK\$240 million) and (ii) the PGN (note 20(ii)) with a remaining notional amount of HK\$231 million (2006: approximately HK\$462 million) issued by a reputable third party with sound financial standing.

34. 金融工具(續)

(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。

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。於年結日，本集團除(i)客戶借款約港幣2.41億元(二零零六年：約港幣2.40億元)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20(i))其名義值為港幣2.31億元外(二零零六年：約港幣4.62億元)，並無重大之信貸風險集中。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(a) Credit risk (continued)

The Maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet date deducting any impairment allowance. Except for the corporate guarantee given by the Group as set out in note 32(a), the Group does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of the corporate guarantee at the balance sheet date is disclosed in note 32(a).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from advances to customers are set out in note 18.

(b) 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 longer term.

For subsidiaries with statutory liquidity requirements, the Group monitors closely their liquidity position. To ensure strict compliance, the Group maintains adequate cash reserves to prepare for immediate fund injection if required. If there is a medium-to-long term operation need, the management would also consider adjusting those subsidiaries' capital structure. Subsidiaries with external equity stakeholders are generally responsible for their own liquidity management.

34. 金融工具(續)

(a) 信貸風險(續)

未計所持抵押品之最高信貸風險是金融資產的價值，包括衍生工具，於年結日扣除任何減值撥備。除了於附註32(a)所披露的集團所提供公司擔保，本集團並沒有提供其他擔保而擴大本集團或公司的信貸風險。於結算日，最高信貸風險是集團所提供公司擔保(附註32(a))。

因客戶借款引致本集團的信貸風險，於附註18以數字披露。

(b) 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。

對於具有法定流動性規定的附屬公司，本集團密切監察其流動性狀況。為確保嚴格遵守有關規定，本集團持續預留充足的現金儲備，以便即時注資。如有中長期的營運需要，管理層亦會考慮調整有關附屬公司的資本架構。一般而言，擁有外界權益利益相關者的附屬公司自行負責流動性管理。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(b) Liquidity risk (continued)

The following table details the remaining contractual maturities at the balance sheet date of the Group's financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	2007 二零零七年					2006 二零零六年					
	Total contractual undiscounted	cash flow on demand	Within 1 year or less than 2 years	More than 1 year but less than 2 years	More than 2 years	Total contractual undiscounted	cash flow on demand	Within 1 year or less than 2 years	More than 1 year but less than 2 years	More than 2 years	
Carrying amount	賬面值	合約未貼現現金流總額	要求時支付	超過一年但少於兩年	超過兩年	Carrying amount	賬面值	合約未貼現現金流總額	要求時支付	超過一年但少於兩年	超過兩年
	HK\$'000	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	港幣千元
Creditors, deposits received and accrued charges	815,107	815,107	815,107	-	-	412,610	412,610	412,610	-	-	-
Trading securities	542,207	556,055	556,055	-	-	300,641	316,181	203,277	112,904	-	-
Amount due to associates	438	438	438	-	-	438	438	438	-	-	-
Loans from ultimate holding company	-	-	-	-	-	439,773	454,871	454,871	-	-	-
Amount due to ultimate holding company	-	-	-	-	-	37	37	37	-	-	-
Note payable	42,787	42,787	-	-	42,787	99,573	99,573	-	-	-	99,573
	1,400,539	1,414,387	1,371,600	-	42,787	1,253,072	1,283,710	1,071,233	112,904	-	99,573

34. 金融工具(續)

(b) 流動資金風險(續)

下表載列本集團的金融負債於年結日距離合約到期日的剩餘時間，乃根據合約未貼現現金流及本集團最早須作出支付的日期得出：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(c) 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.

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. As for sensitivity analysis of interest rate changes: Assuming that a general increase of 1%/decrease of 2% in interest rates had occurred at the balance date on the Group's then interest rate exposure, the Group's profit after tax and retained profits, as well as equity, would have an estimated increase of HK\$31,416,000/decrease of HK\$62,832,000 (2006: profit after tax and retained profits increase of HK\$28,455,000/decrease of HK\$56,911,000 for increase of 1%/decrease of 2% in interest rates).

34. 金融工具(續)

(c) 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。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。

有關盈利收入金融資產及帶息金融負債，下表顯示其資產於年結日之實際利率。關於利率改變的敏感度分析，假設本集團當時利率風險於年結日利率上升1%/下跌2%，本集團的除稅後盈利、保留盈利及權益預計將會增加港幣31,416,000元/減少港幣62,832,000元(二零零六年：利率上升1%/下跌2%，除稅後盈利及保留盈利上升港幣28,455,000元/減少港幣56,911,000元)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

The Group's interest bearing assets and liabilities are substantially at variable interest rate basis other than a RMB60 million loan from the ultimate holding company as at 31 December 2006.

34. 金融工具(續)

(c) 利率風險(續)

除二零零六年應付最終控股公司之人民幣0.6億元貸款外，本集團的產生利息資產與負債大部分是基於浮動利率。

		2007 二零零七年		2006 二零零六年	
		Effective interest rate 實際利率 %	HK\$'000 港幣千元	Effective interest rate 實際利率 %	HK\$'000 港幣千元
Assets	資產				
Advances to customers	客戶借款	7.3	1,600,458	10.3	909,349
Bank balances and cash	銀行結餘及現金	2.9	1,826,923	5.1	2,154,365
			3,427,381		3,063,714
Liabilities	負債				
Loans from ultimate holding company	應付最終控股公司之貸款	-	-	4.8	(439,773)
Total net interest bearing assets	產生利息的資產淨額總額		3,427,381		2,623,941

The above increase or decrease in interest rate represent the management's assessment of a reasonably change in interest rates over the period until the next annual balance sheet date. It also assumes that all other variable remains constant.

上述的利率起伏乃管理層就直至下一個全年資產負債表日期間合理利率變動的評估，並假設所有其他可變因素維持不變。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk

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 associated with them. 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. In respect of financial instruments denominated in other currencies, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term in balance.

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

34. 金融工具(續)

(d) 外匯風險

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。就以其他貨幣計值之金融工具而言，本集團在有需要的情況下按即期匯率購入或出售外幣以處理短期之不平衡情況，藉以確保風險淨額維持於可接受之水平。

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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk (continued)

At balance sheet date, the Group's exposure to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate is tabled below:

		2007 二零零七年		2006 二零零六年	
		In USD 美元	In RMB 人民幣	In USD 美元	In RMB 人民幣
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Investments in associates	於聯營公司之投資	-	4,470,959	-	1,681,468
Available-for-sale securities	備供銷售證券	-	3,805,890	-	155,583
Financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產	-	182,992	-	140,314
Advances to customers	客戶借款	248,626	-	255,301	-
Debtors, deposits and prepayments	應收賬款、按金及預付款	139,564	4,388	79,122	19,427
Trading securities (current assets)	交易證券 (流動資產)	37,449	-	47,212	-
Bank balances and cash	銀行結餘及現金	679,883	1,156	1,753,934	4,834
Creditors, deposits received and accrued charges	應付賬款、已收按金及預提費用	(98,029)	(1,130)	-	(665)
Trading securities (current liabilities)	交易證券 (流動負債)	(59,118)	-	(49,389)	-
Loans from ultimate holding company	應付最終控股公司之貸款	-	-	-	(59,774)
Note payable	應付票據	-	(42,787)	-	(99,573)
Net exposure arising from recognised assets and liabilities	來自自己確認資產及負債的淨風險	948,375	8,421,468	2,086,180	1,841,614

34. 金融工具(續)

(d) 外匯風險(續)

下表載列於資產負債表日本集團來自自己確認資產及負債之匯率風險，有關資產及負債的計值貨幣與相關實體的功能貨幣不同：

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(d) Foreign currency risk (continued)

An analysis of the estimated change in the Group's profit after tax (and retained profits) and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date is presented in the following table.

	2007 二零零七年			2006 二零零六年		
	Increase/ (decrease) in foreign exchange rates 匯率上升/ (下跌)	Effect on profit after tax and retained profits 對除稅後 盈利及保留 盈利的影響	Effect on other components of equity 對權益其他 組成部份 之影響	Increase/ (decrease) in foreign exchange rates 匯率上升/ (下跌)	Effect on profit after tax and retained profits 對除稅後 盈利及保留 盈利的影響	Effect on other components of equity 對權益其他 組成部份 之影響
	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
United States Dollars, USD 美元	1% (1%)	9,484 (9,484)	- -	1% (1%)	20,862 (20,862)	- -
Renminbi, RMB 人民幣	7% (5%)	10,123 (7,231)	579,379 (413,842)	7% (5%)	320 (228)	128,594 (91,853)

The above analysis assumes the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk in existence at that date while all other variables remains constant. The stated changes also represent management's assessment of reasonably possible changes in foreign exchange rates until the next annual balance sheet date. The Hong Kong dollar and the United States dollar peg is assumed to stay materially unaffected by any fluctuation United States dollar against other currencies.

34. 金融工具(續)

(d) 外匯風險(續)

下表分析本集團於資產負債表日本集團有重大暴露的匯率出現合理可能的變動時，本集團除稅後盈利(及保留盈利)以及綜合權益其他組成部分之預計變動。

上述分析假設匯率變動於資產負債表日發生，並已套用於本集團各實體於當日所存在的外匯風險，所有其他可變因素維持不變。上表呈列的變動乃管理層就直至下一個全年資產負債表日期間合理可能的匯率變動的評估。假設港幣與美元的掛鈎不會因美元兌其他貨幣的波動而受到太大的影響。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as trading securities (see note 20), available-for-sale (see note 15) and financial assets designated at fair value through profit or loss (see note 16). Other than unlisted securities held for medium-to-long term investment purposes, all of these investments are listed.

The Group's listed investments are mainly listed on the Stock Exchange of Hong Kong and the Shenzhen Stock Exchange. Decisions to buy or sell trading securities are rested with assigned investment teams professionals and each investment portfolio is governed by specific investment and risk management guidelines. Independent daily monitoring of each portfolio against the corresponding guidelines is carried out by the Risk Management and Compliance Department. Listed investments held in the available-for-sale and financial assets designated at fair value through profit or loss portfolio have been chosen based on their medium-to-long term growth potential and are monitored regularly for performance against expectations.

The performance of the Group's unquoted investments is assessed, based on the limited information available to the Group, periodically against performance of listed entities of comparable size and nature of businesses.

34. 金融工具(續)

(e) 股價風險

就分類為交易證券(見附註20)、備供銷售證券(見附註15)及被定為通過損益以反映公平價值的金融資產(見附註16)的股票投資而言,本集團須承受其股價變動的風險。除持有作中長期投資的非上市證券外,所有該等投資均為上市投資。

本集團之上市投資主要在香港聯合交易所及深圳證券交易所上市。買賣交易證券的決定由指定的專業投資團隊作出,每個投資組合均受特定的投資及風險管理指引監督。風險管理及監察部每日對各個投資組合是否符合相應的指引進行獨立監察。在備供銷售證券及被定為通過損益以反映公平價值的金融資產投資組合內之上市投資,乃根據其中長期增長潛力挑選,並定時監察其表現與預期是否相符。

本集團透過與類似規模及行業的上市公司之表現作比較,並根據本集團所得的有限資料,定期對其非上市投資的表現進行評估。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

34. FINANCIAL INSTRUMENTS (continued)

(e) Equity price risk (continued)

The following table shows the approximate changes in the Group's profit after tax (and retained profits) in response to reasonable change in the relevant listed equity stock prices:

	2007 二零零七年			2006 二零零六年			
	Effect on profit after tax and retained profits 對除稅後 盈利及保留 盈利的影響	Effect on other components of equity 對權益其他 組成部份 之影響	Effect on other components of equity 對權益其他 組成部份 之影響	Effect on profit after tax and retained profits 對除稅後 盈利及保留 盈利的影響	Effect on other components of equity 對權益其他 組成部份 之影響	Effect on other components of equity 對權益其他 組成部份 之影響	
	Increase/ (decrease) in equity price 股價上升/ (下跌)	HK\$'000 港幣千元	HK\$'000 港幣千元	Increase/ (decrease) in equity price 股價上升/ (下跌)	HK\$'000 港幣千元	HK\$'000 港幣千元	
Market price of underlying listed equity investments	上市股票投資的市場價	5%	48,936	226,570	5%	35,913	68,711
		(5%)	(48,936)	(226,570)	(5%)	(35,913)	(68,711)

34. 金融工具(續)

(e) 股價風險(續)

下表列明本集團的稅後盈利(及保留盈利)因有關上市股票市場價變動所帶來的影響:

35. 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 2007
截至二零零七年十二月三十一日止年度

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(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;
- (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.

35. 金融工具的公平價值(續)

(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。
- (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。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

35. FAIR VALUES OF FINANCIAL INSTRUMENTS

(continued)

(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 2007 and 2006.

35. 金融工具的公平價值(續)

(b) 公平價值

所有金融工具均是以公平價值或與其於二零零七年十二月三十一日和二零零六年同日的公平價值相若的金額入賬。

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

36. 綜合現金流量表附註

除稅前盈利與經營活動之現金流出淨額對賬表：

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Profit before taxation	除稅前盈利	5,463,148	1,010,292
Interest income on bank deposits and finance lease	銀行存款及租賃合約利息收入	(71,514)	(101,032)
Interest expenses	利息支出	122,780	62,217
Dividend income	股息收入	(71,654)	(44,945)
Gain on deemed disposal of interests in associates	非實質出售聯營公司權益盈利	(924,503)	-
Share of profits less losses of associates	應佔聯營公司盈利減虧損	(2,906,226)	(538,194)
Depreciation and amortisation	折舊及攤銷費用	7,082	4,596
Staff share option amortisation	認股權攤銷	6,915	14,921
Realised gain on financial asset designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產已實現收益	(215,632)	-
Unrealised gain on financial asset designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產重估增值的未實現收益	(192,428)	(30,910)
Unrealised gain on notes payable	應付票據公允值未實現收益	(56,786)	-
Net gain on disposal of available-for-sale securities	出售備供銷售證券之淨收益	(610,149)	(323,174)
Surplus on property revaluation	物業重估增值	(2,400)	-
Loss/(gain) on disposal of fixed assets	出售固定資產之虧損/(收益)	876	(51)
Gain on disposal of subsidiaries	出售附屬公司盈利	(228,865)	-
Surplus on revaluation of investment properties	投資物業重估增值	1,642	(368)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

36. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (continued)

36. 綜合現金流量表附註(續)

		2007 二零零七年 HK\$'000 港幣千元	2006 二零零六年 HK\$'000 港幣千元
Cash inflow before working capital changes	營運資金變動前現金流入	322,286	53,352
Increase in advances to customers	客戶借款增加	(699,336)	(309,358)
Increase in debtors, deposits and prepayments	應收賬款、按金及預付款增加	(1,001,357)	(110,182)
Decrease/(increase) in trading securities	交易證券減少/(增加)	165,690	(203,995)
Increase in creditors, deposits received and accrued charges	應付賬款、已收按金及預提費用增加	402,473	203,598
Decrease in amount due from ultimate holding company	應收最終控股公司款項減少	2,613	-
Decrease in amount due to ultimate holding company	應付最終控股公司款項減少	(37)	(10)
Hong Kong profits tax paid	已付香港利得稅	(10,542)	(16,168)
Overseas profits tax paid	已付海外利得稅	(11,376)	(4,216)
Interest paid	已付利息	(122,756)	(62,217)
Net cash outflow from operating activities	經營活動產生之流出淨額	(952,342)	(449,196)

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

37. 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:

37. 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 and others		Total	
		短期投資		金融服務		長期投資及其他		合計	
		2007	2006	2007	2006	2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
		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	3,434,804	2,578,075	2,837	5,615	340,974	166,123	3,778,615	2,749,813
Interest income	利息收入	56,112	46,326	277,912	119,506	12,429	55,851	346,453	221,683
Commission and service income	佣金與服務收入	-	398	311,088	122,592	-	107	311,088	123,097
Net gain on disposal of available-for-sales securities	出售備供銷售證券之淨收益	-	-	-	-	610,149	-	610,149	-
Realised gain on financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產已實現收益	-	-	-	-	215,632	-	215,632	-
Unrealised gain on valuation of financial assets designated at fair value through profit or loss	指定為通過損益以反映公平價值的金融資產重估增值的未實現收益	-	-	-	-	192,428	-	192,428	-
Gain on disposal of subsidiaries	出售附屬公司收益	-	-	-	-	228,865	-	228,865	-
Other income	其他收入	2,985	-	3,088	-	79,227	10,123	85,300	10,123
Total revenues	總收入	3,493,901	2,624,799	594,925	247,713	1,679,704	232,204	5,768,530	3,104,716

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

37. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

37. 分部資料(續)

(a) 業務分項(續)

		Short-term investments		Financial services		Long-term investments and others		Total	
		短期投資		金融服務		長期投資及其他		合計	
		2007	2006	2007	2006	2007	2006	2007	2006
		二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年	二零零七年	二零零六年
		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
RESULTS	業績								
Segment results	分項業績	854,482	374,420	366,257	132,965	777,768	143,671	1,998,507	651,056
Unallocated corporate expenses	未分配的公司費用							(243,308)	(116,741)
Operating profit	經營盈利							1,755,199	534,315
Finance costs	財務費用							(122,780)	(62,217)
Gain on deemed disposal of interests in an associates	非實質出售聯營公司權益盈利							924,503	-
Share of profits less losses of associates	應佔聯營公司盈利減虧損							2,906,226	538,194
Income tax	稅項							(197,724)	(88,338)
Profit after taxation	除稅後盈利							5,265,424	921,954
OTHER INFORMATION	其他資料								
Segment assets	分項資產	2,857,442	2,560,108	2,796,484	993,986	10,053,443	2,874,558	15,707,369	6,428,652
Investment in associates	聯營公司之投資							4,470,959	1,681,468
Unallocated corporate assets	未分配的公司資產							107,871	257,257
Total assets	總資產							20,286,199	8,367,377
Segment liabilities	分項負債	210,395	85,362	700,332	323,065	487,943	343,194	1,398,670	751,621
Unallocated corporate liabilities	未分配的公司負債							1,389,945	985,589
Total liabilities	總負債							2,788,615	1,737,210
Capital expenditures	資本性支出	100	-	-	399	15,777	137,010	15,877	137,409
Depreciation and amortisation expenses	折舊及攤銷費用	665	397	377	96	6,040	4,103	7,082	4,596

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

37. SEGMENT INFORMATION (continued)

(b) Geographical segments

		For the year ended 31 December 2007 截至二零零七年十二月三十一日止年度			For the year ended 31 December 2006 截至二零零六年十二月三十一日止年度		
		Hong Kong 香港	Mainland China 中國內地	Total 合計	Hong Kong 香港	Mainland China 中國內地	Total 合計
		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
Segment revenue	分項收入						
Turnover	營業額	3,616,101	821,704	4,437,805	1,903,063	869,370	2,772,433
Other income	其他收入	896,977	433,748	1,330,725	332,131	152	332,283
		4,513,078	1,255,452	5,768,530	2,235,194	869,522	3,104,716
		As at 31 December 2007 於二零零七年十二月三十一日			As at 31 December 2006 於二零零六年十二月三十一日		
		Hong Kong 香港	Mainland China 中國內地	Total 合計	Hong Kong 香港	Mainland China 中國內地	Total 合計
		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
Segment assets	分項資產	8,192,537	7,514,832	15,707,369	5,472,382	956,270	6,428,652
Additions to fixed assets	添置固定資產	15,780	97	15,877	137,388	21	137,409

37. 分部資料(續)

(b) 地區分項

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

38. 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.

38. 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 2007
截至二零零七年十二月三十一日止年度

38. ACCOUNTING ESTIMATES AND JUDGEMENTS

(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 35(a)(i).

(iii) Unquoted derivatives

The fair value of Principal Guarantee Note ("PGN") (note 20(i)) 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.

39. BANKING FACILITIES AND PLEDGE OF ASSETS

Aggregate banking facilities of the Group as at 31 December 2007 amounted to approximately HK\$170 million (2006: approximately HK\$269 million). None of these facilities were utilised (2006: None).

38. 會計估計及判斷(續)

(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35(a)(i)作出討論。

(iii) 非上市衍生工具

保本票據(附註20(i))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數據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。

39. 銀行貸款額度及資產抵押

本集團於二零零七年十二月三十一日之銀行貸款額度約為港幣1.7億元(二零零六年：約港幣2.69億元)。本集團於年內並無使用任何貸款額度(二零零六年：無)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

40. POST BALANCE SHEET EVENT

(a) Disposal of financial assets

In January 2008, the Group has disposed of some of its listed available-for-sale securities. The aggregated disposal proceeds amounted to approximately HK\$632 million while its fair value as at 31 December 2007 was approximately HK\$734 million. The estimated disposal profits after deduction of investment cost and estimated project bonus, is approximately HK\$508 million which will be reflected in the Group's 2008 consolidated income statement.

From January to March 2008, the Group has also disposed of certain unlisted financial assets designated at fair value through profit and loss. The aggregated disposal proceeds amounted to approximately HK\$204 million while its fair value as at 31 December 2007 was approximately HK\$205 million. The estimated disposal profits after deduction of investment cost, as well as estimated profits tax and project bonus totalling HK\$30 million, is approximately HK\$81 million. Taking into account unrealised gains recorded in 2007 and prior years, an estimated loss of HK\$31 million which will be reflected in the Group's 2008 consolidated income statement.

(b) Post balance sheet changes in applicable tax rates

On 27 February 2008, the Financial Secretary of the Hong Kong SAR Government announced his annual Budget which proposes a cut in the profits tax rate from 17.5% to 16.5% with effect from the fiscal year 2008-09 and a one-off reduction of 75% of the tax payable for the 2007-08 assessment subject to a ceiling of HK\$25,000.

40. 資產負債表日後事件

(a) 出售金融資產

由二零零八年一月，本集團已出售部份上市備供銷售證券。項目出售收益累計約港幣6.32億元，於二零零七年十二月三十一日該項目的公平值約港幣7.34億元。估計出售盈利扣除投資成本及項目的激勵獎金後約得港幣5.08億元，該盈利將反映在二零零八年的綜合損益表中。

由二零零八年一月至三月，本集團已出售部份非上市指定為通過損益以反映公平價值的金融資產。項目出售收益累計約港幣2.04億元，於二零零七年十二月三十一日該項目的公平值約港幣2.05億元。估計出售盈利扣除投資成本，並合共約港幣0.3億元的利得稅及項目激勵獎金後約得港幣0.81億元。由於二零零七年及以前年度錄得未實現盈利，估計本集團二零零八年之綜合損益表所反映之虧損為0.31億元。

(b) 資產負債表日後適用稅率之變動

二零零八年二月二十七日，香港特區政府財政司司長發表年度預算案，當中建議由二零零八至二零零九財政年度起把公司利得稅率由17.5%降至16.5%，以及一次過寬減二零零七至零八年度應付稅項的75%，上限為港幣25,000元。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

40. POST BALANCE SHEET EVENT (continued)

(b) Post balance sheet changes in applicable tax rates (continued)

The directors estimate that these proposed changes will result in the opening balances of the Group as at 1 January 2008 being remeasured as follows:

- (i) current tax payable by the Group will decrease by HK\$200,000; and
- (ii) the Group's deferred tax liabilities will decrease by HK\$12,074,000.

These opening balance adjustments to current and deferred tax balances at 1 January 2008 will be recognized as a reduction in the Group's income tax expenses of HK\$203,000 and an increase in the Group's investment revaluation reserve of HK\$12,071,000. It is impracticable to further estimate the impact on future financial statements of the change in tax rate.

41. COMPARATIVE FIGURES

As a result of adopting HKFRS 7, Financial instruments: disclosure, and the amendments to HKAS 1, Presentation of financial statements: Capital disclosures, certain comparative figures have been adjusted to conform with changes in disclosures in the current year and to show separately comparative amounts in respect of items disclosed for the first time in 2007. Further details of these developments are disclosed in note 2(z).

40. 資產負債表日後事件(續)

(b) 資產負債表日後適用稅率之變動(續)

董事估計，該等建議變動將會導致本集團於二零零八年一月一日之期初結餘重新計算，詳情如下：

- (i) 本集團應付本期稅項將減少港幣200,000元；及
- (ii) 本集團遞延稅項負債將減少港幣12,074,000元。

以上對本期及遞延稅項結餘於二零零八年一月一日期初結餘的調整，將會確認為本集團所得稅支出減少港幣203,000元，以及本集團投資重估儲備增加港幣12,071,000元。進一步估計稅率變動對未來財務報表的影響並不切實。

41. 比較數字

採納香港財務報告準則第7號「金融工具：披露」及香港會計準則第1號「財務報表的呈列：資本披露」的修訂後，本公司調整了若干比較數字，以配合本年度披露事項的變動，以及分開顯示二零零七年首次披露事項的比較金額。有關詳情載於附註2(z)。

NOTES TO THE FINANCIAL STATEMENTS

財務報表附註

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

42. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007 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 Company's results of operations and financial position.

In addition, HKFRS 8, Operation segments, which is effective for annual periods beginning on or after 1 January 2009, may result in new or amended disclosures in the financial statements.

43. APPROVAL OF FINANCIAL STATEMENTS

The financial statements on page 65 to 173 were approved and authorised for issue by the Board of Directors on 27 March 2008.

42. 已公佈但於截至二零零七年十二月三十一日止年度尚未生效之修訂、新準則及詮釋之可能影響

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二零零七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、新標準和新詮釋在首個應用期產生的影響。至今所得結論為採納該等修訂、新標準和新詮釋對集團的業績及財務狀況未有重大影響。

此外，香港財務報告準則第8號「經營分部」(於二零零九年一月一日或其後開始之年度期間生效)可能導致賬項出現新增或經修訂的披露。

43. 財務報表批准

本年度財務報表於第65至173頁已於二零零八年三月二十七日由董事會批准及授權刊發。

FINANCIAL SUMMARY

財務摘要

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

RESULTS

業績

		For the years ended 截至下列日期之年度				
		31.12.2003	31.12.2004	31.12.2005	31.12.2006	31.12.2007
		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
Turnover	營業額	1,737,827	2,855,444	2,014,112	2,772,433	4,437,805
Operating profit after finance cost	經營盈利減 財務費用	197,577	326,264	311,315	472,098	1,632,419
Gain on deemed disposal of interest in associates	非實質出售聯營公司 權益盈利	-	-	583	-	924,503
Gain on disposal of interest in an associate	出售聯營公司 權益盈利	-	166,514	-	-	-
Share of profits less losses of associates	應佔聯營公司盈利 減虧損	157,671	(431,034)	26,467	538,194	2,906,226
Impairment loss on goodwill attributable to interests in associates	聯營公司投資商譽 減值虧損	-	(102,300)	-	-	-
Impairment loss on investment in an associate	聯營公司投資 減值虧損	(119,118)	-	-	-	-
Profit/(loss) before taxation	除稅前盈利/(虧損)	236,130	(40,556)	338,365	1,010,292	5,463,148
Income tax	稅項	(16,749)	(11,386)	(33,865)	(88,338)	(197,724)
Profit/(loss) after taxation	除稅後盈利/(虧損)	219,381	(51,942)	304,500	921,954	5,265,424
Attributable to:	歸屬於：					
Shareholders of the Company	本公司股東	219,560	(59,857)	295,746	878,976	5,005,592
Minority interests	少數股東權益	(179)	7,915	8,754	42,978	259,832
		219,381	(51,942)	304,500	921,954	5,265,424
Earning/(loss) per share (HK\$)	每股盈利/(虧損)(港元)	0.14	(0.04)	0.19	0.56	3.17

ASSETS AND LIABILITIES

資產及負債

		As at 於下列日期				
		31.12.2003	31.12.2004	31.12.2005	31.12.2006	31.12.2007
		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
Total assets	總資產	5,856,946	5,380,317	5,940,441	8,367,377	20,286,199
Total liabilities	總負債	(1,116,273)	(897,252)	(1,048,503)	(1,737,210)	(2,788,615)
Minority interest	少數股東權益	(218)	(16,828)	(64,857)	(254,847)	(1,138,612)
Shareholders' fund	股東權益	4,740,455	4,466,237	4,827,081	6,375,320	16,358,972

PARTICULARS OF MAJOR PROPERTIES

主要物業資料

For the year ended 31 December 2007
截至二零零七年十二月三十一日止年度

Location 地點	Site area/Gross floor area 土地／總建築面積	Tenure 年期	Use 用途
Hong Kong 香港			
46th Floor, Far East Finance Centre, 16 Harcourt Road 夏慤道16號 遠東金融中心46樓	Gross floor area of 10,800 sq. ft. 總建築面積10,800平方呎	Government lease for 75 years from 23 July 1980, extended for another 75 years 政府租約七十五年，由 一九八零年七月二十三日起， 可續期七十五年	Commercial 商業
40th Floor, Far East Finance Centre, 16 Harcourt Road 夏慤道16號 遠東金融中心40樓	Gross floor area of 10,800 sq. ft. 總建築面積10,800平方呎	Government lease for 75 years from 23 July 1980, extended for another 75 years 政府租約七十五年，由 一九八零年七月二十三日起， 可續期七十五年	Commercial 商業
Flat A, 27/F, 1 Star Street, Wanchai 灣仔星街一號27A	Gross floor area of 655 sq. ft. 總建築面積655平方呎	Government lease for 75 years from 22 August 1928 extended for another 75 years 政府租約七十五年，由 一九二八年八月二十二日起， 可續期七十五年	Residential 住宅
Flat A, 32/F, 1 Star Street, Wanchai 灣仔星街一號32A	Gross floor area of 655 sq. ft. 總建築面積655平方呎	Government lease for 75 years from 22 August 1928 extended for another 75 years 政府租約七十五年，由 一九二八年八月二十二日起， 可續期七十五年	Residential 住宅
Flat H, 6th Floor, Tower 10 South Horizons, Ap Lei Chau 鴨脷洲海怡半島 第十座6樓H室	Gross floor area of 1,096 sq. ft. 總建築面積1,096平方呎	Government lease from 28 January 1988 to 31 March 2040 政府租約由一九八八年 一月二十八日至二零四零年 三月三十一日	Residential 住宅

PARTICULARS OF MAJOR PROPERTIES

主要物業資料

For the year ended 31 December 2007

截至二零零七年十二月三十一日止年度

Location 地點	Site area/Gross floor area 土地／總建築面積	Tenure 年期	Use 用途
Flat G, 40th Floor and the Roof Terrace, Tower 17, South Horizons, Ap Lei Chau 鴨脷洲海怡半島 第十七座40樓G室連天台	Gross floor area of 2,195 sq. ft. 總建築面積2,195平方呎	Government lease 28 January 1988 to 31 March 2040 政府租約由一九八八年 一月二十八日至二零四零年 三月三十一日	Residential 住宅
Flat H, 22nd Floor, Tower 21 South Horizons, Ap Lei Chau 鴨脷洲海怡半島 第二十一座22樓H室	Gross floor area of 1,107 sq. ft. 總建築面積1,107平方呎	Government lease from 28 January 1988 to 31 March 2040 政府租約由一九八八年 一月二十八日至二零四零年 三月三十一日	Residential 住宅
Car Parking SpaceNos. 230 and 241 on Podium Level 1, Phase II, Car Parking Space No. 9 on Podium Level 2, Phase III, South Horizons, Ap Lei Chau 鴨脷洲海怡半島 第2期平台第1層 第230及241號停車位 及第3期平台第2層第9號停車位	Not applicable 不適用	Government lease from 28 January 1988 to 31 March 2040 政府租約由一九八八年 一月二十八日至二零四零年 三月三十一日	Carpark 停車位
Land on Lot No. 539 (portion) in Demarcation District No. 106 Kam Sheung Road, Yuen Long, New Territories 新界元朗錦上路 106號丈量約份 539號部份地段	Site area of 560 sq. ft. 土地面積560平方呎	New Territories lease for 99 years from 1 July 1898 less 3 days, extended for another 50 years 新界租約九十九年，由 一八九八年七月一日起計 減三日，可續期五十年	Open storage 無蓋倉庫
Mainland China 中國大陸			
8th Floor, Industrial Bank Building 4013 Shennan Road Futian District, Shenzhen 深圳市福田區 深南大道4013號 興業銀行大廈8樓	Gross floor area of 1,240.95 sq.m. 總建築面積1,240.95平方米	Land use right for 50 years from 27 December 2000 土地使用權五十年 由二零零零年十二月 二十七日起	Commercial 商業