

賬目註釋

NOTES TO THE ACCOUNTS

(一) 主要會計政策

甲、編製基礎

本賬目乃根據香港會計師公會所頒佈之香港財務報告準則(此乃所有適用之個別香港財務報告準則、香港會計準則及香港會計實務準則及詮釋之統稱)、香港普遍採納之會計準則及香港《公司條例》之要求而編製。本賬目亦同時符合香港聯合交易所有限公司證券上市規則所適用之披露規定。

本綜合賬目以歷史成本常規法編製，並就可供出售之金融資產、持作買賣用途之金融資產及負債，以公平價值誌入損益賬之金融資產及負債(包括衍生金融工具)及投資物業之重估作出修訂。

於二〇〇五年，本集團採用了與其業務相關之新增及經修訂之香港財務報告準則(簡稱「新準則」)，二〇〇四年之比較數字已按相關要求重列或重新分類。

採納新準則後，本年度之損益表及資產負債表已引進了新的會計項目，此等項目包括貸款減值準備、以公平價值誌入損益賬之金融資產、衍生金融工具、可供出售之證券及以公平價值誌入損益賬之金融負債。

由於某些新準則只從二〇〇五年一月開始應用，此等損益表及資產負債表項目可能沒有直接比較數字。管理層於損益表、資產負債表及相關之賬目註釋呈報此等披露事項時已作出判斷，以確保符合新準則之要求；同時亦能維持賬目披露之整體透明度。

涉及較程度之判斷及較高複雜性、或其假設及估計對本綜合賬目有重大影響之範疇，已詳列於賬目註釋(三)。

採納此等新準則之影響詳列如下：

(i) 香港會計準則第一號：財務報表披露

按照香港會計準則第一號「財務報表披露」執行指引的規定，本集團已改變呈報方式，以權益會計法計算之應佔共同控制實體及聯營公司之稅項，已計入本集團綜合損益賬中除稅前溢利的應佔共同控制實體及聯營公司之溢利或虧損項下。於往年，本集團以權益會計法分享共同控制實體及聯營公司之稅項計入本集團綜合損益賬之稅項下。此改變已追溯應用，比較數字已重新列賬。

1 Principal accounting policies

(a) Basis of preparation

The accounts have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs which is a collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Statements of Standard Accounting Practice and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosures provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities held for trading, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties.

In 2005, the Group adopted the new/revised HKFRSs which are relevant to its operations. Certain 2004 comparatives have been restated and reclassified as required, in accordance with relevant requirements.

With the adoption of the new HKFRSs, new account captions have been introduced into the current year profit and loss account and balance sheets. Such items include loan impairment allowances, financial assets at fair value through profit or loss, derivative financial instruments, available-for-sale securities and financial liabilities at fair value through profit or loss.

As certain new HKFRSs are applied only prospectively from January 2005, these profit and loss and balance sheet items may not have direct corresponding comparatives. Management has applied its judgement in presenting such disclosures in the profit and loss account, balance sheets and the related notes to the accounts in order to meet the requirements of the HKFRSs as well as to maintain overall clarity of presentation of the accounts.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated accounts are disclosed in note 3.

The effects of adopting these new/revised HKFRSs are set out below:

(i) HKAS 1: Presentation of Financial Statements

In accordance with the implementation guidance in HKAS 1 “Presentation of financial statements”, the Group has changed the presentation and includes the share of taxation of jointly controlled entities and associates accounted for using the equity method in the respective shares of profit or loss reported in the consolidated profit and loss account before arriving at the Group’s profit before taxation. In prior years, the Group’s share of taxation of jointly controlled entities and associates accounted for using the equity method was included as part of the Group’s taxation in the consolidated profit and loss account. These changes in presentation have been applied retrospectively with comparatives restated.

(一) 主要會計政策 (續)

甲、編製基礎 (續)

(ii) 香港會計準則第十七號：租賃

採納經修訂之香港會計準則第十七號引致與租賃土地相關之會計政策改變，租賃土地由固定資產轉賬為營業租約。購買租賃土地之地價或其他租賃費用，將按其租約年期以直線法從損益賬內扣除。於往年，以租賃持有之自用物業，乃按成本值減除累積折舊後列示。

香港會計準則第十七號已追溯應用，故二〇〇四年之比較數字已重新列賬，以反映上述政策之轉變。二〇〇四年一月一日及二〇〇五年一月一日之期初權益總額已分別增加港幣七百四十二萬四千元及港幣七百八十八萬五千元。

(iii) 香港會計準則第三十二號：金融工具之披露與呈報 香港會計準則第三十九號：金融工具之確認與計量

採納香港會計準則第三十九號引致與利息收入及支出相關之會計政策變動，有關利息將以實際利息方法確認於賬內。此計算包括所有合約之交易雙方所收取或支付能構成整體實際利息之費用及利率差價、交易成本及所有其他溢價或折讓。於往年，利息收入及支出在其產生時已列入損益賬，呆賬之利息則撥入暫記賬項內，並在資產負債表內之相關結餘中扣除。

採納香港會計準則第三十九號亦引致與以公平價值誌入損益賬之金融資產及負債及可供出售之金融資產之分類之相關會計政策變更；同時亦令到衍生金融工具須以公平價值誌賬及對沖活動之確認與計量有所改變。

新增的會計政策已於二〇〇五年一月一日開始生效，而按照準則內之過渡性安排，二〇〇四年之比較數字不會重新列賬。期初結餘已作調整，以反映政策之改變。

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

(ii) HKAS 17: Leases

The adoption of revised HKAS 17 has resulted in a change in accounting policy relating to the reclassification of leasehold land from fixed assets to operating leases. The leasehold land premiums for acquiring the land leases, or other lease payments, are charged to the profit and loss account on a straight line basis over the period of the lease. In prior years, the leasehold properties held for own use were stated at cost less accumulated depreciation.

HKAS 17 has been adopted retrospectively and the comparative figures for 2004 have been restated to conform with the changed policy. This change has resulted in an increase in total equity at 1 January 2004 and 1 January 2005 by HK\$7,424,000 and HK\$7,885,000 respectively.

(iii) HKAS 32: Financial instruments - Disclosure and presentation HKAS 39: Financial instruments - Recognition and measurement

The adoption of HKAS 39 has resulted in a change in accounting policy relating to the recognition of interest income and expenses by using the effective interest method. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. In prior years, interest income and expense were recognised in the profit and loss account as it accrued, except in the case of doubtful debts where interest was credited to a suspense account which was netted in the balance sheet against the relevant balances.

The adoption of HKAS 39 has resulted in a change in the accounting policy relating to the classification of financial assets and liabilities at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The new accounting policies have been applied prospectively with effect from 1 January 2005 and the comparatives for 2004 have not been restated in accordance with the transitional provisions prescribed in the Standard. Opening balance adjustments have been made to reflect the changed policies.

(一) 主要會計政策 (續)

甲、編製基礎 (續)

- (iv) 香港會計準則第四十號：投資物業
香港會計準則詮釋第二十一號：利得稅 - 收回重估不作折舊資產

採納香港會計準則第四十號後，投資物業會以公平價值列賬，而其公平價值之變動將直接於損益賬內反映。根據香港會計準則第十二號 - 詮釋第二十一號，投資物業重估增值已計及遞延稅項。

於往年，投資物業由專業估值師以公開市場價值作基準估值。增值列入重估投資物業儲備賬，減值則先按整體投資組合之基準，從重估投資物業儲備對銷，然後在損益賬內扣除。物業重估增值並無計及遞延稅項。

採納香港會計準則第四十號及香港會計準則詮釋第二十一號已追溯應用。由於香港會計準則第四十號所容許，有關賬項無需作往期調整。於二〇〇五年一月一日，期初之投資物業重估儲備為港幣十三億六千零七十萬八千元，經扣除港幣二億三千八百一十二萬四千元之遞延稅項後，已誌入保留溢利賬內。

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

- (iv) HKAS 40: Investment property
HKAS Interpretation 21: Income Taxes – Recovery of revalued non-depreciable assets

On adoption of HKAS 40, investment properties are carried at fair value with the changes in fair value reported directly in the profit and loss account. Deferred taxation is provided on the revaluation surplus of investment properties in accordance with HKAS Interpretation 21 on HKAS 12.

In prior years, investment properties were carried at valuation assessed by professionally qualified valuers on an open market value basis. Increases in valuations were credited to the investment properties revaluation reserve; decreases in valuations were first set off against the investment properties revaluation reserve on a portfolio basis and thereafter were charged to the profit and loss account. No deferred taxation was provided on revaluation surplus.

The adoption of HKAS 40 and HKAS Interpretation 21 has been applied retrospectively. As permitted by HKAS 40, no prior period adjustment was made. At 1 January 2005, the opening balance of the investment properties revaluation reserve of HK\$1,360,708,000, after deducting deferred taxation of HK\$238,124,000, was transferred to retained earnings.

(一) 主要會計政策 (續)

甲、編製基礎 (續)

會計政策變更對各綜合資產負債表項帶來之估計影響

本集團

二〇〇五年十二月三十一日

資產增加/(減少)

商業票據

持有之存款證

衍生金融工具

以公平價值誌入損益賬之

金融資產

非持作買賣用途之證券

可供出售之證券

持至到期證券

貸款及其他賬項

固定資產

租賃土地權益

總資產增加

負債增加/(減少)

衍生金融工具

以公平價值誌入損益賬之

金融負債

客戶存款

發行之存款證

其他賬項及預提

總負債增加

資本來源增加/(減少)

重估投資物業儲備

重估房產儲備

重估投資儲備

保留溢利

總負債及資本來源增加

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Estimated effect of changes in the accounting policies on consolidated balance sheet items

The Group

	香港會計準則 第十七號 HKAS 17 HK\$'000	香港會計準則 第三十二號及 第三十九號 HKAS 32 & HKAS 39 HK\$'000	香港會計準則 第四十號及註 釋第二十一號 HKAS 40 & HKAS INT 21 HK\$'000	合計 Total HK\$'000
As at 31 December 2005				
Increase/(decrease) in assets				
Trade bills	–	381	–	381
Certificates of deposit held	–	196	–	196
Derivative financial instruments	–	56,699	–	56,699
Financial assets at fair value through profit or loss	–	3,897,675	–	3,897,675
Non-trading securities	–	(3,764,401)	–	(3,764,401)
Available-for-sale securities	–	3,767,780	–	3,767,780
Held-to-maturity securities	–	(3,861,080)	–	(3,861,080)
Advances and other accounts	–	250,524	–	250,524
Fixed assets	(241,314)	–	–	(241,314)
Interests in leasehold land	249,688	–	–	249,688
Increase in total assets	8,374	347,774	–	356,148
Increase/(decrease) in liabilities				
Derivative financial instruments	–	155,556	–	155,556
Financial liabilities at fair value through profit or loss	–	2,360,894	–	2,360,894
Deposits from customers	–	517	–	517
Certificates of deposit issued	–	(2,399,962)	–	(2,399,962)
Other accounts and accruals	–	(9,745)	271,409	261,664
Increase in total liabilities	–	107,260	271,409	378,669
Increase/(decrease) in capital resources				
Investment properties revaluation reserve	–	–	(1,550,906)	(1,550,906)
Bank premises revaluation reserve	–	–	1,341	1,341
Investment revaluation reserve	–	(1,479)	–	(1,479)
Retained earnings	8,374	241,993	1,278,156	1,528,523
Increase in total liabilities and capital resources	8,374	347,774	–	356,148

(一)主要會計政策(續)

甲、編製基礎(續)

會計政策變更對各資產負債表項帶來之估計影響

本行

二〇〇五年十二月三十一日

資產增加/(減少)

商業票據

持有之存款證

衍生金融工具

以公平價值誌入損益賬之

金融資產

非持作買賣用途之證券

可供出售之證券

持至到期證券

貸款及其他賬項

固定資產

租賃土地權益

總資產增加

負債增加/(減少)

衍生金融工具

以公平價值誌入損益賬之

金融負債

客戶存款

發行之存款證

其他賬項及預提

總負債增加

資本來源增加/(減少)

重估投資物業儲備

重估投資儲備

保留溢利

總負債及資本來源增加

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Estimated effect of changes in the accounting policies on balance sheet items

The Bank

	香港會計準則 第十七號 HKAS 17 HK\$'000	香港會計準則 第三十二號及 第三十九號 HKAS 32 & HKAS 39 HK\$'000	香港會計準則 第四十號及註 釋第二十一號 HKAS 40 & HKAS INT 21 HK\$'000	合計 Total HK\$'000
As at 31 December 2005				
Increase/(decrease) in assets				
Trade bills	–	381	–	381
Certificates of deposit held	–	196	–	196
Derivative financial instruments	–	57,001	–	57,001
Financial assets at fair value through profit or loss	–	3,352,321	–	3,352,321
Non-trading securities	–	(3,458,769)	–	(3,458,769)
Available-for-sale securities	–	3,469,398	–	3,469,398
Held-to-maturity securities	–	(3,296,036)	–	(3,296,036)
Advances and other accounts	–	260,261	–	260,261
Fixed assets	(241,314)	–	6,461	(234,853)
Interests in leasehold land	249,688	–	–	249,688
Increase in total assets	8,374	384,753	6,461	399,588
Increase/(decrease) in liabilities				
Derivative financial instruments	–	155,556	–	155,556
Financial liabilities at fair value through profit or loss	–	2,472,324	–	2,472,324
Deposits from customers	–	517	–	517
Certificates of deposit issued	–	(2,512,546)	–	(2,512,546)
Other accounts and accruals	–	(10,106)	271,125	261,019
Increase in total liabilities	–	105,745	271,125	376,870
Increase/(decrease) in capital resources				
Investment properties revaluation reserve	–	–	(1,550,906)	(1,550,906)
Investment revaluation reserve	–	(1,742)	–	(1,742)
Retained earnings	8,374	280,750	1,286,242	1,575,366
Increase in total liabilities and capital resources	8,374	384,753	6,461	399,588

(一) 主要會計政策 (續)

甲、編製基礎 (續)

會計政策變更對各綜合資產負債表項帶來之估計影響

本集團

二〇〇五年一月一日

資產增加/(減少)

商業票據

持有之存款證

衍生金融工具

以公平價值誌入損益賬之

金融資產

非持作買賣用途之證券

可供出售之證券

持至到期證券

貸款及其他賬項

固定資產

租賃土地權益

總資產增加

負債增加/(減少)

衍生金融工具

以公平價值誌入損益賬之

金融負債

客戶存款

發行之存款證

其他賬項及預提

總負債增加

資本來源增加/(減少)

重估投資物業儲備

重估投資儲備

保留溢利

總負債及資本來源增加

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Estimated effect of changes in the accounting policies on consolidated balance sheet items

The Group

	香港會計準則 第十七號 HKAS 17 HK\$'000	香港會計準則 第三十二號及 第三十九號 HKAS 32 & HKAS 39 HK\$'000	香港會計準則 第四十號及註 釋第二十一號 HKAS 40 & HKAS INT 21 HK\$'000	合計 Total HK\$'000
As at 1 January 2005				
Increase/(decrease) in assets				
Trade bills	–	397	–	397
Certificates of deposit held	–	392	–	392
Derivative financial instruments	–	39,543	–	39,543
Financial assets at fair value through profit or loss	–	3,610,776	–	3,610,776
Non-trading securities	–	(4,113,105)	–	(4,113,105)
Available-for-sale securities	–	4,177,167	–	4,177,167
Held-to-maturity securities	–	(3,548,557)	–	(3,548,557)
Advances and other accounts	–	268,466	–	268,466
Fixed assets	(245,974)	–	–	(245,974)
Interests in leasehold land	253,859	–	–	253,859
Increase in total assets	<u>7,885</u>	<u>435,079</u>	<u>–</u>	<u>442,964</u>
Increase/(decrease) in liabilities				
Derivative financial instruments	–	165,704	–	165,704
Financial liabilities at fair value through profit or loss	–	1,116,284	–	1,116,284
Deposits from customers	–	1,117	–	1,117
Certificates of deposit issued	–	(1,123,284)	–	(1,123,284)
Other accounts and accruals	–	(3,747)	238,124	234,377
Increase in total liabilities	–	<u>156,074</u>	<u>238,124</u>	<u>394,198</u>
Increase/(decrease) in capital resources				
Investment properties revaluation reserve	–	–	(1,360,708)	(1,360,708)
Investment revaluation reserve	–	(4,130)	–	(4,130)
Retained earnings	7,885	283,135	1,122,584	1,413,604
Increase in total liabilities and capital resources	<u>7,885</u>	<u>435,079</u>	<u>–</u>	<u>442,964</u>

(一)主要會計政策(續)

甲、編製基礎(續)

會計政策變更對各資產負債表項帶來之估計影響

本行

二〇〇五年一月一日

資產增加/(減少)

商業票據

持有之存款證

衍生金融工具

以公平價值誌入損益賬之

金融資產

非持作買賣用途之證券

可供出售之證券

持至到期證券

貸款及其他賬項

固定資產

租賃土地權益

總資產增加

負債增加/(減少)

衍生金融工具

以公平價值誌入損益賬之

金融負債

客戶存款

發行之存款證

其他賬項及預提

總負債增加

資本來源增加/(減少)

重估投資物業儲備

重估投資儲備

保留溢利

總負債及資本來源增加

1 Principal accounting policies (continued)

(a) Basis of preparation (continued)

Estimated effect of changes in the accounting policies on balance sheet items

The Bank

	香港會計準則 第三十二號及 第三十九號 HKAS 17 HK\$'000	香港會計準則 第四十號及註 釋第二十一號 HKAS 32 & HKAS 39 HK\$'000	香港會計準則 第四十號及註 釋第二十一號 HKAS 40 & HKAS INT 21 HK\$'000	合計 Total HK\$'000
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As at 1 January 2005

Increase/(decrease) in assets

Trade bills

Certificates of deposit held

Derivative financial

instruments

Financial assets at fair value

through profit or loss

Non-trading securities

Available-for-sale securities

Held-to-maturity securities

Advances and other accounts

Fixed assets

Interests in leasehold land

Increase in total assets

Increase/(decrease) in liabilities

Derivative financial

instruments

Financial liabilities at fair value

through profit or loss

Deposits from customers

Certificates of deposit issued

Other accounts and accruals

Increase in total liabilities

Increase/(decrease) in capital
resources

Investment properties

revaluation reserve

Investment revaluation reserve

Retained earnings

Increase in total liabilities and
capital resources

–

397

–

397

–

392

–

392

–

39,831

–

39,831

–

3,323,957

–

3,323,957

–

(3,988,526)

–

(3,988,526)

–

4,057,606

–

4,057,606

–

(3,260,981)

–

(3,260,981)

–

277,572

–

277,572

(245,974)

–

2,155

(243,819)

253,859

–

–

253,859

7,885

450,248

2,155

460,288

–

165,704

–

165,704

–

1,131,298

–

1,131,298

–

1,239

–

1,239

–

(1,138,284)

–

(1,138,284)

–

(3,566)

238,124

234,558

–

156,391

238,124

394,515

–

–

(1,360,708)

(1,360,708)

–

(4,130)

–

(4,130)

7,885

297,987

1,124,739

1,430,611

7,885

450,248

2,155

460,288

(一)主要會計政策(續)**1 Principal accounting policies (continued)****甲、編製基礎(續)****(a) Basis of preparation (continued)**

會計政策變更對各綜合損益表項帶來之估計影響

Estimated effect of changes in the accounting policies on consolidated profit and loss items

本集團

The Group

		香港會計準則 第三十二號及 第三十九號 HKAS 32 & HKAS 39	香港會計準則 第四十號及註 釋第二十一號 HKAS 40 & HKAS INT 21	合計 Total
		香港會計準則 第一號 HKAS 1 HK\$'000	香港會計準則 第十七號 HKAS 17 HK\$'000	合計 Total HK\$'000
截至二〇〇五年十二月三十一日止年度之溢利增加/(減少)	Increase/(decrease) in profit for the year ended 31 December 2005			
淨利息收入	Net interest income	—	—	(16,900)
服務費及佣金淨收入	Net fees and commission income	—	—	11,989
持作買賣用途之證券淨虧損	Net loss on trading securities	—	—	(9,680)
以公平價值誌入損益賬之金融工具淨虧損	Net loss arising from financial instruments at fair value through profit or loss	—	—	(47,312)
衍生工具買賣淨收益	Net gain arising from derivative products	—	—	37,360
外匯買賣淨收益	Net gain from foreign exchange trading	—	—	(2,018)
折舊	Depreciation	—	4,660	4,660
租賃土地之營業租約費用	Operating lease charges on leasehold land	—	(4,171)	—
貸款減值準備調撥	Charge for impairment allowances on loans and advances	—	—	(14,118)
出售可供出售證券之淨收益	Net gain on disposal of available-for-sale securities	—	—	100
出售持至到期證券之淨虧損	Net loss on disposal of held-to-maturity securities	—	—	(1,108)
重估投資物業之盈餘	Revaluation surplus on investment properties	—	—	188,652
重估房產之虧損	Revaluation deficit on premises	—	—	(79)
應佔共同控制實體之淨溢利	Share of net profits of jointly controlled entities	(1,612)	—	—
應佔聯營公司之溢利	Share of profits of associates	(315)	—	—
稅項	Taxation	1,927	—	545
				(33,001)
除稅後溢利增加/(減少)	Increase/(decrease) in profit after taxation	—	489	(41,142)
		HK\$	HK\$	HK\$
		HK\$	HK\$	HK\$
每股盈利增加/(減少)	Increase/(decrease) in earnings per share	—	0.002	(0.177)
		—	0.002	0.670
		—	0.002	0.495

(一) 主要會計政策 (續)

1 Principal accounting policies (continued)

甲、編製基礎 (續)

(a) Basis of preparation (continued)

會計政策變更對各綜合損益表
項帶來之估計影響 (續)

Estimated effect of changes in the accounting policies on consolidated profit and loss
items (continued)

本集團

The Group

		香港會計準則 第一號 HKAS 1 HK\$'000	香港會計準則 第十七號 HKAS 17 HK\$'000	合計 Total HK\$'000
截至二〇〇四年十二月 三十一日止年度之溢利 增加/(減少)	Increase/(decrease) in profit for the year ended 31 December 2004			
折舊	Depreciation	–	4,633	4,633
租賃土地之營業租約費用	Operating lease charges on leasehold land	–	(4,172)	(4,172)
應佔共同控制實體之 淨溢利	Share of net profits of jointly controlled entities	(1,296)	–	(1,296)
應佔聯營公司之溢利	Share of profits of associates	(60)	–	(60)
稅項	Taxation	1,356	–	1,356
除稅後溢利增加	Increase in profit after taxation	–	461	461
		HK\$	HK\$	HK\$
每股盈利增加	Increase in earnings per share	–	0.002	0.002

(一) 主要會計政策(續)

乙、綜合賬目基準

綜合賬目包括本行與各附屬公司截至十二月三十一日止之賬目。附屬公司乃本行直接或間接地控制其董事會之組成、控制其多於半數投票權或擁有多於半數其已發行股本之公司。本集團內部各公司間之重大交易及結餘已在綜合賬目內對銷。

在本行之資產負債表內，附屬公司權益乃按其成本值減除減值虧損準備金列示；本行計算其附屬公司之業績是根據已收及應收股息作基準。

丙、共同控制實體

共同控制實體指本集團與其他人士以合約協議方式共同進行經濟活動，該活動受雙方共同控制，任何一方均沒有單方面之控制權。

綜合損益賬包括本集團應佔共同控制實體之本年度業績，而綜合資產負債表則包括本集團應佔共同控制實體之資產淨值。

在本行之資產負債表內，共同控制實體權益以成本值減除減值虧損準備列賬。本行將共同控制實體之業績按已收及應收股息入賬。

丁、聯營公司

聯營公司為附屬公司以外，本集團持有其股權作長期投資，並對其管理具有重大影響力之公司。

綜合損益賬包括本集團應佔聯營公司之本年度業績，而綜合資產負債表則包括本集團應佔聯營公司之資產淨值。

在本行之資產負債表內，聯營公司權益以成本值減除減值虧損準備列賬。本行將聯營公司之業績按已收及應收股息入賬。

1 Principal accounting policies (continued)

(b) Basis of consolidation

The consolidated accounts include the accounts of the Bank and all of its subsidiaries made up to 31 December. Subsidiaries are those entities in which the Bank, directly or indirectly, controls the composition of the Board of Directors, controls more than half of the voting power or holds more than half of the issued share capital. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

In the Bank's balance sheet, the interests in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Bank on the basis of dividends received and receivable.

(c) Jointly controlled entities

A jointly controlled entity is an entity which operates under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

In the Bank's balance sheet, the interests in jointly controlled entities are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Bank on the basis of dividends received and receivable.

(d) Associates

An associate is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associates for the year and the consolidated balance sheet includes the Group's share of the net assets of the associates.

In the Bank's balance sheet, the interests in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Bank on the basis of dividends received and receivable.