

NOTES ON THE FINANCIAL STATEMENTS

財務報告附註

(Expressed in Hong Kong dollars)
(以港幣列示)

1 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 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 a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 2.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

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

- (i) investment properties;
- (ii) investments in debt and equity securities classified as available-for-sale; and
- (iii) investments in debt and equity securities designated at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires management to make significant judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

1 主要會計政策

(a) 遵例聲明

本財務報告已按照香港會計師公會頒布的所有適用的《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，本財務報告亦符合《香港聯合交易所有限公司證券上市規則》有關的披露規定。以下是本集團及本公司採用的主要會計政策概要。

香港會計師公會頒布數項新增及經修訂的《香港財務報告準則》，並於二零零五年一月一日(或可被提早採納)或以後的會計期生效。因首次採納該等新增及經修訂的《香港財務報告準則》引致會計政策轉變而須反映在本年及往年會計期的資料分析，已詳載於附註2。

(b) 財務報告的編製基準

截至二零零五年十二月三十一日止年度的綜合財務報告包括本公司及其附屬公司(合稱為「本集團」)及本集團應佔聯營公司之權益。

除以下資產是以公平價值列賬外，本財務報告是以歷史成本作為編製基準。有關詳情載列於下列會計政策：

- (i) 投資物業；
- (ii) 歸類為可供出售的債務及股本證券投資；及
- (iii) 歸類為通過損益以反映公平價值的債務及股本證券投資。

按《香港財務報告準則》之要求，在編製財務報告時，管理層須作重大判斷、估計及假設從而影響政策實施及資產、負債、收入及支出之呈報金額。有關估計及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，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。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 48.

(c) Classification of contracts

Contracts under which the Group accepts significant insurance risk from another party (“the policyholder”) by agreeing to compensate the policyholder if a specified uncertain future event (“the insured event”) adversely affects the policyholder are classified as insurance contracts. Insurance risk is the risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party of the contract. Insurance contracts may also transfer some financial risk.

Insurance risk is significant if, and only if, an insured event could cause the Group to pay significant additional benefits. Once a contract is classified as an insurance contract it remains classified as an insurance contract until all rights and obligations are extinguished or expired.

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Contracts with discretionary participation features (“DPF”)

Certain insurance contracts issued by the Group contain a DPF. A DPF is a contractual right held by a policyholder to receive, as a supplement to guaranteed minimum payments, additional payments that are likely to be a significant portion of the total contractual benefits, whose amount or timing is contractually at the Group’s discretion and are contractually based on:

- (i) the performance of a specified pool of contracts or a specified type of contract;
- (ii) realised and/or unrealised investment returns on a specified pool of assets; or
- (iii) the profit or loss of the company that issues the contracts.

1 主要會計政策 (續)

(b) 財務報告的編製基準 (續)

有關估計及假設須不斷檢討。若修訂只影響該修訂期，會計估計的修訂於該修訂期內確認；或如該修訂影響本期及未來會計期，則於修訂期及未來會計期確認。

在附註48內，已載有管理層估計《香港財務報告準則》對下年度的財務報告及估計有重大影響以致可能產生重大的調整風險。

(c) 合約分類

倘將來特定的不確定事件（「承保事件」）對另一方（「保單持有人」）有不利影響，而本集團透過合約接受來自該保單持有人的重大保險風險並同意賠償該保單持有人，該等合約歸類為保險合約。保險風險為財務風險以外的風險。財務風險指特定利率、證券價格、商品價格、匯率、價格或利率指數、信貸評級或信貸指數或其他變量等等的其中一項或多項將來可能出現變動的風險，惟倘為非財務變量，則並非專門針對合約的某一訂約方。保險合約亦可轉移財務風險。

當承保事件可能引致本集團賠付重大額外利益時，保險風險乃屬重大。一旦合約歸類為保險合約，在全部權利及義務獲解除或屆滿前，其將一直歸類為保險合約。

保單持有人轉嫁予本集團的保險風險並不重大的合約分類為投資合約。

酌情分紅型（「酌情分紅型」）合約

本集團訂立的部份保險合約包括酌情分紅型。酌情分紅型乃保單持有人持有可收取額外款項的一項合約權利，該額外款項作為最低擔保付款的增補款項，可能構成合約利益總額的大部份，合約利益總額的數額或時間安排乃由本集團按合約並根據以下各項酌情釐定：

- (i) 一組特定合約或特定類別合約的表現；
- (ii) 一組特定資產的已變現及／或未變現投資回報；或
- (iii) 訂立合約的公司的損益情況。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Recognition and measurement

(i) Reinsurance business

Revenue

Gross premiums written reflect business written during the year, and exclude any taxes or duties based on premiums. Premiums written include estimates for “pipeline” premiums and adjustments to estimates of premiums written in previous years.

The earned proportion of premiums is recognised as revenue. Premiums are earned from the date of attachment of risk, over the indemnity period, based on the pattern of risks underwritten.

Unearned premium provisions

The unearned premium provisions comprise the proportion of gross premiums written which is estimated to be earned in the following or subsequent financial years, computed separately for each insurance contract using the daily pro rata method, adjusted if necessary to reflect any variation in the incidence of risk during the period covered by the contract.

Policyholders' benefits

Policyholders' benefits incurred comprise the settlement and handling costs of paid and outstanding claims arising from events occurring during the financial year together with adjustments to prior year claims provisions.

Provision for outstanding claims comprises provision for the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date whether reported or not, and related internal and external claims handling expenses and an appropriate prudential margin. Provision for outstanding claims is assessed by reviewing individual claims and making allowance for claims incurred but not yet reported, the effect of both internal and external foreseeable events, such as changes in claims handling procedures, inflation, judicial trends, legislative changes and past experience and trends. Provision for outstanding claims is not discounted. Adjustments to claims provisions established in prior years are reflected in the financial statements in the period in which the adjustments are made and disclosed separately if material. The methods used, and the estimates made, are reviewed regularly.

Unexpired risk provision

Provision is made for unexpired risks arising from general reinsurance contracts where the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date exceeds the unearned premium provisions in relation to such policies. The unexpired risk provision is calculated by reference to classes of business which are managed together, after taking into account the future investment return on investments held to back the unearned premium provisions and unexpired risk provision.

1 主要會計政策 (續)

(d) 確認及計量

(i) 再保險業務

收益

毛承保保費總額可反映年內已承保的保險業務，並經扣除任何保費稅項或稅務。毛承保保費包括「在途」保費估計及對過往年度承保保費估計作出的調整。

已賺取保費部份確認為收益。已賺保費乃於賠償期內按已承保的風險類別自風險受保之日起計算。

未到期責任準備金

未到期責任準備金包括毛承保保費總額中估計將於下個或其後財政年度賺取的部份，各保險合約均按日數比例法分別計算，如有必要，可予以調整，以反映合約承保期內風險產生的任何變動。

保單持有人利益

所產生的保單持有人利益包括因財政年度內發生的事件而引致的已付及未付賠款的結算及處理成本以及對上個年度的賠款準備作出的調整。

未決賠款準備包括就本集團於結算日已產生但尚未支付（不論是否已申報）的全部賠款最終結算成本所估計作出的準備，及相關內部及外部賠款處理費用以及合適的保守利潤。評估未決賠款準備時，需對個別賠款進行審核，並對已發生但尚未申報的賠款、內部及外部可預見事件（如賠款處理程序變動、通脹、司法趨勢、立法變動及過往經驗及趨勢等）的影響提撥準備。未決賠款準備不予貼現。對於過往年度賠款準備作出的調整載於作出該等調整期間的財務報表，如屬重大，須分開披露。所採用的方法及所作估計會定期檢討。

未到期風險準備金

倘於結算日未到期的有效保單應佔賠款及開支的估計價值超過就相關保單作出的未到期責任準備金，則會就一般再保險合約的未到期風險提撥準備。未到期風險準備金乃參照與其一并管理的業務種類，並經計及為進行未到期責任準備金及未到期風險準備金而持有投資的未來投資回報計算。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Recognition and measurement (Continued)

(ii) Life insurance business

Revenue

Gross premiums written in respect of life insurance contracts other than linked life insurance contracts, are recognised as revenue when due. Gross premiums written in respect of unit-linked life insurance contracts are recognised when the corresponding units are allocated to policyholders.

Policyholders' benefits

Policyholders' benefits include maturities, annuities, surrenders and death claims, and policyholder bonuses allocated in anticipation of a bonus declaration. Maturity and annuity claims are recognised as an expense when due for payment. Surrender claims are recognised when paid. Death claims are recognised when notified.

Life insurance funds

Provisions for life insurance contracts other than linked life insurance contracts are determined using the net level premium approach, in which the assumptions used in assessing the actuarial valuation of life insurance funds reflect management's assessment of the most likely outcome of future policy cash flows subject to reasonable and prudent allowances, and a deferral approach on the acquisition costs related to the acquisition of new business, including but not limited to commissions, underwriting, marketing and policy issue expenses, in so far as there are sufficient margins in the future premiums of the new policies to fund the amortisation of the acquisition costs over the life time of the policies. Profits are expected to emerge on a level basis over the life of the insurance contracts.

Investment contracts

Investment contracts without DPF are recognised as financial liabilities in the balance sheet when the Group becomes party to their contractual provisions. Contributions received from policyholders are not recognised in the income statement but are accounted for as deposits.

All investment contracts issued by the Group are designated by the Group on initial recognition at fair value through profit or loss. This designation eliminates or significantly reduces a measurement inconsistency that would otherwise arise if these financial liabilities were not measured at fair value.

Changes in the fair value of investment contracts are included in the income statement in the period in which they arise.

1 主要會計政策 (續)

(d) 確認及計量 (續)

(ii) 壽險業務

收益

除投資相連壽險合約以外的壽險合約毛承保保費總額於到期時確認為收益。投資相連壽險合約的毛承保保費總額於相應投資撥歸保單持有人時確認。

保單持有人利益

保單持有人利益包括到期、年金、退保及死亡賠款，以及按預期將宣派的花紅配發予保單持有人的花紅。到期及年金賠款於到期付款時確認為開支。退保賠款於支付時予以確認。死亡賠款於獲得通知時予以確認。

壽險責任準備金

除投資相連壽險合約以外的壽險合約準備金乃以淨平均保費計算法釐定，即用作計算將來壽險責任準備金的精算估值之假設是管理層作出合理及謹慎的預算後，對未來保單現金流量最可能出現情況的評估；以及採用遞延方法處理取得新業務的相關成本，包括但不限於佣金、包銷、市場推廣及簽發保單之費用；只要新保單的未來保費收入所得利潤足以支付收購成本在保單期內的分攤。溢利預計將會在保險合約期內平均計入。

投資合約

倘本集團成為非酌情分紅型投資合約合約條款內的一方，則該等合約將於資產負債表中須確認為財務負債。自保單持有人收取的供款不在收益表中確認，惟以按金列賬。

本集團簽發的所有投資合約，本集團將指定於初始確認時按公平價值在收益表列賬。指定以此方式列賬後可消除或大幅減少當該等財務負債不以公平價值計量時而產生的不一致。

投資合約的公平價值變動乃於其產生期間的收益表列賬。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Recognition and measurement (Continued)

(ii) Life insurance business (Continued)

Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to determine if the life insurance funds are adequate. Current best estimates of all future contractual cash flows and related expenses, such as claims handling expenses, and investment income from assets backing the life insurance funds are used in performing these tests. Any deficiency is recognised in the income statement for the current year.

Derivatives embedded in contracts with DPF

The Group does not separately measure embedded derivatives that meet the definition of an insurance or investment contract or options to surrender the insurance contracts for a fixed amount (or for an amount based on a fixed amount and an interest rate).

(iii) Reinsurance

The Group cedes reinsurance in the normal course of business for the purpose of limiting its net loss potential through the diversification of its risks. Assets, liabilities and income and expense arising from ceded reinsurance contracts are presented separately from the related assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the Group from its direct obligations to policyholders.

Only contracts that give rise to a significant transfer of insurance risk are accounted for as reinsurance contracts. Rights under contracts that do not transfer significant insurance risk, are accounted for as financial instruments.

Premiums ceded to reinsurers are recognised as an expense on a basis that is consistent with the recognition basis for the gross premiums written on the related insurance contracts. For general reinsurance business, premiums ceded to reinsurers are expensed over the period that the reinsurance cover is provided based on the expected pattern of the reinsured risks. The unexpensed portion of premiums ceded to reinsurers is included in the reinsurers' share of unearned premium provisions.

1 主要會計政策 (續)

(d) 確認及計量 (續)

(ii) 壽險業務 (續)

負債充足性測試

於各結算日，本集團均會進行負債充足性測試，以確定壽險責任準備金是否充足。在進行該等測試時，將採用目前對例如賠款處理費用等所有將來的合約現金流及相關費用的當期最佳估計以及就壽險責任準備金所持資產的投資收入。任何虧絀會於當年的收益表內確認。

嵌入在酌情分紅型合約的衍生工具

本集團並無單獨計量可界定為保險或投資合約的嵌入式衍生工具，或保險合約的定額退保選擇權（或基於定額及利率的數額）。

(iii) 再保險

本集團在日常業務過程中會分出再保險以分散風險，限制其潛在賠款淨額。已分出的再保險合約所產生的資產、負債、收入及開支與有關保險合約的相關資產、負債、收入及開支分開呈列，原因為再保險安排並無解除本集團對保單持有人的直接責任。

只有引致保險風險大部份轉移的合約，方可列作再保險合約。合約下並無轉移大部份保險風險的權利列作財務工具。

已分出予再保險公司的保費乃根據有關保險合約的毛承保保費總額的確認基準確認為開支。就一般再保險業務而言，已分出予再保險公司的保費根據預期再保險風險種類於相關再保險承保期間予以支銷。已分出予再保險公司的保費中未支銷部份計入再保險公司應佔未到期責任準備金。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Recognition and measurement (Continued)

(iii) Reinsurance (Continued)

The net amounts of premiums ceded to reinsurers paid to a life reinsurer at the inception of a contract may be less than the reinsurers' share of life insurance funds recognised by the Group in respect of its rights under such contracts. Any difference between the premiums ceded to reinsurers and the reinsurers' share of life insurance funds recognised is included in the income statement in the period in which the premiums ceded to reinsurers are due.

The amounts recognised as the reinsurers' share of life insurance funds are measured on a basis that is consistent with the measurement of the provisions held in respect of the related insurance contracts.

Recoveries due from reinsurance companies in respect of claims paid are classified as receivables and are included within the insurance debtors in the balance sheet.

Recoveries due from reinsurance companies are assessed for impairment at each balance sheet date. An asset is deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Group may not recover all amounts due, and that the event has a reliably measurable impact on the amounts that the Group will receive from the reinsurer.

(e) Subsidiaries

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

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

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity 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 the minority interests and the equity shareholders of the Company.

1 主要會計政策 (續)

(d) 確認及計量 (續)

(iii) 再保險 (續)

於履行合約時，付予壽險再保險公司的再保險公司獲分出保費淨額可能低於其應佔本集團就相關合約的權利確認的壽險責任準備金。分出予再保險公司的保費與再保險公司應佔已確認壽險責任準備金之間的任何差額，於分出予再保險公司的保費到期時所在期間的收益表列賬。

確認為再保險公司應佔壽險責任準備金的數額乃按就有關保險合約所作準備的計量方法計量。

就已付索賠應收再保險公司的回撥款項歸類為應收賬款，並在資產負債表內列為保險客戶應收賬款。

於各結算日，應收再保險公司的回撥款項均會進行減值評估。倘有客觀證據顯示，於該資產初次被確認後發生了一些事項，令本集團不可收回全部到期款項，以及該事項可對本集團自再保險公司所收取金額造成能可靠地計量的影響，則相關資產會被視為出現減值。

(e) 附屬公司

根據香港《公司條例》，附屬公司是指本集團直接或間接持有其過半數已發行股本，或控制其過半數投票權，或控制其董事會組成的公司。倘本公司有權直接或間接支配附屬公司的財務及經營政策，並藉此在其業務中得益，則應視為受本公司控制。

集團內部往來的餘額及交易，以及由集團內交易引致的未變現溢利，於編製綜合財務報告時全部抵銷。由集團內交易引致的未變現虧損，以適用於未變現收益的相同方式作抵銷，但抵銷時必須確保不存在減值跡象。

少數股東權益是指在結算日該部份淨資產，不論是直接或間接地通過附屬公司，並不屬於公司在附屬公司所擁有的權益；少數股東權益在綜合資產負債表及綜合股東權益變動表內的股東權益列示，但與集團股東應佔權益分開。少數股東權益在集團全年業績所佔部份亦在損益表上。少數股東權益佔集團年度內溢利或虧損在綜合損益表表面以分配為少數股東權益及公司股東應佔權益形式呈報。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Subsidiaries (Continued)

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 profits 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 1(o)).

(f) Associates

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

An investment in an associate 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 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 for the year, including any impairment loss on goodwill relating to the investment in associates recognised for the year (see note 1(o)).

When the Group's share of losses exceeds its interest in the associates, 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. For this purpose, the Group's interest in the associate 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.

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

In the Company's balance sheet, its investments in associates are stated at cost less impairment losses (see note 1(o)), unless it is classified as held for sale (or included in a disposal group that is classified as held for sale).

1 主要會計政策 (續)

(e) 附屬公司 (續)

倘少數股東於附屬公司應佔之虧損超出少數股東於該附屬公司應佔之權益，超出之數額及任何少數股東應佔之進一步虧損，將計入本集團之權益，除非少數股東受責任約束並有能力作出額外投資以彌補虧損。倘該附屬公司日後錄得溢利，本集團之權益將獲分配所有該等溢利，直至本集團以往承受之少數股東應佔虧損已被彌補。

在本公司的資產負債表中，附屬公司投資是以成本減去減值虧損(附註1(o))列賬。

(f) 聯營公司

聯營公司是本集團或本公司可以對其管理層發揮重大影響力的公司，包括參與制定其財務及經營政策，但不能控制或共同控制其管理層。

於聯營公司的投資在最初產生時按權益法以成本記入綜合財務報告，然後就收購後本集團所佔聯營公司資產淨值的變動作出調整，除非此投資被歸類為持有作出售(或包括在出售組別內被歸類為持有作出售)。綜合損益表包括本集團應佔購入聯營公司權益後年度除稅後之業績，及減除按附註1(o)所述有關年度內聯營公司投資的商譽減值虧損。

除不超出本集團對該聯營公司所具法律或推定義務或替該公司償付的承擔外，當本集團應佔該聯營公司的虧損超出本集團應佔該聯營公司之權益時，超出的虧損將不被確認，而本集團應佔該聯營公司之權益將被減值至零。為此，按權益會計法計算本集團應佔該聯營公司權益即按權益會計法計算投資賬面值及實質構成本集團應佔該聯營公司淨資產的長期權益。

本集團與聯營公司之間的交易產生的未變現盈虧，按本集團於該聯營公司所佔的權益抵銷，但若未變現虧損顯示所轉讓的資產出現減值，則未變現虧損會即時在綜合損益表內確認。

本公司資產負債表所示於聯營公司的投資，是按成本減去減值虧損入賬(附註1(o))，除非此投資被歸類為持有作出售(或包括在出售組別內被歸類為持有作出售)。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate 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 1(o)). In respect of associates, the carrying amount of goodwill is included in the carrying amount of the interest in the associate.

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 is recognised immediately in the income statement.

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

(h) Investments in debt and equity securities

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire. Further details of the Group's policies for investments in debt and equity securities are as follows:

(i) Securities designated at fair value through profit or loss

Securities designated at fair value through profit or loss are financial instruments which on initial recognition are designated by the Group as being at fair value through profit or loss.

A security is classified in this category if it meets the criteria set out below, and is so designated by management. The Group designates securities at fair value through profit or loss because the designation:

- (1) eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- (2) applies to a group of financial assets, financial liabilities or both that is managed and its performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and where information about these instruments are provided internally on that basis to the Group's key management personnel; or

1 主要會計政策 (續)

(g) 商譽

商譽即商業合併或投資聯營公司的成本超過本集團應佔被收購者的可辨別資產、負債及或然負債的公平淨值。

商譽按成本減累計減值虧損列賬。商譽被分配至現金生產單位，並須每年作減值測試(附註1(o))。就聯營公司而言，商譽的賬面值已包括於聯營公司權益之賬面值內。

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商業合併或投資聯營公司時的成本價，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，計算出售溢利或虧損時計入任何可歸屬購入商譽的金額。

(h) 債務及股本證券投資

確認/終止確認投資的日期為本集團承諾買入/出售該投資或該投資屆滿之時。有關本集團的債務及股本證券投資策略詳見如下：

(i) 指定為通過損益以反映公平價值的證券

指定為通過損益以反映公平價值的證券是被本集團初始確認為通過損益以反映公平價值的金融工具。

符合下列準則的證券均會撥歸這個類別，管理層亦按此定值。本集團可通過損益按公平價值對金融工具訂值，乃基於下列原因：

- (1) 若按不同基準計算金融資產或金融負債的價值，或確認其收益及虧損，便會出現前後不一致的金額或確認數值，按公平訂值可以消除或大幅減少這種不一致的情況；或
- (2) 若根據明文規定的風險管理或投資策略，有一組金融資產、金融負債或一組金融資產及負債需按公平價值基準管理及評估表現，而內部亦根據該基準向主要管理人員呈報該組金融工具的資訊，則公平訂值適用；或

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Investments in debt and equity securities (Continued)

- (i) Securities designated at fair value through profit or loss (Continued)
- (3) relates to securities containing one or more embedded derivatives which significantly modify the cash flows resulting from the securities, and which would otherwise require separate accounting.

Financial assets and financial liabilities so designated are recognised initially at fair value and transaction costs taken directly to the income statement. Gains and losses from changes in the fair value of such assets and liabilities are recognised in the income statement as they arise.

(ii) Held-to-maturity securities

Dated debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are initially recognised in the balance sheet at fair value plus transaction costs. Subsequently, they are stated in the balance sheet at amortised cost less impairment losses (see note 1(o)).

(iii) Available-for-sale securities

Other investments in securities, being those held for non-trading purposes, 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 equity in the fair value reserve, except for impairment losses (see note 1(o)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in the income statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the income statement.

(i) Sales and repurchase agreements

Securities sold under repurchase agreements represent short-term finance arrangements secured by the securities sold. The securities remain on the balance sheet and a liability is recorded in respect of the consideration received. Interest is calculated based upon the effective interest method.

1 主要會計政策 (續)

(h) 債務及股本證券投資 (續)

- (i) 指定為通過損益以反映公平價值的證券 (續)
- (3) 牽涉的證券內含一種或多種隱含嵌入式衍生工具，會大幅改變證券產生的現金流及或需獨立會計處理。

金融資產和金融負債最初按公平價值列賬及交易費用直接記入損益表。因該資產和負債的公平值變動而產生的收益及虧損在損益表內確認。

(ii) 持有至到期證券

本集團有肯定能力及意向持有至到期的有期債務證券，歸類為「持有至到期證券」。持有至到期證券最初按公平價值加上交易費用列賬，其後則按已攤銷成本減任何減值虧損後記入資產負債表 (附註1(o))。

(iii) 可供出售證券

持有作非交易用途的其他證券投資，歸類為可供出售證券，初始期按公平值加交易費用確認，並於每個結算日再計算其公平值，任何收益或虧損，除減值虧損外，直接於權益內的公平值儲備內確認 (參看附件1(o))，貨幣項目如債務證券，其外匯收益或虧損直接在損益表內確認。如是帶息投資，利息按有效利率方法計算並確認在損益賬內。當投資被終止確認時，過往直接確認於權益的累計收益或虧損，在損益表內確認。

(i) 賣出回購及買入返售合約

賣出回購證券指以所出售的證券作抵押之短期財務安排。該等證券仍留在資產負債表，並就所收取之代價記錄為負債。利息乃按有效利率方法計算。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Sales and repurchase agreements (Continued)

Conversely, securities purchased under resale agreements represent short-term investment arrangements secured by the securities purchased. The securities are not recognised on the balance sheet and the consideration paid is recorded as an asset. Interest is calculated based upon the effective interest method.

Both securities sold under repurchase agreements and securities purchased under resale agreements are carried in the balance sheet at amortised cost.

(j) Investment property

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

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement. Rental income from investment properties is accounted for as described in note 1(v)(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 was held under a finance lease, and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified as investment property at fair value. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

(k) Other property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(o)):

- land and buildings under which the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease; and
- other items of plant and equipment.

1 主要會計政策 (續)

(i) 賣出回購及買入返售合約 (續)

相反，買入返售證券指以所購買的證券作抵押之短期投資安排。該等證券不會於資產負債表確認，而已支付的代價會記入流動資產。利息乃按有效利率方法計算。

賣出回購證券及買入返售證券是按已攤銷成本記入資產負債表。

(j) 投資物業

土地及／或房屋若持有或以租約業權擁有，目的為賺取租金或實現資本增值為目的，列為投資物業。投資物業包括未明確日後用途之土地。

投資物業是以公平價值於資產負債表列示。因公平值變更或報廢或出售而產生的損益在損益賬內確認。投資物業租金收入按附註1(v)(iii)所載計算。

集團是根據個別情況，把以經營租賃方式持有用作租金收入或資本增值(或二者皆是)的物業權益分類為投資物業。任何已歸類為投資物業的物業權益，當作持有融資租賃入賬。其他根據融資租賃租出的投資物業，採用同一會計政策入賬。

修建或發展作日後用途的投資物業歸類為物業、機械裝置及設備，並按成本入賬直至完成建築或發展，然後按公平計轉分類為投資物業。任何物業的公平值與賬面值之差額，在損益賬內確認。

(k) 其他物業、機械裝置及設備

下列之物業、機械裝置及設備以成本減去累計折舊及減值虧損(附註1(o))後記入資產負債表：

- 其土地及樓宇租賃利益的公平價值不能夠在租賃初始時分開計量的土地及樓宇；及
- 其他機械裝置及設備。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

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1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Other property, plant and equipment (Continued)

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

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

- Land and buildings are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.
- Plant and machinery 10 years
- Other fixed assets 3 – 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation 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.

(l) Operating lease charges

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

(m) Insurance debtors, other debtors and amounts due from group companies

Insurance debtors, other debtors and amounts due from group companies are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts, 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 1(o)).

1 主要會計政策 (續)

(k) 其他物業、機械裝置及設備 (續)

由報廢或出售物業、機械裝置及設備項目收益或虧損是按出售所得淨額與項目賬面金額之間的差額釐定，並於報廢或出售日在損益表內確認。

固定資產的折舊是根據下列分類，按預計可使用年期以直線法沖銷其成本或其項目估值減去其估計剩餘價值，如有：

- 土地及樓宇按尚餘租賃期及其估計可使用年期(以較短者為準)計提折舊，即於完成日期後不多於五十年
- 廠房及機器 十年
- 其他固定資產 三至五年

倘某物業、廠房及設備項目之部份有不同可使用年期，該項目之成本或估值須在各部份間按合理基準釐定，而各部份須分別計提折舊。資產及其剩餘價值之可使用年限(如有)，須每年檢討。

(l) 經營租賃費用

若本集團或本公司根據經營租賃使用資產，則根據租賃支付的金額按租賃期涉及的會計期間，以等額在損益表扣除，除非另有基準能更清楚地反映源自租賃資產的利益模式。經營租賃協議所涉及的激勵措施收入均在損益表列作租賃淨付款總額的一部份。或有租金則於產生的會計期內在損益表列支。

(m) 保險客戶應收賬款、其他應收賬款及應收集團內公司款項

保險客戶應收賬款、其他應收賬款及應收集團內公司款項在最初產生時以公平值確認，其後按已攤銷成本減去呆壞賬減值虧損入賬。然而，如應收賬款是對關連人士的無固定還款期無息貸款或折算現值後的影響不大，則按成本減去呆壞賬減值虧損入賬(參看附註1(o))。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Insurance creditors, accrued charges and other creditors, and amounts due to group companies

Insurance creditors, accrued charges and other creditors, and amounts due to group companies 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.

(o) 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 current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial assets 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.
- 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 the income statement. 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.

1 主要會計政策 (續)

(n) 保險客戶應付賬款、應計費用及其他應付賬款及應付集團內公司款項

保險客戶應付賬款、應計費用及其他應付賬款及應付集團內公司款項在最初產生時以公平值確認，其後按已攤銷成本入賬。然而，如折算現值後的影響不大，則按成本入賬。

(o) 資產減值

(i) 債務及股本證券投資及其他應收款減值

債務及股本證券投資，當期及非當期應收款是以成本或已攤銷成本列賬或歸類為可供出售證券，並於每年結算日檢討，以釐定有否客觀證據可以證明需要減值。如任何此等證據存在，任何減值虧損根據下列方法釐定及確認：

- 就按成本入賬的當期應收款而言，如果折算現值後的影響重大，減值損失將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後，以二者之差額計算。若在較後期間，當期應收款減值損失的金額減少，該減值損失將被撥回。
- 金融資產的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。(即該資產在初始確認以有效利率計算)。

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，減值損失沖回損益表內。減值損失沖回損益表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。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment of assets (Continued)

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

For available-for-sale securities, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that asset previously recognised in the income statement.

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

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

(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, plant and equipment;
- investments in subsidiaries and associates; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated.

(i) Calculation of recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 主要會計政策 (續)

(o) 資產減值 (續)

(i) 債務及股本證券投資及其他應收款減值 (續)

就可供出售證券而言，已直接確認在股東權益內的累積虧損將被剔除，並於損益賬內確認。須於損益賬內確認累積虧損之金額，是購入價（減去任何本金償還及攤銷）與現時公平值二者之差額，再減去往年已於損益賬內確認的減值損失。

有關已確認可供出售股份證券的減值損失是不能沖回損益表的。其後該資產之公平價值增加須直接在股東權益內確認。

就可供出售債務證券而言，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，減值損失可沖回。在此情況下，沖回減值損失於損益表內確認。

(ii) 其他資產減值

於每個結算日均會審閱內部及外部資料，以衡量下列資產有否出現減值或，除商譽外，先前確認的減值虧損是否已不復存在或已經減少：

- 物業、廠房及設備；
- 附屬及聯營公司投資；及
- 商譽。

如任何此等徵兆存在，須估計該資產的可收回金額。

(i) 計算可收回金額

資產的可收回金額以其銷售淨價和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折讓率將估計未來現金流量折讓至現值。該折讓率應是反映市場當時所評估的貨幣時間價值和該資產的獨有風險。如果資產所產生的現金流入基本上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產類別（即現金產生單位）來釐定可收回金額。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

(ii) Recognition of impairment losses

An impairment loss is recognised in the income statement 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.

(iii) 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 the income statement in the year in which the reversals are recognised.

(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 amounts 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 cash flow statement.

(q) Interest bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

1 主要會計政策 (續)

(o) 資產減值 (續)

(ii) 其他資產減值 (續)

(ii) 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)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)。

(iii) 減值虧損沖回

除商譽外的有關資產，如在用來釐定可收回金額的估計發生有利的變化，則減值損失會被沖回。商譽的減值虧損不可沖回。

減值虧損沖回只局限於該資產的賬面值，猶如該等減值虧損從未在往年被確認。減值虧損沖回在該被確認的年度計入損益賬內。

(p) 現金及現金等價物

現金及現金等價物包括銀行現金及手頭現金、存置於銀行及其他金融機構之即時存款、可隨時兌換作已知現金金額的短期且有高度流動性的投資，該等投資的到期日為其收購日期起三個月內，且受輕微價值變動的風險所影響。於要求時償還的銀行透支組成本集團的現金管理的一部份，亦就現金流量表而計入現金及現金等價物一部份。

(q) 需付息借款

需付息借款在最初確認時按公平價值減去應佔交易費用。以後，須付息借款是按攤銷成本減去在借款年期按有效利率方法計算被確認在損益賬內的成本與贖回價值之差額。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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 employment cost with a corresponding increase in the employee share-based compensation reserve within equity. The fair value is measured at grant date using the Black Scholes 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 years is charged/credited to the income statement for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the employee share-based compensation 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 employee share-based compensation 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 employee share-based compensation 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).

(s) Income tax

- (i) Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

1 主要會計政策 (續)

(r) 僱員福利

- (i) 短期僱員福利及已訂定供款計劃供款

僱員所提供的服務有關的薪金、年度花紅、有薪假期、已訂定供款計劃供款及非金錢利益的成本均累計在年度內。倘有任何遞延付款或還款而帶有重大影響，則該等金額乃以其現值列賬。

- (ii) 股份為本支付

賦予員工的認股權之公平值被確認為員工成本，並在股東權益內的以股份為本之僱員補償儲備作相應的增加。公平價值乃採用Black Scholes認股權定價模式，按認股權授予日計算，並顧及授予認股權的條款。當僱員須符合歸屬期條件才可無條件享有該等認股權，預計公平價值總額在歸屬期內攤分入賬，並已考慮認股權歸屬的或然率。

估計可歸屬認股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之調整須在檢討期內的損益賬支銷或回撥，並在以股份為本之僱員補償儲備作相應調整。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，確認為支出之金額按歸屬認股權的實際數目作調整（並在以股份為本之僱員補償儲備作相應調整）。屬股東權益的金額在以股份為本之僱員補償儲備確認，直至當認股權被行使時（轉入股本溢價），或當認股權之有效期屆滿時（轉入保留溢利）。

(s) 利得稅

- (i) 年度的利得稅包括當期稅項及遞延稅項資產及負債的變動。除該項目應在股東權益內入賬的數額外，當期稅項及遞延稅項資產及負債的變動確認為在損益表內。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

- (ii) 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.
- (iii) 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 purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

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

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination).

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

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

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

1 主要會計政策 (續)

(s) 利得稅 (續)

- (ii) 當期稅項是本年度應課稅收入所預計的應付稅款，並包括前年度應付稅款的任何調整數，所用的稅率已在結算日有規定或已有頒令實施。
- (iii) 遞延稅項資產及負債是指由於財務報告與稅項基準的資產及負債的賬面值有差異，而差異的產生是由於可扣減及應課稅額出現暫時性差異。遞延稅項資產的產生亦由於有尚未使用的稅項虧損及稅項抵免。

除了某此有限度的例外情況外，所有遞延稅項負債，及未來會出現應課稅利潤並可以將該資產使用的所有遞延稅項資產，均會被確認。用以支持確認遞延稅項資產的未來應課稅利潤是由可扣減暫時性差異所產生，並包括將現有的應課稅額暫時性差異轉回，惟該等差異須來自同一稅務機構及同一應課稅實體，並預計與現有課稅額暫時性差異所預期轉回發生在同一時期，或在遞延稅項資產所產生的稅項虧損是在可以向前或往後撥轉的期限之內。同樣的準則將應用於確定現有應課稅暫時性差異是否支持確認由尚未使用的稅項虧損及減免所產生的遞延稅項資產，即會考慮該等差異是否來自同一稅務機構及同一應課稅實體，並是否預期該等差異的轉回與稅項虧損及減免發生在同一時期或期限之內。

對確認遞延資產及負債所指的例外情況，是指由於不能用作減稅的商譽而引致的暫時性差異，在首次確認資產或負債時，不論會計上或應課稅的利潤均未受其影響(但不可屬業務合併部份)。

遞延稅項所確認的金額是以資產及負債的賬面值按預期可以變現或清理值計算。所用的稅率已在結算日有規定或已有頒令實施。遞延稅項資產及負債均未有貼現計算。

遞延稅項資產的賬面值會於每年結算日檢討。當出現並不可能產生足夠應課稅利潤使用相關的稅項益處時，則會將該稅項資產調低。而當再出現有足夠應課稅利潤可供使用時，已調低的金額會被撥回。

由派發股息引起的額外所得稅在有關股息的支付責任獲確立時確認。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

(iv) 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.

(t) Provisions and contingent liabilities

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

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

(u) Trust account

No account of assets held or liabilities incurred by the Group or the Company as trustee has been included.

1 主要會計政策 (續)

(s) 利得稅 (續)

(iv) 當期稅項及遞延稅項結餘，及當中的變動，均會分別列示而不會對沖。如果及祇有，當本公司或本集團，在法律上有可行使的權利將當期稅項資產抵銷當期負債，則當期稅項資產會對當期負債，而遞延稅項資產會對遞延負債。然而仍需符合下列額外的條件：

- 有關當期稅項資產及負債，本公司或本集團有意採用淨額基準來結算，或會將資產變現及同時用以支付負債；或
- 有關遞延稅項資產及負債，若由相同的稅務機構徵收的利得稅是向：
 - 同一應課稅實體，或
 - 不同應課稅實體，而在將來每個期間，預期會有重大遞延稅項負債或資產金額結付或收回，並有意採用淨額基準來結算，或會採用變現後即時支付方式進行。

(t) 準備及或然負債

倘若本集團或本公司須就已發生的事件承擔法律或推定義務，而履行該義務預期會導致含有經濟效益的資源外流，並可作出可靠的估計，便會就該時間或數額不定的負債計提準備。如果貨幣時間價值重大，則按預計履行義務所需資源的現值計列準備。

倘若含有經濟效益的資源外流的可能性不大，或是無法對有關數額作出可靠的估計，便會將該義務披露為或然負債；但假如這類資源外流的可能性極低則除外。須視乎某宗或多宗未來事件是否發生才能確定存在與否的潛在義務，亦會披露為或然負債；但假如這類資源外流的可能性極低則除外。

(u) 信託賬項

本賬項並不包括本集團或本公司以受託人方式持有的資產或承擔的負債。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition

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

(i) *Earned premiums from insurance contracts*

The accounting policies for the recognition of revenue from insurance contracts are disclosed in note 1(d).

(ii) *Policy fee income from investment contracts*

Fees are recognised as revenue based on the stage of completion of the contracts.

(iii) *Rental income from operating leases*

Rental income receivable under operating leases is recognised in the income statement 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 the income statement 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) *Income from asset management and insurance intermediary businesses*

Income from asset management and insurance intermediary businesses is recognised when the service is rendered.

(v) *Dividends*

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

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

(vi) *Interest income*

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

1 主要會計政策 (續)

(v) 收入確認

收入是在經濟效益預期會流入本集團，以及能夠可靠地計算收入和成本(如適用)時，根據下列方法在損益表中確認：

(i) 保險合約已賺取保費

有關確認保險合約收益的會計政策，詳情載於附註1(d)。

(ii) 投資合約的保單費收入

費用根據合約的完成階段確認。

(iii) 經營租賃的租金收入

經營租賃的應收租金收入於相關租賃期的會計期間內，以等額在損益表內確認，除非另有基準能更清楚地反映源自運用租賃資產的利益模式。經營租賃協議涉及的激勵機制在損益表內列作應收租賃淨付款總額的一部分。或然租金在產生的會計期間內確認為收入。

(iv) 資產管理及保險中介業務的收入

資產管理及保險中介業務的收入在提供服務時確認。

(v) 股息

— 非上市投資的股息收入在股東收取款項的權利確立時確認。

— 上市投資的股息收入在投資項目的股價除息時確認。

(vi) 利息收入

利息收入乃按有效利率方法不斷累計確認。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Translation of foreign currencies

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

The results of enterprises outside Hong Kong are translated into Hong Kong dollars at the average exchange rates for the year; balance sheet items are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The resulting exchange differences are dealt with as a movement in reserves.

(x) 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 the income statement.

An embedded derivative is a component of a hybrid (combined) instrument that includes both the derivative and a host contract with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. The embedded derivatives are separated from the host contract and accounted for as a derivative when (a) the economic characteristics and risks of the embedded derivative are not closely related to the host contract; and (b) the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in the income statement. When the embedded derivative is separated, the host contract is accounted for in accordance with note (h) above.

(y) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred.

(z) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and/ or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

1 主要會計政策 (續)

(w) 外幣換算

年內的外幣交易按交易日的匯率換算為港幣。以外幣為單位的貨幣性資產及負債則按結算日的匯率換算為港幣。匯兌收益及虧損均已記錄在損益表內。

香港以外地區的企業的業績按年內的平均匯率換算為港幣；資產負債表項目按結算日的匯率換算。所得出的匯兌差額作為儲備變動處理。

(x) 衍生金融工具

衍生金融工具初始按公平值確認，並於結算日重算。重算公平值的收益或虧損立即記入損益賬內。

嵌入式衍生工具屬於一種混合(結合)式工具的組成部分，該工具包括衍生工具及一主合約，並可改變該結合式工具的現金流，其作用類似一張獨立的衍生工具。當(a)該嵌入式衍生工具的經濟特性及風險與主合約並非緊密關連的；及(b)混合(結合)式工具並非按公平價值計量及將公平價值變動於損益表內確認，嵌入式衍生工具將與主合約分開並按衍生工具入賬。當嵌入式衍生工具被分開處理，主合約根據上述附註(h)入賬。

(y) 借款費用

借款費用在實際產生費用之時在損益表上列支。

(z) 關連人士

就編製本財務報告而言，如果本集團能夠直接或間接監控另一方人士或對另一方人士的財務及經營決策發揮重大的影響力，或另一方人士能夠直接或間接監控本集團或對本集團的財務及經營決策發揮重大的影響力，或本集團與另一方人士均受制於共同的監控或共同的重大的影響下，有關人士即被視為本集團的關連人士。關連人士可以是個人(即主要管理人員、重大股權股東及/或其親近家庭成員)或其他實體，包括受本集團關連人士重大影響的實體，而該關連人士屬個人，及提供福利予本集團僱員的離職後福利計劃或某些與本集團關連的實體。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) 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. 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 period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

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

2 CHANGES IN ACCOUNTING POLICIES

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

The accounting policies of the Group and/or Company after the adoption of these new and revised HKFRSs have been summarised in note 1. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

The Group has early adopted HKAS 39 Amendment "Financial Instruments — Recognition and measurement: Fair value option" in 2005. Except for the above, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 50).

1 主要會計政策 (續)

(aa) 分類匯報

分類是指本集團內可明顯區分的組成部分，並且負責提供單項產品或服務(業務分類)，或在一個特定的經濟環境中提供產品或服務(地區分類)。每個分類所承擔的風險和所獲享的回報，均與其他分類有別。

就本財務報告而言，按照本集團的內部財務報告模式，本集團選擇以業務分類為報告分類信息的主要形式，而地區分類則是次要的分類報告形式。

分類收入、支出、經營成果、資產及負債包含直接歸屬某一分類，以及可按合理的基準分配至該分類的項目的數額。分類收入、支出、資產及負債包含須在編製綜合賬項時抵銷的集團內部往來的餘額和集團內部交易；但同屬一個分類的集團企業之間的集團內部往來的餘額和交易則除外。分類之間的轉移事項定價按與其他外界人士相若的條款計算。

分類資本開支是指在期內購入預計可於超過一個會計期間使用的分類資產(包括有形和無形資產)所產生的成本總額。

未能分配至分類的項目主要包括財務及企業資產、帶息借款、借款、稅項結餘、企業和融資支出。

2 會計政策的變動

香港會計師公會頒布數項新增及經修訂的《香港財務報告準則》，並於二零零五年一月一日或以後的會計期生效。

本集團及／或本公司已採納該等新增及經修訂之《香港財務報告準則》的會計政策已詳載於附註1。以下資料為分析已反映在本年及往年會計期內的財務報告的重大會計政策變更。

本集團提早採納在二零零五年修訂的香港會計準則39號「財務工具-確認及計量：公平值選擇」。除以上外，本集團未有採用任何並未生效的新準則或詮釋於本年度之財務報告(參看附註50)。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

2 會計政策的變動 (續)

(a) Effect of new and revised HKFRSs on the consolidated income statement

(a) 新增及經修訂《香港財務報告準則》對綜合損益表之影響

		Effect of adopting 採納的影響				Total effect on adoption of new HKFRSs 採納新香港 財務報告 準則的影響 總額
		HKAS 32 & 39 香港會計準則 第32及39號 (Note 2(f)) (附註2(f)) \$'000 千元	HKFRS 2 (Note 2(h)) (附註2(h)) \$'000 千元	HKFRS 3 香港財務報告準則 第3號 (Note 2(i)) (附註2(i)) \$'000 千元	HKFRS 4 (Note 2(j)) (附註2(j)) \$'000 千元	
For the year ended 31 December 2005 截至二零零五年十二月三十一日止年度						
Decrease in gross premiums written	毛承保保費減少					
– life insurance contracts	– 人壽保險	–	–	–	(98,184)	(98,184)
Increase in policy fees	保單費收入增加	–	–	–	4,178	4,178
Decrease in investment income and other net gain	投資收入及其他收益淨額減少	(8,275)	–	–	–	(8,275)
Decrease in reinsurance commission income	再保險佣金收入減少	–	–	–	(1,716)	(1,716)
Decrease in premiums ceded to reinsurers	保費之再保份額減少	–	–	–	3,899	3,899
Decrease in policyholders' benefits	保單持有人利益減少	–	–	–	22,797	22,797
Decrease in goodwill amortisation	商譽攤銷減少	–	–	31,512	–	31,512
Increase in staff costs	員工成本增加	–	(20,629)	–	–	(20,629)
Increase in other expenses	其他費用增加	–	–	–	(6,057)	(6,057)
Decrease in change in life insurance funds	壽險責任準備金變動減少	–	–	–	75,083	75,083
Share of losses less profit of associates	應佔聯營公司虧損減溢利	(12,162)	–	–	–	(12,162)
Total increase/(decrease) in profit	溢利增加/(減少)總額	(20,437)	(20,629)	31,512	–	(9,554)
Increase/(decrease) in basic earnings per share (cents)	每股基本盈利增加/(減少) (仙)	(0.0153)	(0.0155)	0.0236	–	(0.0072)
For the year ended 31 December 2004 截至二零零四年十二月三十一日止年度						
Decrease in gross premiums written	毛承保保費減少					
– life insurance contracts	– 人壽保險合約	–	–	–	(2,380)	(2,380)
Increase in policy fees	保單費收入增加	–	–	–	119	119
Decrease in reinsurance commission income	再保險佣金收入減少	–	–	–	(416)	(416)
Decrease in premiums ceded to reinsurers	保費之再保份額減少	–	–	–	1,191	1,191
Decrease in other expenses	其他費用減少	–	–	–	712	712
Decrease in change in life insurance funds	壽險責任準備金變動減少	–	–	–	774	774
Total increase/(decrease) in profit	溢利增加/(減少)總額	–	–	–	–	–
Increase/(decrease) in basic earnings per share (cents)	每股基本盈利增加/(減少) (仙)	–	–	–	–	–

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

2 會計政策的變動 (續)

(b) Effect of new and revised HKFRSs on the consolidated balance sheet

(b) 新增及經修訂《香港財務報告準則》對綜合資產負債表之影響

	Previous accounting policies 以往會計政策 \$'000 千元	Effect of adopting 採納的影響				Total effect on adoption of new HKFRSs 採納新香港財務報告準則的影響總額 \$'000 千元	New accounting policies 新會計政策 \$'000 千元
		HKAS 32 & 39 香港會計準則第32及39號 (Note 2(f)) 附註2(f) \$'000 千元	HKFRS 2 第2號 (Note 2(h)) 附註2(h) \$'000 千元	HKFRS 3 香港財務報告準則第3號 (Note 2(i)) 附註2(i) \$'000 千元	HKFRS 4 第4號 (Note 2(j)) 附註2(j) \$'000 千元		
At 31 December 2005	於二零零五年十二月三十一日						
Increase/(decrease) in assets	資產增加/(減少)						
Investments in debt and equity securities	債務及股本證券投資						
– held-to-maturity	— 持有至到期日	15,426,967	(14,380,930)	–	–	(14,380,930)	1,046,037
– available-for-sale	— 可供出售	–	15,080,678	–	–	15,080,678	15,080,678
– designated at fair value	— 指定為按公平值	–	3,460,846	–	–	3,460,846	3,460,846
– other investments	— 其他投資	3,457,021	(3,457,021)	–	–	(3,457,021)	–
Deferred tax assets	遞延稅項資產	230,641	(227,343)	–	–	(227,343)	3,298
Goodwill	商譽	200,418	–	–	27,767	27,767	228,185
Goodwill included in interest in associates	包括在聯營公司權益之商譽	98,447	–	–	3,745	3,745	102,192
Reinsurers' share of insurance contract provisions	分保公司應佔保險合約準備	–	–	–	472,176	472,176	472,176
Total (decrease)/increase in assets	資產(減少)/增加總額	–	476,230	–	31,512	472,176	979,918
Increase/(decrease) in liabilities	負債增加/(減少)						
Life insurance funds	壽險責任準備金	15,452,680	–	–	853	853	15,453,533
Unearned premium provisions	未到期責任準備金	614,457	–	–	(23,190)	(23,190)	591,267
Investment contract liabilities	投資合約負債	–	–	–	75,857	75,857	75,857
Provision for claims outstanding	未決賠款準備	1,731,322	–	–	418,656	418,656	2,149,978
Total increase in liabilities	負債增加總額	–	–	–	472,176	472,176	–
Increase/(decrease) in equity	權益增加/(減少)						
– Retained profits	— 保留溢利	54,223	(12,162)	(20,629)	31,512	–	(1,279)
– Fair value reserve	— 公平值儲備	–	254,648	–	–	–	254,648
– Employee share-based compensation reserve	— 以股份為本之僱員補償儲備	–	–	20,629	–	–	20,629
– Minority interests	— 少數股東權益	682,343	233,744	–	–	–	233,744
Total increase in equity	權益增加總額	–	476,230	–	31,512	–	507,742
At 31 December 2004	於二零零四年十二月三十一日						
Increase/(decrease) in assets	資產增加/(減少)						
Reinsurers' share of insurance contract provisions	公保公司應佔保險合約準備	–	–	–	–	485,517	485,517
Total increase in assets	資產增加總額	–	–	–	–	485,517	485,517
Increase/(decrease) in liabilities	負債增加/(減少)						
Life insurance funds	壽險責任準備金	9,389,414	–	–	–	87	9,389,501
Unearned premium provisions	未到期責任準備金	410,132	–	–	–	56,615	466,747
Investment contract liabilities	投資合約負債	–	–	–	–	774	774
Provision for outstanding claims	未決賠款準備	1,581,966	–	–	–	428,041	2,010,007
Total increase in liabilities	負債增加總額	–	–	–	–	485,517	485,517

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

2 會計政策的變動 (續)

- (c) Effect of new and revised HKFRSs on the Company's balance sheet

- (c) 新及已修訂《香港財務報告準則》對本公司資產負債表的影響

	Effect of adopting 採納的影響				Total effect of new HKFRSs 採納新香港 財務報告 準則的影響 總額
	HKAS 32 & 39 香港會計準則 第32及39號 (Note 2(f)) (附註2(f))	HKFRS 2 第2號 (Note 2(h)) (附註2(h))	HKFRS 3 第3號 (Note 2(i)) (附註2(i))	HKFRS 4 第4號 (Note 2(j)) (附註2(j))	
At 31 December 2005 於二零零五年十二月三十一日	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
Decrease in retained profits 保留溢利減少	-	(20,629)	-	-	(20,629)
Increase in employee share-based compensation reserve 以股份為本之僱員補償儲備增加	-	20,629	-	-	20,629
	-	-	-	-	-

- (d) The adoption of HKAS 1 has resulted in a change in the presentation of minority interests. In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit or loss attributable to equity holders.

- (d) 採納香港會計準則第1號對呈報少數股東權益產生變動。於過往年度，於結算日的少數股東權益在綜合資產負債表內與負債分開呈報，並列作淨資產的扣減。少數股東所佔本集團年度業績的權益亦會在綜合損益表內分開呈報，並列作計算股東應佔溢利或虧損前作出的扣減。

Following the adoption of HKAS 1 and HKAS 27, minority interests are presented in the consolidated balance sheet as part of equity, separately from the equity attributable to the equity holders of the Company. Minority interests in the results of the Group for the year are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between the minority interests and equity holders of the Company. HKAS 1 requires a retrospective application and therefore the comparative information for 2004 is reclassified in these financial statements.

採納香港會計準則第1號及香港會計準則第27號後，少數股東權益在綜合資產負債表的權益部份列示，並與本公司的股東應佔權益分開呈報。少數股東所佔本集團年內業績的權益，則在綜合損益表上列示為在本公司少數股東權益與股東之間分配的年內溢利或虧損總額。香港會計準則第1號規定須追溯應用，因此，本財務報告重新分類二零零四年的比較資料。

The presentation of minority interests in the consolidated balance sheet, the consolidated income statement and the consolidated statement of changes in equity for 2004 have been reclassified accordingly.

於二零零四年在綜合資產負債表、綜合損益表及綜合權益變動報表呈報的少數股東權益亦已據此重新分類。

- (e) The adoption of HKAS 17 has resulted in a change in the accounting policy relating to leasehold land. Leasehold land and buildings were previously carried at cost less accumulated depreciation and impairment losses.

- (e) 採納香港會計準則第17號對有關租賃土地的會計政策產生變動。租賃土地及樓宇過往以成本減累計折舊及減值虧損列賬。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

Following the adoption of HKAS 17, a lease of land and building should be split into a lease of the land and a lease of the building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at its inception. The land lease prepayment is stated at cost and amortised over the period of the lease whereas the leasehold building is stated at cost less accumulated depreciation and impairment loss.

Whilst HKAS 17 prescribes the lease accounting for land use rights, it does not provide guidance on how to derive the lease amount when the rights are acquired together with a building erected on the land. Thus, if the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease. This guidance is considered relevant to the Group because the payment for the land use rights and that for the buildings cannot be separately identified at inception of the lease, as lump sums were paid to purchase both the land and buildings as a whole. Therefore, no comparative amounts have been restated.

With effect from 1 January 2005, the whole leasehold land and buildings are depreciated over the shorter of their lease terms or useful lives under the new accounting policy.

- (f) The adoption of HKAS 32 and HKAS 39 has resulted in a change in the accounting policy for the recognition, measurement, derecognition and disclosure of financial instruments.

In prior years, the financial instruments of the Group were classified into either held-to-maturity securities or other investments in accordance with the benchmark treatment under SSAP 24. Held-to-maturity securities were stated in the consolidated balance sheet at amortised cost less provision for diminution in value and other investments were carried at fair value. The classification depends on the intention for which the investments are initially recognised.

With effect from 1 January 2005, financial instruments are classified into held-to-maturity securities, available-for-sale securities, securities designated at fair value through profit or loss and loans and receivables in accordance with HKAS 32 and 39.

As a result of the increased categories under which the Group can classify its financial instruments with reference to the new HKAS 32 and 39, certain financial instruments were reclassified as at 1 January 2005. The Group has taken advantage of the transitional provisions of HKAS 39 in respect of the redesignation of investments. The Group has reviewed the intention for which the investments were held at 1 January 2005. The review of intention has resulted in certain securities previously classified as held-to-maturity securities being reclassified as available-for-sale securities. Changes in fair value are recognised in the fair value reserve until the investments are sold or impaired. In addition, other investments were reclassified as securities designated at fair value through profit or loss and securities available-for-sale.

2 會計政策的變動 (續)

採納香港會計準則第17號後，租賃土地及樓宇須在租約開始時參照租賃中土地租賃權益與樓宇租賃權益的相對公平價值，按比例分為土地租賃與樓宇租賃兩部分。土地租約預付款項按成本值列賬並於租賃期內攤銷，而租賃樓宇則按成本減累計折舊及減值虧損列賬。

雖然香港會計準則第17號規定土地使用權租賃的會計處理，然而，其並無提供指引，以計算連同土地上的樓宇收購使用權的租賃款項。因此，如未能於土地及樓宇之間的租金作出可靠分配，整項租賃將被分類為融資租賃。由於已就購入土地及樓宇一筆過支付款項，所以於租賃初始時未能分開辨認支付土地使用權及樓宇的款項，故是項指引被認為與本集團有關。因此，並無重列比較數額。

由二零零五年一月一日起生效，根據新會計政策，整項租賃土地及建築物按其租賃期及可使用年期(以較短者為準)計提折舊。

- (f) 採納香港會計準則第32號及香港會計準則第39號對確認、計量、不再確認及披露財務工具的會計政策產生變動。

於過往年度，本集團的財務工具根據香港會計實務準則第24號的基準處理方法分類為持有至到期日證券或其他投資；持有至到期日證券按攤銷成本減減值撥備在綜合資產負債表列賬，而其他投資則按公平值列賬。財務工具乃按持有投資目的分類。

由二零零五年一月一日起生效，已根據香港會計準則第32號及39號將財務工具分類為持有至到期日證券、可供出售證券、通過損益表以反映公平價值的證券、貸款及應收賬款。

由於本集團根據新香港會計準則第32號及39號可將財務工具分類至更多不同組別，已於二零零五年一月一日重新分類若干財務工具。本集團根據香港會計準則第39號的過渡性條文重新訂定投資分類。本集團已審閱於二零零五年一月一日持有的投資目的。經審閱投資目的後，若干證券過往分類為持有至到期日證券，已重新分類為可供出售證券。公平值變動於投資重估儲備內確認，此外，其他投資已被重新分類為通過損益表以反映公平價值的證券及可供出售證券。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

The reclassification of certain financial instruments as available-for-sale securities also gives rise to the recognition of deferred tax liabilities/(assets) on unrealised gains/(losses) of these securities as of the balance sheet date.

Except for the liabilities for investment contracts without DPF which are designated at fair value through profit or loss, there are no changes in the accounting policies for other financial liabilities.

In prior years, derivative financial instruments entered into by management to hedge the interest rate risk of a recognised asset or liability or the foreign currency risk of a committed future transaction were recognised on an accruals basis with reference to the timing of recognition of the hedged transaction.

With effect from 1 January 2005, and in accordance with HKAS 39, all derivative financial instruments entered into by the Group are stated at fair value. Changes in the fair value of derivatives held as hedging instruments in a cash flow hedge are recognised in equity to the extent that the hedge is effective and until the hedged transaction occurs. Any other changes in fair value of the derivatives are recognised in the income statement.

This change was adopted by way of an adjustment to the opening balance of the fair value reserve as at 1 January 2005 as shown in note 2(b). Comparative amounts have not been restated in accordance with the transitional provisions of HKAS 39.

As a result of the adoption of HKAS 32, certain details regarding the Group's financial instruments are disclosed in note 3 to the financial statements.

- (g) The adoption of HKAS 40 has resulted in a change in the accounting policy for investment property. In prior years, changes in the value of investment properties were dealt with as movements in the investment property revaluation reserve. If the total of this reserve was insufficient to cover a deficit on a portfolio basis, the excess of the deficit was charged to the income statement. Any subsequent revaluation surplus was credited to the income statement to the extent of the deficit previously charged.

With effect from 1 January 2005, in accordance with HKAS 40, any changes in the fair value of investment properties are dealt with in the income statement under the fair value model and there should be no investment property revaluation reserve available to offset against revaluation deficits. The new accounting policy has been adopted retrospectively, with the opening balances of retained earnings and the investment property revaluation reserve and the comparative information adjusted for the amounts relating to prior periods.

2 會計政策的變動 (續)

重新分類若干金融工具為可供出售證券，亦會令該等證券於結算日確認未變現收益/(虧損)的遞延稅項負債/(資產)有所增加。

除非酌情分紅型投資合約按通過損益表以反映公平價值的證券入賬，其他金融負債的會計政策並無變動。

於以往年度，管理層參與的衍生金融工具交易以用作對沖確認資產或負債或以承諾未來交易的外匯風險，按應計基準並參照確認對沖交易的時間確認。

於二零零五年一月一日起，本集團訂立的所有衍生金融工具，均遵照香港會計準則第39條按公平值列賬。於現金流量對沖中，持作對沖工具的衍生金融工具的公平值變動乃於權益中確認，惟以有效對沖為限，直至被對沖的交易進行為止。衍生金融工具公平值的任何其他變動於損益表中確認。

該等變動透過調整附註2(b)所述於二零零五年一月一日的保留溢利期初結餘而獲採納。按香港會計準則第39號的過渡性安排，沒有重列比較金額。

由於採納香港會計準則第32號，有關本集團的金融工具詳情在財務報告的附註3披露。

- (g) 採納香港會計準則第40號對其投資物業的會計政策有所改變。於過往年度，投資物業價值的變動會當作投資物業重估儲備的變動處理。倘按組合基準計算的儲備總額不足以抵銷虧絀，超出的虧絀則於損益表內扣除。任何其後的重估盈餘最多按以往扣除的虧絀的上限計入損益賬。

由二零零五年一月一日起生效，根據香港會計準則第40號，投資物業價值的變動根據公平值模式於損益表處理，及不應有投資物業重估儲備用作抵銷重估虧絀。新會計政策已追溯採用，而保留溢利期初結餘、投資物業重估儲備及比較資料已調整至與過往期間相關的數額。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

The change in accounting policy has no effect on the comparative figures as there was no investment property revaluation reserve as at 31 December 2004.

- (h) The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. In prior years, the provision of share options to employees did not result in an expense in the income statement. If the employees chose to exercise the options, the nominal amount of the share capital and the share premium was credited only to the extent of the exercise price receivable from options exercised.

With effect from 1 January 2005, in order to comply with HKFRS 2, the Group recognises the fair value of the options granted as an expense in the income statement with a corresponding increase in the employee share-based compensation reserve within equity. The fair value is measured at the date of grant and is spread over the period during which the options become vested. If the employee chooses to exercise the options, the related employee share-based compensation reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised, the related employee share-based compensation reserve is directly transferred to retained earnings.

In accordance with the transitional provisions of HKFRS 2, these new recognition and measurement policies have been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested to employees as at 1 January 2005. No opening adjustment is required as no options were granted during the period from 7 November 2002 to 31 December 2004 which were unvested as at 1 January 2005. Therefore, HKFRS 2 applies only to share options granted on or after 1 January 2005. The amount charged to the income statement for the year ended 31 December 2005, with the corresponding amount credited to the employee share-based compensation reserve as a result of this new policy, is shown in note 2 (b).

- (i) The adoption of HKFRS 3 and HKAS 36 has resulted in a change in the accounting policy for goodwill. In prior years, goodwill arising from the acquisition of subsidiaries and associates was amortised in the consolidated income statement on a straight-line basis over its estimated useful life.

With effect from 1 January 2005, in accordance with HKFRS 3 and HKAS 36, the Group ceased the amortisation of goodwill. Goodwill is tested at each balance sheet date for impairment, as well as when there is an indication of impairment.

The new policy has been applied prospectively in accordance with the transitional provisions of HKFRS 3. As a result, comparative amounts have not been restated. The accumulated amortisation as at 1 January 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the year.

2 會計政策的變動 (續)

由於在二零零四年十二月三十一日並無投資物業重估儲備，故會計政策的變更對比較數字並無影響。

- (h) 採納香港財務報告準則第2號對以股份為本的付款的會計政策產生變動。於過往年度，為僱員提供認股權不會於損益表列作開支。如僱員選擇行使認股權，則股本面額及股份溢價僅會計入認股權應收行使價部份。

由二零零五年一月一日起生效，為符合香港財務報告準則第2號，本集團已於損益表確認已授出認股權的公平值為開支，股本內的以股份為本之僱員補償儲備亦會相應增加。公平值乃於授出日期計算，並於僱員可無條件享有有關認股權的期間內攤分。如僱員選擇行使認股權，則有關以股份為本之僱員補償儲備連同行使價轉撥至股本及股份溢價。如認股權失效而未被行使，則有關以股份為本之僱員補償儲備直接轉撥至保留溢利。

根據香港財務報告準則第2號的過渡性條文，新確認及計量政策已追溯應用於二零零二年十一月七日後的股本工具的所有授出，而該等授出可於二零零五年一月一日無條件授予僱員。由於二零零二年十一月七日至二零零四年十二月三十一日期間授出的認股權已於二零零五年一月一日無條件授予僱員，因此毋須作出期初調整。據此，香港財務報告準則第2號僅適用於二零零五年一月一日或之後授出的認股權。由於是項新政策而於截至二零零五年十二月三十一日止十二個月計入損益表的數目，及計入以股份為本之僱員補償儲備的相應數目載於附註2(b)。

- (i) 採納香港財務報告準則第3號及香港會計準則第36號對商譽的會計政策產生變動。於過往年度，收購附屬公司及聯營公司產生的商譽按其估計可使用年度以直線法在綜合損益表內攤銷。

由二零零五年一月一日起生效，根據香港財務報告準則第3號及香港會計準則第36號後，本集團不再攤銷商譽。商譽於各個結算日會作減值測試，並於出現減值跡象時亦會作減值測試。

新政策已根據香港財務報告準則第3號的過渡性安排追溯應用。因此，比較金額並未重列，而於二零零五年一月一日的累計攤銷已經與商譽成本互相對銷，而年度內並無於損益表內確認商譽的攤銷開支。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

- (j) The adoption of HKFRS 4 has resulted in the reclassification of certain insurance contracts as investment contracts and hence the application of HKAS 39 to those contracts.

Insurance contracts

Contracts under which the Group accepts significant insurance risk from another party ("the policyholder") by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event ("the insured event") adversely affects the policyholder or other beneficiary are classified as insurance contracts. For insurance contracts and contracts with DPF, the accounting policy adopted is consistent with that for the prior period, including the recognition of premiums as income.

Some insurance contracts comprise an insurance component and a deposit component. Under HKFRS 4, an insurer is required to unbundle the deposit component if the insurer can measure the deposit component (including any embedded surrender options) separately and its accounting policies do not otherwise require it to recognise all obligations and rights arising from the deposit component. The Group chose not to unbundle the deposit component of all of its insurance contracts as its accounting policies require it to recognise all obligations and rights arising from the deposit component, though the Group can measure the deposit component separately. The accounting treatment is specifically permitted under HKFRS 4.

Guaranteed annuity options and other options and guarantees inherent in some insurance contracts issued by the Group that transfer significant insurance risk to the Group are not separated and measured at fair value.

Investment contracts

Contracts under which the transfer of insurance risk to the Group from the policyholder is not significant are classified as investment contracts.

Investment contracts without DPF, previously classified as insurance contracts, are now classified as investment contracts and are accounted for under HKAS 39. As a result, the life insurance funds related to these investment contracts were reclassified as investment contract liabilities on 1 January 2005. Investment contract liabilities now comprise the policyholders' benefits payable, the premiums received from these contracts and the related investment income generated. Contributions from investment contracts are credited directly to investment contract liabilities and only policy administration fees are now recognised as income in the income statement.

2 會計政策的變動 (續)

- (j) 採納香港財務報告準則第4號導致若干保險合約重新分類為投資合約，並因此香港會計準則第39號應用於該等投資合約。

保險合約

倘將來特定的不確定事件「承保事件」對另一方「保單持有人」或其他受益人有利影響，而本集團透過同意賠償該保單持有人或其他受益人而該保單持有人的重大保險風險的合約歸類為保險合約。就保險合約及酌情分紅型保險合約所採納的會計政策與去年同期採納的會計政策一致，包括將保費確認為收入。

若干保險合約包括保險部份及存款部份。根據香港財務報告準則第4號，倘保險公司可獨立計量存款部份（包括任何嵌入式退保選擇權），則承保公司須對存款部份分項入賬，而其會計政策則並不要求確認存款部份所產生的所有義務及權利。儘管本集團可獨立計量存款部份，但本集團選擇不對其所有保險合約的存款部份進行分項入賬，原因為會計政策要求其確認存款部份所產生的所有義務及權利。該特別會計處理方式符合香港財務報告準則第4號的規定。

本集團發出的部份保險合約轉嫁予本集團重大保險風險，其所固有的保證年金保險期權、其他期權及保證以公平值計量，並非分項入賬。

投資合約

保單持有人轉嫁予本集團的保險風險並不重大的合約分類為投資合約。

非酌情分紅型投資合約過往分類為保險合約，而現時則分類為投資合約，並根據香港會計準則第39號入賬。因此，與該等投資合約相關的壽險基金於二零零五年一月一日被重新分類為投資合約負債。投資合約負債現時包括應付保單持有人的利益、從該等合約收取的保費及所產生的相關投資收入。已收到供款的投資合約，直接於投資合約負債內入賬，只有保單管理費現時於綜合損益表內被確認為收入。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

2 CHANGES IN ACCOUNTING POLICIES (Continued)

In prior years, insurance contract provisions are net of reinsurance assets in the balance sheet. In accordance with HKFRS 4, reinsurers' share of insurance contract provisions are separately disclosed in the balance sheet and do not offset against the related insurance contract provisions.

The change in policy had no effect on the profit or loss of the Group. Comparative amounts have been restated in accordance with the transitional provisions of HKFRS 4.

As a result of the adoption of HKFRS 4, certain details regarding the Group's insurance contracts are disclosed in note 3 to the financial statements.

- (k) The adoption of HKAS 24 has resulted in the change in definition of related parties. It has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosure made in the current year, as compared to those that would have been reported had SSAP 24 still been in effect.

3 INSURANCE AND FINANCIAL RISK MANAGEMENT

(a) Risk management objectives and policies for mitigating insurance risk

The Group is principally engaged in the underwriting of reinsurance business around the world and life insurance business in the PRC. The Group's management of insurance and financial risk is a critical aspect of the business. Insurance risks are managed through the application of various policies and procedures relating to underwriting, pricing, claims and reinsurance as well as experience monitoring.

The Group uses several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, sensitivity analyses and scenario analyses.

The theory of probability is applied to the pricing and provisioning for a portfolio of insurance contracts. The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any year may vary from those estimated using established statistical techniques.

2 會計政策的變動 (續)

於過往年度，保險合約準備於資產負債表中自再保險資產內扣除。根據香港財務報告準則第4號的規定，分保公司應佔保險合約準備在資產負債表中獨立披露，且不會抵銷相關的保險負債。

政策的變更對本集團的溢利或虧損並無影響。比較數字已按《香港財務報告準則》第4號的過度性條文重列。

由於採納香港財務報告準則第4號，有關本集團的保險合約詳情在財務報告的附註3披露。

- (k) 由於採納《香港會計準則》第24號，關連人士之定義經已擴大及澄清關連人士包括可受個人（即主要管理人員、重大股權股東及／或其親近家庭成員）重大影響的公司及提供福利予本集團僱員的離職後福利計劃或某些與本集團關連的實體。假設《香港會計實務準則》第24號仍然生效，二者比較，此項定義上之澄清並未對往年度或本年度已披露的關連人士交易構成重大影響。

3 保險及財務風險管理

(a) 風險管理目標及降低保險風險政策

本集團的主要業務為在全球各地承保再保險業務及在中國從事人壽保險業務。本集團的保險及財務風險管理乃主要業務領域。本集團藉應用各種與承保、定價、賠款及再保險以及經驗監測有關的政策及程序管理保險風險。

本集團採用多種方法評估及監測保險風險，包括個別類型的承保風險及整體風險。該等方法包括內部風險計量模式、敏感性分析及方案分析。

保險合約組合的定價及準備應用概率理論。主要風險為賠款次數及嚴重性超過預期。保險事件在性質上具有任意性，任何年度內事件的實際數目及結果可能與使用現行統計技術所估計者不同。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(b) Underwriting strategy

Reinsurance

The Group's general reinsurance portfolio is made up of a mix of business spread across different geographic regions and classes, with emphasis towards Asian countries covering property damage, marine cargo and hull and miscellaneous non-marine classes. In addition to diversifying its underwriting portfolio, the Group does not actively seek acceptance of any liability reinsurance business from customers operating outside of the Asia Pacific region, in particular, the United States of America. In the Asia Pacific region, where these are core-markets of the Group, liability reinsurance for motor, workers' compensation and general third party liability businesses are written on a limited scale in order to provide customers in the region with comprehensive reinsurance services.

Life insurance

The Group focuses its life insurance business towards the PRC's life insurance market, offering a wide range of insurance products covering different types of individual and group life insurance, health insurance, accident insurance and annuity. With regard to the control of quality of the insurance policies underwritten, the Group has formulated strict operational procedures on underwriting and claims settlement to control risks on insurance underwriting.

(c) Reinsurance strategy

Reinsurance

The Group purchases reinsurance protections in order to increase its underwriting capacity, to diversify its risk exposure and to harmonise its net retention exposure to avoid any significant adverse impact to its financial performance which may be caused by single or multiple catastrophic losses. The reinsurance protections are chosen after careful consideration of reinsurers' reputation and credit worthiness.

Life insurance

The Group is required to cede 5% insurance premiums and risk from short duration accident and health contracts to China Reinsurance (Group) Company under the statutory reinsurance regulation of the PRC. Such statutory reinsurance had been ceased from 1 January 2006. In addition, the Group purchases reinsurance protection from other reinsurers in the normal course of business in order to limit the potential for losses arising from longer and concentrated exposures. In assessing the credit worthiness of reinsurers, the Group takes into account, among other factors, ratings and evaluation performed by recognised credit rating agencies, their claims-paying and underwriting track record, as well as the Group's past experience with them.

3 保險及財務風險管理 (續)

(b) 承保策略

再保險

本集團的一般再保險組合由涵蓋不同地區及類別的一系列業務類別組成，重點在於亞洲國家，包括物業損毀、海運及船隻保險以及綜合非海事保險。除多元化承保組合外，本集團並無積極從亞太地區以外（尤其是美國）營運商的客戶尋求任何責任再保險業務。在亞太地區，即本集團的核心市場，本集團會有限度承保汽車責任再保險、工傷賠償及一般第三者責任險，為區內客戶提供全面再保險服務。

人壽保險

本集團人壽保險業務的核心在於中國人壽保險市場，提供各種各樣的保險產品，包括不同類型的個人及團體人壽保險、健康險、意外險及年金。在承保的保單質量控制方面，本集團已設立嚴格的承保及理賠操作程序，以控制保險承保的風險。

(c) 再保險策略

再保險

本集團購買再保險保障以提高承保能力、分散風險及平抑自留風險，避免個別或多次災難性損失可能嚴重打擊本集團的財務表現。選擇再保險保障時會審慎考慮再保險商的聲譽及信用水平。

人壽保險

根據中國的法定再保險規例，本集團須從短期意外及健康保險合約中分出5%保費及風險予中國再保險(集團)公司。自二零零六年一月一日起已終止實施該法定再保險規例。此外，本集團於日常業務過程中向其他再保險商購買再保險保障，以限制因較長期及集中風險而產生的潛在損失。在評估再保險商的信用水平時，本集團會考慮認可信用評級機構的評級及評估、以往賠款及承保記錄及與本集團以往的交易經驗等因素。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(d) Asset and liability matching

Reinsurance

A key aspect in the management of the Group's risk is through matching the timing of cash flows from assets and liabilities.

The Group actively manages its assets using an approach that balances quality, diversification, asset and liability matching, liquidity and investment return. The goal of the investment process is to maximise investment returns at a tolerable risk level, whilst ensuring that the assets and liabilities are managed on a cash flow and duration basis.

Life insurance

The objective of the Group's asset and liability management is to match the Group's assets with liabilities on the basis of duration. However, under the current regulatory and market environment in the PRC, the Group is unable to invest in assets with a duration of sufficient length to match the duration of its life insurance liabilities. When the regulatory and market environment permits, the Group intends to gradually lengthen the duration of its assets. The Group monitors the duration gap between the assets and liabilities closely and prepares cash flow projection from assets and liabilities on a regular basis. Currently, the Group intends to reduce the level of the asset-liability mismatch by:

- actively seeking to acquire longer dated fixed rate debt investments with an acceptable level of yield;
- upon the maturity dates of fixed rate debt investments, rolling over the proceeds to longer dated fixed rate debt investments;
- disposing of some of the shorter dated fixed rate debt investments, particularly those with lower yields, and rolling over the proceeds to longer dated fixed rate debt investments; and
- investing in equities for the long term.

3 保險及財務風險管理 (續)

(d) 資產與負債配比

再保險

本集團管理風險的主要範疇在於資產與負債的現金流動配比時間。

本集團通過平衡質素、多元組合、資產與負債配比、流動性與投資回報等方面的手段來積極管理資產。投資過程的目標是在可容忍的風險程度內將投資回報提升至最高水平，同時確保資產與負債按現金流動及期限基準管理。

人壽保險

本集團的資產與負債管理目標為按期限基準配比本集團的資產與負債。然而，有鑒於中國現行監管及市場環境，本集團未能投資於長期足以配比其壽險負債的資產。在監管及市場環境允許的情況下，本集團有意逐步延長其資產的期限。本集團密切監督資產與負債的期限差距，定期進行資產與負債的現金流動預測。目前，本集團有意透過以下方法降低資產與負債不配的程度：

- 積極尋求取得收益水平可接受的較長期定息債務投資；
- 於定息債務投資到期後，將所得款項滾存入長期定息債務投資；
- 出售部份短期定息債務投資，尤其是收益率較低者，將收益滾存入長期定息債務投資；及
- 長期投資股份。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(e) Terms and conditions of insurance contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are set out below:

(i) Reinsurance

Product features

The Group writes proportional and non-proportional reinsurance treaties and facultative reinsurance contracts primarily in Hong Kong and other Asian countries.

Reinsurance may take a relatively long period of time to finalise and settle claims for a given incurred year. The speed of claims reporting and claims settlement is a function of the specific coverage provided, the jurisdiction and the specific policy provisions. There are numerous components underlying the general reinsurance business.

Management of risks

The key risk associated with reinsurance contracts are those relating to underwriting.

The Group maintains at present seven underwriting teams, each comprising of one to six members, which are responsible for the underwriting and sales of the Group's reinsurance products. The team promoting a certain product to a customer has the requisite expertise to determine whether the Group can meet the specific requirement of the customer. All inward business is screened and analysed by the underwriting staff. The decision to underwrite and the level of risk exposure accepted are determined by reference to the underwriting guideline setting out the types of business desired, and the maximum capacity per risk and per zone. Such criteria are determined by considering factors including the risk exposure, the pricing, the profit potential, the class of business, the marketing strategy, the retrocession facilities available and the market trends.

The Group also arranges retrocession facilities to manage the risk. The Group purchases mainly proportional retrocession treaties in respect of fire and marine cargo businesses. In addition, the Group's catastrophic risks are currently protected by means of a single whole-account catastrophe excess of loss retrocession facility.

Concentration of insurance risks

Concentration of risk arises from the accumulation of risks within a particular business line and geographic area. The Group's key methods in managing these risks are diversification of the business line and areas where the gross premiums are written. The tables below indicate the gross premiums written by business line and geographical distribution for the year ended 31 December 2005.

3 保險及財務風險管理 (續)

(e) 保險合約的條款及條件

對保險合約產生的未來現金流動的數額、時間及不明朗性有重大影響的保險合約條款及條件載列如下:

(i) 再保險

產品特點

本集團主要在香港及其他亞洲國家承保按比例或非按比例再保險條約以及臨時再保險合約。

再保險於既定發生年度可能需要相對較長的時間完成理賠。賠款申報及理賠的速度取決於相關的保險特定範圍、司法權區及特定的保單規定。一般再保險業務有多個組成部份。

風險管理

再保險合約的主要風險為與承保相關的風險。

目前本集團設有七個承保團隊，每個團隊由一至六名成員組成，負責承保及銷售本集團的再保險產品。向客戶推銷一種特定產品的團隊擁有專門技術，從而釐定本集團能否滿足客戶的特定要求。承保人員會篩選及分析所有承接的業務。承保的決定及風險水平參照以下各項釐定：承保指引設定所需業務的類型、每種風險及每區的最大能力。該等標準經考慮多種因素後釐定，包括風險因素、定價、盈利潛力、業務類別、市場推廣策略、可用轉分保險及市場趨勢等。

本集團亦安排轉分保險以控制風險。本集團主要購買有關火災及貨運的比例轉分保險。此外，本集團的巨災風險現時通過一攬子超賠轉分保險的方式保障。

保險風險集中

風險集中因特定業務種類與地理區域的風險累積而產生。本集團管理該等風險的主要方法為分散產生保費總額的業務種類及地區。下表顯示截至二零零五年十二月三十一日止年度按業務種類及地理分佈產生的保費總額。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT 3 保險及財務風險管理 (續)

(Continued)

(e) Terms and conditions of insurance contracts (Continued)

(i) Reinsurance (Continued)

By business line:

Proportional treaty
Non-proportional treaty
Facultative

比例合約
非比例合約
臨時

% to total gross premiums written
佔毛承保保費總額百分比

53.8%
34.7%
11.5%

100.0%

By geographical territory:

Hong Kong and Macau
PRC
Japan
Rest of Asia
Europe
Other

香港及澳門
中國
日本
亞洲其他地區
歐洲
其他地區

按地理區域：

% to total gross premiums written
佔毛承保保費總額百分比

26.7%
17.8%
6.9%
27.7%
14.7%
6.2%

100.0%

(ii) Life insurance

The features of major life insurance products are summarised below:

Product features

Term insurance

The Group writes term policies which pay out guaranteed benefits on death that are fixed in amounts and not at the discretion of the Group. The benefits are determined by the contract terms and are not directly affected by the performance of the underlying asset performance. The contracts include both individual and group schemes. The individual policies are long-term policies with guaranteed surrender value. Under the group schemes, the rates are annually renewable and are not guaranteed.

(ii) 人壽保險

主要人壽保險產品的特點概述如下：

產品特點

定期保險

本集團承保期限保單，該險種就身故者支付保證的利益，數額固定，並非由本集團酌情釐定。利益根據合約釐定，不會直接受到相關資產表現的影響。該等合約既包括個人計劃亦包括團體計劃。個人保單是有保證退保價值的長期保單。而根據團體計劃，費率每年更新及並無擔保。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(e) Terms and conditions of insurance contracts (Continued)

(ii) Life insurance (Continued)

Whole Life insurance

The Group writes whole life policies which pay out guaranteed benefits on death. One individual whole life product also pays survival benefits every three years. All contracts have guaranteed surrender value.

Endowment insurance

The Group writes endowment policies which pay out guaranteed benefits on death or maturity at the end of the policy term. All contracts have guaranteed surrender value.

Annuity

The Group writes immediate and deferred annuity policies which pay out guaranteed survival benefits, some with a minimum guaranteed fixed period. All contracts have guaranteed surrender value before the pay out period starts.

Product with Discretionary Participation Features

The Group writes with-profits whole life and endowment policies, where discretionary annual bonus and sometimes discretionary terminal bonus are offered. All contracts have guaranteed surrender value. Provisions are invested in a fund, the strategy of which is to invest mostly in fixed interest securities. The bonus payments are designed to distribute to policyholders the profits from investment, expense and mortality gains. The contracts provide more capital security to the policyholders than unit-linked contracts. The shareholders of the Group receive up to 30% of the profits.

Unit linked insurance contracts

The Group writes unit-linked contracts that operate by investing the policyholders' premiums into pooled investment funds of the Group. The policyholders' share of the fund is represented by units. Individual policies are contracts with a fixed term where the policyholders are paid the sums assured upon death or total and permanent disability in addition to the account value. The account value depends on the investment performance of the underlying fund and the level of charges levied by the Group for policy administration fees, mortality and other charges.

3 保險及財務風險管理 (續)

(e) 保險合約的條款及條件 (續)

(ii) 人壽保險 (續)

終身人壽保險

本集團承保終身人壽保險保單，該保單就身故者給付保證的利益。其一種個人終身產品亦每三年一次支付生存利益。所有該等合約均有保證退保價值。

養老保險

本集團承保養老保險保單，該保單就身故者或於合約期限屆滿時給付保證的利益。所有該等合約均有保證退保價值。

年金

本集團承保即時及遞延付年金保單，該保單給付保證的生存利益，部份設有最低保證既定期限。所有該等合約於給付期開始前均有保證退保價值。

具酌情分紅特色的產品

本集團承保終生及兩全分紅業務。該保單設有酌情年度分紅利益及部份設有酌情末期分紅規定。所有該等合約均有保證退保價值。其準備金投資於主要投資定息證券的基金。分紅保險的設計目的在於向保單持有人支付投資、開支及死亡率收益的盈利。該等合約為保單持有人提供比單位連結合約高的本金保障。本集團股東收取盈利的最高達30%。

單位連結保險合約

本集團承保單位連結保險合約，透過將保單持有人的保費投資於本集團匯集投資基金的方式運作。保單持有人分佔的基金份額以基金單位計算。個人保單為有固定期限的合約，除賬目價值外，保單持有人可獲死亡及完全及終身殘疾賠償。賬目價值取決於相關基金的投資表現及本集團就保單管理費、死亡率及其他收費徵收的費用。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(e) Terms and conditions of insurance contracts (Continued)

(ii) Life insurance (Continued)

Universal life insurance contracts

The Group writes fixed term single premium endowment contracts. Universal life contracts operate by investing the policyholders' premiums into a pooled investment fund of the Group. The Group at its discretion declares a monthly crediting rate to the policyholder accounts subject to the guaranteed minimum rate of the policy and the statutory minimum rate of 2% below the actual investment performance of the underlying fund. The account values accrue interest at the crediting rate and monthly charges levied by the Group for policy administration.

Guaranteed Features

The main guaranteed features of life insurance products include:

Guaranteed interest rate

The guaranteed minimum interest rate in most products is not higher than the statutory maximum rate in the PRC. The rate is lower than the current market interest rate.

Guaranteed credited rate

There is a guaranteed minimum credited rate in the universal life product and an adjustable non-negative guaranteed rate for the Group's unit-linked deposit administration policy.

Guaranteed premium

There is a guarantee of premium in all of the long-term products. There is guarantee of premium for short-term products.

Guaranteed cash surrender values ("CSVs")

There are statutory minimum guaranteed CSVs in most of the long-term products.

Management of risks

The key risk associated with life insurance contracts is the risk of potential loss arising with respect to a particular insurance product as a result of actual market conditions and loss experience being different from the assumed market conditions and loss experience used when designing and pricing the product.

3 保險及財務風險管理 (續)

(e) 保險合約的條款及條件 (續)

(ii) 人壽保險 (續)

萬能壽險合約

本集團承接固定期限單一保費兩全合約。萬能壽險合約乃透過將保單持有人的保費投資於本集團的綜合投資基金而運作。本集團按保單的最低保證比率及法定最低比率(有關基金的實際投資表現低2%)酌情宣派月度信貸率予保單持有人。賬戶金額按信貸率計入利息及本集團保單管理徵收的每月費用。

保證回報特點

壽險產品的保證回報特點包括：

保證利率

多數保險產品的最低保證利率不超過法定最高利率。該利率低於現行市場利率。

保證信貸率

萬能壽險產品附帶最低保證信貸率，而團體單位連結存款管理保單附帶可調整的保本比率。

保證保費

所有長期保險產品均有保證保費。而短期保險產品則沒有保證保費。

保證現金退保價值

大多數長期保險產品有法定最低保證現金退保價值。

風險管理

壽險合約的主要風險為實際市場狀況導致特定保險產品產生潛在虧損，以及虧損經驗與假設的市場狀況及設計及定價產品所使用的虧損經驗不同而引致的潛在虧損風險。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(e) Terms and conditions of insurance contracts (Continued)

(ii) Life insurance (Continued)

The Group manages the risks by centralising the product design function at the head office level, headed by chief appointed actuary and senior management in other key functional departments. Standards and guidelines are established to ensure that the risks associated with particular products are within the acceptable level. The pricing method, the assumption, the solvency requirement, the profit margin, the loss experience, etc., are key considerations in designing a product.

In addition, the underwriting and claim processing departments strictly follow the established standards and procedures.

Concentration of insurance risks

Concentration risk is the risk of incurring a major loss as a result of having a significant mortality or other insurance coverage on a particular person or a group of persons due to the same event. The Group manages the concentration of insurance risks by way of reinsurance arrangements with a maximum retention risk of RMB 500,000 per person in life and personal accident policies and RMB 200,000 on critical illness insurance. In addition, the Group purchases catastrophe protection for losses arising from claims involving multiple lives from the same event. The maximum retention risk is RMB 1 million for each and every loss occurrence, and the total coverage is RMB 50 million for each and every loss occurrence. The Group purchases surplus treaties and proportional treaties to cover life, accident and long term health risks. In addition, excess of loss is applied for any insurance contract with significant sum insured.

The distribution of sum insured is summarised as follows:

RMB'000
人民幣千元

0-200
201-500
501-750
751-1,000
1,001-1,500
1,501-2,000
2,001-2,500
>2,500

3 保險及財務風險管理 (續)

(e) 保險合約的條款及條件 (續)

(ii) 人壽保險 (續)

本集團透過總部將產品設計功能中央化以管理風險，由委任的首席精算師及其他職能部門的高級管理層領導，設立標準及指引以確保特定保險產品的相關風險介於可接受範圍內。定價方法、假設、清償規定、利潤率及虧損經驗等均是設計保險產品時考慮的關鍵因素。

此外，承保及賠款處理部門嚴格遵守既定的標準及程序。

保險風險集中

集中風險指本集團因相同事件造成特定人士或一群人士發生重大死亡或屬於其他承保範圍而蒙受重大損失的風險。本集團透過再保險安排(壽險及個人意外保單的最高自留金額風險為每人人民幣500,000元，重大疾病保險的最高自留金額風險為每人人民幣200,000元)管理集中風險。此外，本集團就同一事故造成涉及人數眾多的保險賠款而產生的巨額賠償購買巨災保障保險。每宗事故的最高自留金額風險為人民幣100萬，而再保險保障上限為人民幣5000萬元。本集團購買溢額合約保險及比例合約保險以保障壽險、意外風險保險及長期健康保險。此外，任何受保的重大金額保險合約均安排了超額賠款。

受保金額的分佈概述如下：

RMB'000 人民幣千元	Before Reinsurance 再保險前	After Reinsurance 再保險後
0-200	97.50%	97.51%
201-500	2.17%	2.49%
501-750	0.13%	—
751-1,000	0.09%	—
1,001-1,500	0.03%	—
1,501-2,000	0.02%	—
2,001-2,500	0.01%	—
>2,500	0.05%	—
	100.00%	100.00%

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial risk

Transactions in financial instruments may result in the Group assuming financial risks. These include market risk, credit risk, liquidity risk and reinsurance risk. Each of these financial risks is described below, together with a summary of the ways in which the Group manages these risks.

(i) Market risk

Market risk can be described as the risk of change in fair value of a financial instrument due to changes in interest rates, equity prices or foreign currency exchange rates.

— Interest rate risk

Reinsurance

Reinsurance premium and loss reserves are not discounted other than settled claims with fixed payment terms. In addition, most of the fixed rate debt securities are classified under held-to-maturity category and stated at amortised cost. Therefore interest rate risks to the Group on these reserves for reinsurance contracts and investments are not significant.

Life insurance

The Group is exposed to interest rate risk on its reserves for life insurance contract and its fixed rate debt investment portfolio. The Group monitors this exposure through periodic reviews of its asset and liability positions. Estimates of cash flows, as well as the impact of interest rate fluctuations relating to the investment portfolio and insurance liabilities, are modelled and reviewed periodically.

3 保險及財務風險管理 (續)

(f) 財務風險

財務工具交易可引致本集團須承擔若干財務風險。該等風險包括市場風險、信用風險、流動資金風險及再保風險。各有關財務風險連同本集團管理該等風險的方法闡述如下。

(i) 市場風險

市場風險乃指因利率、股本價值或外幣匯率變動造成財務工具的公平價值變動而引致的風險。

— 利率風險

再保險

再保險保費及虧損儲備並無折扣，惟具固定支付期限的固定賠款者除外。此外，定息債券被歸類為持有至到期類，並按攤銷成本列賬。因此，本集團就再保險合約及投資的該等儲備方面並無重大利率風險。

壽險

本集團就壽險合約及其定息債務投資組合的儲備須承擔利率風險。本集團透過定期審核其資產及負債情況監控該風險。就本集團投資組合而言，吾等會對現金流量估值以及因利率變動所帶來的影響均進行定期模擬及審核。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

— Effective interest rate

The following table indicates the weighted average effective interest rates in respect of selected key income-earning financial assets and interest-bearing financial liabilities for the year ended 31 December 2004 and 2005.

		2005	2004
Assets	資產		
Debt securities	債務證券	4.31%	4.13%
Deposits with banks and other financial institutions	存置於銀行及其他金融機構	2.58%	2.13%
Liabilities	負債		
Securities sold under repurchased agreement	賣出回購證券	1.58%	—
Interest bearing notes	需付息票據	5.24%	5.84%

— Equity price risk

The Group has a portfolio of marketable equity securities, which is carried at fair value and is exposed to price risk. This risk is defined as the potential loss in market value resulting from an adverse change in prices. The Group's objective is to earn competitive relative returns by investing in a diverse portfolio of high quality and liquid securities.

In respect of the reinsurance business, the equity securities are limited to less than 20% of total investments. The equity security portfolio is diversified among different countries and different industries. At 31 December 2005, the equity securities were carried at a fair value of \$322.35 million, representing 10.4% of total investments held by the general reinsurance business.

In respect of the life insurance business, the current PRC regulation does not allow an insurance company to hold listed equities and mutual funds more than 5% and 15% respectively of total assets. An insurance company is only allowed to invest equities listed in the PRC. At 31 December 2005, the equity securities and mutual funds were carried at a fair value of \$1,736.34 million, representing 8.4% of total investments held by the life insurance business.

— Foreign exchange risk

In respect of the reinsurance business, premiums are received mainly in HKD and USD and also in a number of Asian currencies which follow closely the USD currency rate movement. The Group aims to hold assets in these currencies in broadly similar proportion to its insurance liabilities.

In respect of the life insurance business, premiums are received in RMB and the insurance regulation in the PRC requires the insurers to hold RMB assets. The capital injections from the shareholders outside the PRC were in HKD and USD.

3 保險及財務風險管理 (續)

(f) 財務風險 (續)

— 有效利率

下表載列截至二零零四年及二零零五年十二月三十一日止年度可產生收入的個別主要財務資產及帶息財務負債的加權平均有效利率。

	2005	2004
資產		
債務證券	4.31%	4.13%
存置於銀行及其他金融機構	2.58%	2.13%
負債		
賣出回購證券	1.58%	—
需付息票據	5.24%	5.84%

— 股本價格風險

本集團的有價股本證券組合以公平價值列賬及須承擔價格風險。該風險指因價格的不利變動而造成的市值的潛在損失。本集團的目標是透過投資於高質素的多元化流動證券組合以賺取具競爭力的相對回報。

就再保險業務而言，股本證券須低於總投資額的20%。股本證券組合分散投資於不同國家及不同行業。於二零零五年十二月三十一日，股本證券以公平價值3.2235億港元列賬，佔一般再保險業務總投資額的10.4%。

就人壽保險業務而言，根據當前中國法例的規定，保險公司持有上市股本及互惠基金的比例不得超過總資產的5%及15%。保險公司限於在中國上市的股本證券。於二零零五年十二月三十一日，有價股本證券及有關有價股本證券的互惠基金以公平價值17.3634億港元列賬，佔人壽保險業務總投資額的8.4%。

— 外匯風險

就再保險業務而言，保費主要以港幣及美元計值，同時亦以多種緊隨美元匯率變動的亞洲貨幣計值。本集團致力維持以該等貨幣持有資產的比例與其保險負債大致相同。

就人壽保險業務而言，保費以人民幣計值，而中國保險法例規定保險公司持有人民幣資產。中國境外股東以港幣及美元注資。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

3 保險及財務風險管理 (續)

(f) Financial risk (Continued)

(f) 財務風險 (續)

The following table indicates the concentration of foreign exchange risk on the Group's level at the balance sheet date:

下表載列本集團於結算日承受外匯風險的集中程度：

		2005				Total
		RMB	USD	HKD	Other foreign currencies	Total
		人民幣	美元	港幣	其他外幣	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Assets	資產					
Fixed assets	固定資產					
– Investment properties	– 投資物業	–	–	105,480	–	105,480
– Other property, plant and equipment	– 其他物業、機械及設備	494,777	263	58,690	297	554,027
Goodwill	商譽	154,908	–	73,277	–	228,185
Interest in associates	於聯營公司的權益	293,581	–	21,717	–	315,298
Deferred tax assets	遞延稅項資產	–	–	3,298	–	3,298
Investments in debt and equity securities	債務及股本證券投資	17,230,946	1,764,841	413,345	178,429	19,587,561
Amounts due from group companies	應收集團內公司款項	–	–	298	16	314
Insurance debtors	保險客戶應收賬款	20,139	107,940	123,626	90,355	342,060
Reinsurers' share of insurance contract provisions	分保公司應佔保險合約準備	37,289	108,608	219,183	107,096	472,176
Other debtors	其他應收賬款	483,534	13,636	105,504	6,104	608,778
Tax recoverable	可收回稅項	–	–	5,585	–	5,585
Pledged deposits at bank	已抵押銀行存款	–	95,353	–	2,627	97,980
Deposits at bank with original maturity more than three months	原到期日超過三個月之銀行存款	1,063,629	883,858	314,247	–	2,261,734
Cash and cash equivalents	現金及現金等價物	1,234,214	493,527	459,721	563,843	2,751,305
Total assets	總資產	21,013,017	3,468,026	1,903,971	948,767	27,333,781
		2005				Total
		RMB	USD	HKD	Other foreign currencies	Total
		人民幣	美元	港幣	其他外幣	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Liabilities	負債					
Life insurance funds	壽險責任準備金	15,453,533	–	–	–	15,453,533
Unearned premium provisions	未到期責任準備金	221,940	–	369,327	–	591,267
Provision for outstanding claims	未決賠款準備	80,545	553,173	957,573	558,687	2,149,978
Investment contract liabilities	投資合約負債	75,857	–	–	–	75,857
Securities sold under repurchase agreements	賣出回購證券	1,923,499	–	–	–	1,923,499
Deferred tax liabilities	遞延稅項負債	80,050	–	504	–	80,554
Interest-bearing notes	需付息票據	1,441,500	1,347,971	–	–	2,789,471
Amounts due to group companies	應付集團內公司款項	–	–	–	–	–
Insurance creditors	保險客戶應付賬款	301,402	27,669	37,749	13,351	380,171
Accrued charges and other creditors	應計費用及其他應付賬款	393,087	11,137	17,283	–	421,507
Current taxation	當期稅項	–	–	37,470	–	37,470
Insurance protection fund	保險保障基金	7,229	–	–	–	7,229
Total liabilities	總負債	19,978,642	1,939,950	1,419,906	572,038	23,910,536

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT 3 保險及財務風險管理 (續)

(Continued)

(f) Financial risk (Continued)

(f) 財務風險 (續)

		2004				
		RMB	USD	HKD	Other foreign currencies	Total
		人民幣	美元	港幣	其他外幣	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Assets	資產					
Fixed assets	固定資產					
– Investment properties	– 投資物業	–	–	118,895	–	118,895
– Other property, plant and equipment	– 其他物業、機械裝置及設備	320,923	390	60,391	–	381,704
Goodwill	商譽	154,908	–	323,277	–	478,185
Interest in associates	於聯營公司的權益	329,634	–	21,961	–	351,595
Deferred tax assets	遞延稅項資產	69,220	–	3,404	–	72,624
Investments in debt and equity securities	債務及股本證券投資	8,541,396	1,954,166	445,065	309,054	11,249,681
Amounts due from group companies	應收集團內公司款項	470	–	68	17	555
Insurance debtors	保險客戶應收賬款	16,402	72,208	116,911	93,290	298,811
Reinsurers' share of insurance contract provisions	分保公司應佔保險合約準備	24,345	68,516	292,703	99,953	485,517
Other debtors	其他應收賬款	321,093	3,108	62,075	3,696	389,972
Tax recoverable	可收回稅項	–	–	6,378	–	6,378
Pledged deposits at bank	已抵押銀行存款	–	73,460	–	3,073	76,533
Deposits at bank with original maturity more than three months	原到期日超過三個月的銀行存款	246,874	647,769	312,427	–	1,207,070
Cash and cash equivalents	現金及現金等價物	341,285	1,083,615	461,326	335,631	2,221,857
Total assets	總資產	10,366,550	3,903,232	2,224,881	844,714	17,339,377
		2004				
		RMB	USD	HKD	Other foreign currencies	Total
		人民幣	美元	港幣	其他外幣	總額
		\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元
Liabilities	負債					
Life insurance funds	壽險責任準備金	9,389,501	–	–	–	9,389,501
Unearned premium provisions	未到期責任準備金	114,522	–	352,225	–	466,747
Provision for outstanding claims	未決賠款準備	37,604	320,946	1,183,248	468,209	2,010,007
Investment contract liabilities	投資合約負債	774	–	–	–	774
Securities sold under repurchase agreements	賣出回購證券	–	–	–	–	–
Deferred tax liabilities	遞延稅項負債	–	–	381	–	381
Interest-bearing notes	需付息票據	–	1,350,980	–	–	1,350,980
Amounts due to group companies	應付集團內公司款項	–	–	129,479	–	129,479
Insurance creditors	保險客戶應付賬款	240,596	4,736	50,112	13,713	309,157
Accrued charges and other creditors	應計費用及其他應付賬款	209,470	19,046	17,450	–	245,966
Current taxation	當期稅項	576	–	9,727	41	10,344
Insurance protection fund	保險保障基金	2,734	–	–	–	2,734
Total liabilities	總負債	9,995,777	1,695,708	1,742,622	481,963	13,916,070

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

(ii) Credit risk

Credit risk is the risk of economic loss resulting from the failure of one of the obligors to make any payment of principal or interest when due, in the case of fixed income investments and receivables or in the case of an equity investment, the loss in value is resulting from a corporate failure.

Reinsurance

The Group is exposed to credit risks primarily associated with the reinsurance debtors and the debt securities. To reduce the credit risk with reinsurance debtors, the Group takes into account, among other factors, ratings and evaluation by recognised credit rating agencies, their claims payment and underwriting track record, as well as the Group's past transaction experience with them. The Group also spreads out the credit risk by reinsuring with a number of reinsurers who are domiciled in many different countries. To reduce the credit risk associated with fixed income investments, the Group restricts investments in fixed income debt securities with credit ratings generally not below the investment grade, i.e. BBB or higher, except for certain sovereign rated securities.

Life insurance

The Group is exposed to credit risks primarily associated with its investments in debt securities issued by the PRC enterprises. To reduce the credit risk, the Group established a detailed credit control policies, by undertaking a credit analysis. In addition, the risk level of the various investment sectors is continuously monitored with investment mix adjusted accordingly.

The total allowance and provision for receivable losses consists of two components: individual impairment allowances and collective impairment allowances. The individual impairment allowance component applies to receivables evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows which are expected to be received. Each impaired asset is assessed on its merits. Collective impairment allowances cover credit losses inherent in portfolios of receivables with similar economic characteristics where there is objective evidence to suggest that they contain impaired receivables but the individual impaired item cannot be identified. In assessing the need for collective impairment allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors.

3 保險及財務風險管理 (續)

(f) 財務風險 (續)

(ii) 信用風險

信用風險是指，對固定利息投資及應收賬款而言，債務人到期未能支付任何本金或利息而引起經濟損失的風險，或對股本投資而言，因被投資企業經營失敗而引起損失的風險。

再保險

本集團主要會承受的信用風險與再保險債務人及債務證券有關。為降低與再保險債務人有關的信用風險，本集團將(其中包括)認可信用評級機構的評級及估值、債務人賠款支付及承保的紀錄以及本集團與債務人的過往交易經驗等因素考慮在內。此外，本集團亦透過與不同國家的再保險公司分保，予以分散信用風險。為降低與固定利息投資有關的信用風險，本集團限制對信貸評級一般低於投資等級(即BBB或更高)的固定利息債券的投資，但部份主權評級證券除外。

人壽保險

本集團主要會遭受的信用風險與其對中國企業發行債務證券的投資有關。為降低信用風險，本集團透過信用分析制定一套詳盡的信用控制政策。此外，不同投資行業的風險水平透過調整投資組合而獲得持續監控。

應收虧損的準備總額由兩部份組成：個別減值準備及集體減值準備。個別減值準備適用於為減值而個別作出估值的應收賬款，乃基於管理人員對擬收取現金流量現值的最佳估計。各項減值資產均按其價值予以估值。集體減值準備指具有相似經濟特徵的應收賬款組合的內在信用虧損，且有客觀事實證明其包含減值應收賬款但個別減值項目卻無法確認。在評定集體減值準備的需要時，管理人員考慮的因素包括信用質素、組合規模、集中程度及經濟因素。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

(f) Financial risk (Continued)

(iii) Liquidity risk

The Group has to meet daily calls on its cash resources, notably from claims arising from its reinsurance contracts and life insurance contracts. There is therefore a risk that cash will not be available to settle liabilities when due.

The Group manages this risk by formulating policies and general strategies of liquidity management to ensure that the Group can meet its financial obligations in normal circumstances and that an adequate stock of high-quality liquid assets is maintained in order to contain the possibility of a liquidity crisis.

Apart from liquidity management and regulatory compliance, the Group always strives to maintain a comfortable liquidity cushion as a safety net for coping with unexpected large funding requirements and to maintain a contingency plan to be enacted should there be a company specific crisis.

(iv) Reinsurance risk

The Group cedes insurance risk to limit exposure to underwriting losses under various agreements that cover certain reinsurance and life insurance policies. These reinsurance agreements spread the risk and minimise the effect of losses. The amount of each risk retained depends on the Group's evaluation of the specific risk, subject to certain circumstances, to maximum limits based on characteristics of coverage. Under the terms of the reinsurance agreements, the reinsurer agrees to reimburse the ceded amount in the event the claim is paid. However, the Group remains liable to its policyholders with respect to ceded insurance if any reinsurer fails to meet the obligations it assumes.

(g) Risks associated with investment contracts without discretionary participation features

There is no material difference in risk exposure between life insurance contracts and investment contracts without discretionary participation features, except that the mortality risk of investment contracts is generally much smaller.

3 保險及財務風險管理 (續)

(f) 財務風險 (續)

(iii) 流動性風險

本集團須滿足其現金資源的每日調用，尤其是其再保險合約及人壽保險合約產生的賠款費用，因此存在現金不足以償還到期負債的風險。

本集團透過制定流動資金管理的政策及一般策略管理該風險，以確保本集團滿足正常財務需求及備存充裕的高質素流動資產，以應對可能產生的流動資金危機。

除流動資金管理及監管遵從外，本集團通常會留存適度的流動資金緩衝額作為應對意外大筆資金需求的安全措施，以及制定應急計劃以應付公司的特定危機。

(iv) 再保險風險

本公司透過分散保險風險限制所承受包含若干再保險及人壽保險保單的不同協議下的承保損失的風險。該等再保險協議令風險得以分散，並將損失的影響降至最低。各種風險的保留金額取決於本集團對特定風險的估值，在某些情況下取決於基於承保範圍特徵的最高限額。根據再保險協議條款的規定，再保險公司同意在支付賠款後償還分出的金額。然而，倘任何再保險公司未能履行其相應的責任，本集團仍將就分出的保險對保單持有人負責。

(g) 與不具酌情分紅特色的投資合約有關的風險

人壽保險合約與不具酌情分紅特色的投資合約的風險並無重大差異，惟投資合約的死亡率風險通常較小。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

3 保險及財務風險管理 (續)

(h) Claims development

Claims development information for the reinsurance business is disclosed below in order to illustrate the insurance risk inherent in the Group. The tables provide a review of current estimates of cumulative claims and demonstrates how the estimated claims have changed at subsequent reporting or underwriting year-ends. The estimates increased or decreased as losses are paid and more information becomes known about the frequency and severity of unpaid claims.

Analysis of claims development — gross of reinsurance

(h) 賠款發展

披露再保險業務的賠款發展資料的目的旨在說明本集團內在的保險風險。下列表格乃是對累積賠款當前估計的回顧，並說明估計賠款額於其後報告或承保年度年結日的變動情況。估計賠款額隨著損失的支付而增加或減少，並會揭示出更多有關未支付賠款額的頻次及嚴重性的信息。

賠款發展分析 — 未扣除再保險毛額

		Underwriting year 承保年度				Total 總額
		2002 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	
Unearned premium provisions at end of underwriting year	於承保年度末之未到期 責任準備金	400,877	352,003	348,831	366,916	
<i>Estimate of cumulative claims</i>	<i>估計累計賠款</i>					
At end of underwriting year	於承保年度年結時	416,497	545,205	601,563	903,974	
One year later	一年後	678,075	674,007	838,792	—	
Two years later	兩年後	682,144	629,880	—	—	
Three years later	三年後	654,413	—	—	—	
Four years later	四年後	—	—	—	—	
Estimate of cumulative claims	估計累計賠款	654,413	629,880	838,792	903,974	3,027,059
Cumulative payments to date	迄今累計付款	(420,835)	(378,731)	(435,751)	(98,946)	(1,334,263)
Liabilities recognised in the balance sheet	確認於資產負債表 的負債	233,578	251,149	403,041	805,028	1,692,796
Liabilities in respect of underwriting years 2001 and before	於2001承保年度及以前的負債					413,654
Total liabilities included in the balance sheet	確認於資產負債表的總負債	233,578	251,149	403,041	805,028	2,106,450

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

3 INSURANCE AND FINANCIAL RISK MANAGEMENT (Continued)

3 保險及財務風險管理 (續)

(h) Claims development (Continued)

(h) 賠款發展 (續)

Analysis of claims development — net of reinsurance

賠款發展分析 — 減去再保險淨額

		Underwriting year 承保年度				Total 總額
		2002 \$'000 千元	2003 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	
Unearned premium provisions at end of underwriting year	於承保年度末之未到期 責任準備金	344,233	302,131	308,983	335,296	
Estimate of cumulative claims	估計累計賠款					
At end of underwriting year	於承保年度年結時	354,115	447,317	507,152	763,448	
One year later	一年後	575,370	571,361	651,938	—	
Two years later	兩年後	583,408	534,180	—	—	
Three years later	三年後	559,326	—	—	—	
Four years later	四年後	—	—	—	—	
Estimate of cumulative claims	估計累計賠款	559,326	534,180	651,938	763,448	2,508,892
Cumulative payments to date	迄今累計付款	(378,450)	(320,900)	(328,738)	(95,858)	(1,123,946)
Liabilities recognised in the balance sheet	確認於資產負債表的負債	180,876	213,280	323,200	667,590	1,384,946
Liabilities in respect of underwriting years 2001 and before	於2001承保年度及以前的負債					307,929
Total liabilities included in the balance sheet	確認於資產負債表的負債	180,876	213,280	323,200	667,590	1,692,875

4 SEGMENT REPORTING

4 分類匯報

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format.

分類資料的匯報是按本集團的業務及地區來區分，選擇將業務類別作為首要匯報項目乃因為格式與本集團內部財務匯報方式較為吻合。

(a) Business segments

(a) 業務分類

The Group comprises the following main business segments:

本集團設有下列的主要業務分類：

- Reinsurance business;
- Life insurance business; and
- Corporate and other businesses which comprise asset management business, insurance intermediary business, and financial and corporate assets.

- 再保險業務；
- 人壽保險業務；及
- 企業及其他業務，包括資產管理業務、保險中介業務、財務及企業資產。

With effect from 1 January 2005, the asset management business and the insurance intermediary business are included in the corporate and other business segment. The directors believe that the new classification provides a better presentation of the Group's segmental assets, liabilities, income and expenses.

由二零零五年一月一日起，資產管理業務收入及保險中介業務收入將計入企業及其他業務內。董事相信新的分類對本集團的分部資產、負債、收入及支出提供更好的呈報。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 SEGMENT REPORTING (Continued)

4 分類匯報 (續)

(a) Business segments (Continued)

(a) 業務分類 (續)

		2005			
		Reinsurance	Life insurance	Corporate and other businesses	Total
		再保險	人壽保險	企業及其他業務	總額
		\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元
Revenue	收入				
Gross premiums written	毛承保保費	1,256,403	7,351,092	—	8,607,495
Policy fees	保單費收入	—	4,178	—	4,178
		1,256,403	7,355,270	—	8,611,673
Less: Premiums ceded to reinsurers	減：保費之再保份額	(218,557)	(49,169)	—	(267,726)
Net premiums written and policy fees	淨承保保費及保單費收入	1,037,846	7,306,101	—	8,343,947
Change in unearned premium provisions, net of reinsurance	未到期責任準備金變化，減再保險	(26,029)	(99,884)	—	(125,913)
Net earned premiums and policy fees	已賺取保費及保單費淨額	1,011,817	7,206,217	—	8,218,034
Investment income and net gain	投資收入及收益淨額	191,680	597,906	65,197	854,783
Net exchange (loss)/gain	匯兌(虧損)/收益淨額	(65,930)	(30,147)	1,185	(94,892)
Other income/(loss)	其他收入/(虧損)	469	(1,862)	31,382	29,989
Inter-segment transactions	分類之間交易	(300)	—	(14,633)	(14,933)
		1,137,736	7,772,114	83,131	8,992,981
Benefits, losses and expenses	利益、虧損及費用				
Policyholders' benefits	保單持有人利益	(750,623)	(672,318)	—	(1,422,941)
Net commission expenses	佣金支出淨額	(235,554)	(573,603)	—	(809,157)
Administrative and other expenses	行政及其他費用	(47,729)	(1,091,112)	(55,949)	(1,194,790)
Change in life insurance funds, net of reinsurance	壽險責任準備金變化，減再保險	—	(5,785,225)	—	(5,785,225)
Goodwill impairment and amortisation	商譽減值及攤銷	—	—	(250,000)	(250,000)
Inter-segment transactions	分類之間交易	11,453	—	3,480	14,933
		(1,022,453)	(8,122,258)	(302,469)	(9,447,180)
Profit/(loss) from operations	經營溢利/(虧損)	115,283	(350,144)	(219,338)	(454,199)
Share of losses less profits of associates	應佔聯營公司虧損減溢利	—	(616)	(48,112)	(48,728)
Finance costs	財務費用	—	(45,500)	(83,009)	(128,509)
Profit/(loss) before taxation	除稅前日常業務溢利/(虧損)	115,283	(396,260)	(350,459)	(631,436)
Income tax (charge)/credit	稅項(支出)/抵免	(41,674)	75,382	2,375	36,083
Profit/(loss) after taxation	除稅後日常業務溢利/(虧損)	73,609	(320,878)	(348,084)	(595,353)
Minority interests	少數股東權益	—	161,590	—	161,590
Profit/(loss) attributable to equity holders	股東應佔溢利/(虧損)	73,609	(159,288)	(348,084)	(433,763)

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 SEGMENT REPORTING (Continued)

4 分類匯報 (續)

(a) Business segments (Continued)

(a) 業務分類 (續)

		Reinsurance 再保險 \$'000 千元	Life insurance 人壽保險 \$'000 千元	2005 Corporate and other businesses 企業及 其他業務 \$'000 千元	Total 總額 \$'000 千元
Depreciation	折舊	984	36,529	2,840	40,353
Significant non-cash expenses (other than depreciation and amortisation)	重大非現金開支 (不包括折舊及攤銷)	21,729	23,769	(846)	44,652
Equity investments, unit trusts and mutual funds	股本投資、單位信託基金 及互惠基金	338,793	2,388,954	140,291	2,868,038
Debt investments	債券投資	1,473,640	14,841,992	403,891	16,719,523
Other segment assets	其他分類資產	2,178,103	4,670,503	582,316	7,430,922
Interest in associates	於聯營公司之權益	—	4,188	311,110	315,298
Total assets	總資產	3,990,536	21,905,637	1,437,608	27,333,781
Life insurance funds	壽險責任準備金	—	15,453,533	—	15,453,533
Unearned premium provisions	未到期責任準備金	369,327	221,940	—	591,267
Provision for outstanding claims	未決賠款準備	2,106,450	43,528	—	2,149,978
Investment contract liabilities	投資合約負債	—	75,857	—	75,857
Securities sold under repurchase agreements	賣出回購證券	—	1,923,499	—	1,923,499
Interest-bearing notes	需付息票據	—	1,441,500	1,347,971	2,789,471
Other segment liabilities	其他分類負債	126,326	779,160	21,445	926,931
Total liabilities	總負債	2,602,103	19,939,017	1,369,416	23,910,536
Capital expenditure	資本開支	828	206,930	1,335	209,093

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 SEGMENT REPORTING (Continued)

4 分類匯報 (續)

(a) Business segments (Continued)

(a) 業務分類 (續)

		2004 (Restated) (重列)			
		Reinsurance	Life	Corporate	Total
		再保險	人壽保險	and other	總額
		\$'000	\$'000	businesses	\$'000
		千元	千元	企業及	千元
				其他業務	
				\$'000	
				千元	
Revenue	收入				
Gross premiums written	毛承保保費	1,092,462	6,215,228	—	7,307,690
Policy fees	保單費收入	—	119	—	119
		1,092,462	6,215,347	—	7,307,809
Less: Premiums ceded to reinsurers	減：保費之再保份額	(180,398)	(36,630)	—	(217,028)
Net premiums written and policy fees	淨承保保費及保單費收入	912,064	6,178,717	—	7,090,781
Change in unearned premium provisions, net of reinsurance	未到期責任準備金變化，減再保險	(7,383)	(41,905)	—	(49,288)
Net earned premiums and policy fees	已賺取保費及保單費淨額	904,681	6,136,812	—	7,041,493
Investment income and net gain	投資收入及收益淨額	167,856	198,643	93,149	459,648
Net exchange gain	匯兌收益淨額	29,854	697	2,366	32,917
Other (loss) / income	其他 (虧損) / 收入	(2,002)	1,948	50,725	50,671
Inter-segment transactions	分類之間交易	(300)	—	(12,756)	(13,056)
		1,100,089	6,338,100	133,484	7,571,673
Benefits, losses and expenses	利益、虧損及費用				
Policyholders' benefits	保單持有人利益	(652,595)	(354,334)	—	(1,006,929)
Net commission expenses	佣金支出淨額	(210,169)	(442,061)	—	(652,230)
Administrative and other expenses	行政及其他費用	(38,760)	(617,170)	(36,037)	(691,967)
Change in life insurance funds, net of reinsurance	壽險責任準備金變化，減再保險	—	(5,326,361)	—	(5,326,361)
Goodwill impairment and amortisation	商譽減值及攤銷	—	(9,295)	(18,472)	(27,767)
Inter-segment transactions	分類之間交易	6,662	—	6,394	13,056
		(894,862)	(6,749,221)	(48,115)	(7,692,198)
Profit/(loss) from operations	經營溢利 / (虧損)	205,227	(411,121)	85,369	(120,525)
Share of losses less profits of associates	應佔聯營公司虧損減溢利	—	—	(35,546)	(35,546)
Finance costs	財務費用	—	(1,204)	(84,230)	(85,434)
Profit/(loss) before taxation	除稅前日常業務溢利 / (虧損)	205,227	(412,325)	(34,407)	(241,505)
Income tax (charge)/credit	稅項 (支出) / 抵免	(7,224)	69,220	(9,745)	52,251
Profit/(loss) after taxation	除稅後日常業務溢利 / (虧損)	198,003	(343,105)	(44,152)	(189,254)
Minority interests	少數股東權益	—	166,319	—	166,319
Profit/(loss) attributable to equity holders	股東應佔溢利 / (虧損)	198,003	(176,786)	(44,152)	(22,935)

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 SEGMENT REPORTING (Continued)

4 分類匯報 (續)

(a) Business segments (Continued)

(a) 業務分類 (續)

		2004 (Restated) (重列)			
		Reinsurance	Life	Corporate	Total
		再保險	人壽保險	and other	總額
		\$'000	\$'000	businesses	\$'000
		千元	千元	企業及	千元
				其他業務	
				\$'000	
				千元	
Depreciation	折舊	1,081	22,955	2,480	26,516
Significant non-cash expenses (other than depreciation and amortisation)	重大非現金開支 (不包括折舊及攤銷)	58,003	(65,533)	19,263	11,733
Equity investments, unit trusts and mutual funds	股本投資、單位信託基金 及互惠基金	296,673	894,173	275,978	1,466,824
Debt investments	債務投資	1,497,872	7,647,223	637,762	9,782,857
Other segment assets	其他分類資產	2,008,952	3,154,512	574,637	5,738,101
Interest in associates	於聯營公司之權益	—	—	351,595	351,595
Total assets	總資產	3,803,497	11,695,908	1,839,972	17,339,377
Life insurance funds	壽險責任準備金	—	9,389,501	—	9,389,501
Unearned premium provisions	未到期責任準備金	352,225	114,522	—	466,747
Provision for outstanding claims	未決賠款準備	1,988,403	21,604	—	2,010,007
Investment contract liabilities	投資合約負債	—	774	—	774
Securities sold under repurchase agreements	賣出回購證券	—	—	—	—
Interest-bearing notes	需付息票據	—	—	1,350,980	1,350,980
Other segment liabilities	其他分類負債	88,209	452,732	157,120	698,061
Total liabilities	總負債	2,428,837	9,979,133	1,508,100	13,916,070
Capital expenditure	資本開支	571	206,080	198	206,849

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

4 SEGMENT REPORTING (Continued)

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segments assets and capital expenditure are based on the geographical location of the operations.

4 分類匯報 (續)

(b) 地區分類

按主要地區分類呈報資料時，分類收益是按客戶所在地作區分呈列。資產及資本開支分類則按經營所在地區呈列。

		2005						
		Hong Kong and Macau	PRC (other than Hong Kong and Macau)	Japan	Rest of Asia	Europe	Rest of the world	Total
		香港及澳門	中國(香港及澳門除外)	日本	亞洲其他地區	歐洲	其他地區	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元
Gross premiums written and policy fees	毛承保保費及保單費收入	335,826	7,579,127	86,723	347,225	184,792	77,980	8,611,673
Segment assets	分類資產	5,138,751	22,195,030	–	–	–	–	27,333,781
Capital expenditure incurred during the year	年內動用的資本開支	2,163	206,930	–	–	–	–	209,093

		2004 (Restated) (重列)						
		Hong Kong and Macau	PRC (other than Hong Kong and Macau)	Japan	Rest of Asia	Europe	Rest of the world	Total
		香港及澳門	中國(香港及澳門除外)	日本	亞洲其他地區	歐洲	其他地區	總額
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元	千元
Gross premiums written and policy fees	毛承保保費及保單費收入	329,064	6,391,627	72,338	289,211	156,595	68,974	7,307,809
Segment assets	分類資產	5,313,835	12,025,542	–	–	–	–	17,339,377
Capital expenditure incurred during the year	年內動用的資本開支	769	206,080	–	–	–	–	206,849

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

5 GROSS PREMIUMS WRITTEN AND POLICY FEES

5 毛承保保費及保單費收入

Principal activities

The principal activity of the Company is investment holding. The principal activities of the Company and its subsidiaries are the underwriting of all classes of reinsurance business and direct life insurance business.

Apart from these, the Group also carries on assets management and insurance intermediary businesses and, to support its insurance activities, holds money market, fixed income, equity and property investments.

Turnover represents gross premiums written and policy fees from general reinsurance business and life insurance business. With effect from 1 January 2005, income from assets management business and income from insurance intermediary business are excluded from the Group's turnover. The directors believe that the new definition of turnover provides a better presentation. The amount of each significant category of revenue recognised in turnover during the year is as follows:

主要業務

本公司的主要業務是投資控股。本公司及其附屬公司的主要業務是承接各類再保險業務及直接人壽保險業務。

此外，本集團也從事資產管理業務及保險中介業務，並為配合保險業務而持有各類貨幣、固定收入證券、股票及物業投資。

營業額是指一般再保險業務及人壽保險業務毛承保保費總額及保單費收入。由二零零五年一月一日起，資產管理業務收入及保險中介業務收入將不計入本集團營業額內。董事相信新的營業額釋義提供更好的呈報。年內在營業額中確認的各項主要收益類別的金額載列如下：

		2005			
		Reinsurance contracts 再保險合約 \$'000 千元	Life insurance contracts 人壽保險合約 \$'000 千元	Investment contracts 投資合約 \$'000 千元	Total 總額 \$'000 千元
Gross premiums written	毛承保保費收入	1,256,403	7,351,092	—	8,607,495
Policy fees	保單費收入	—	—	4,178	4,178
		1,256,403	7,351,092	4,178	8,611,673
		2004 (Restated) (重列)			
		Reinsurance contracts 再保險合約 \$'000 千元	Life insurance contracts 人壽保險合約 \$'000 千元	Investment contracts 投資合約 \$'000 千元	Total 總額 \$'000 千元
Gross premiums written	毛承保保費收入	1,092,462	6,215,228	—	7,307,690
Policy fees	保單費收入	—	—	119	119
		1,092,462	6,215,228	119	7,307,809

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

6 INVESTMENT INCOME AND NET GAIN

6 投資收入及收益淨額

		2005 \$'000 千元	2004 \$'000 千元
Investment income	投資收入		
Dividend income from listed securities	上市證券的股息收入	94,299	44,687
Dividend income from unlisted securities	非上市證券的股息收入	767	1,137
Interest income from listed securities	上市證券的利息收入	440,088	285,234
Interest income from unlisted securities	非上市證券的利息收入	111,815	46,728
Other interest income	其他利息收入	111,943	59,246
Rentals receivable from investment properties	應收投資物業的租金	3,581	4,428
		762,493	441,460
Net gain	收益淨額		
Net realised and unrealised gains/(losses) on listed securities	上市證券的已變現及未變現收益/(虧損)淨額	70,051	(39,854)
Net realised and unrealised gains on unlisted securities	非上市證券的已變現及未變現收益淨額	8,217	22,019
Surplus on revaluation of investment properties	投資物業重估盈餘	9,585	14,060
Impairment loss on listed debt and equity securities	上市債務及股本證券減值虧損	—	(4,437)
Write back of impairment loss on listed and unlisted debt and equity securities	撥回上市及非上市債務及股本證券減值虧損	4,437	26,400
		92,290	18,188
Total	總額	854,783	459,648

7 OTHER INCOME

7 其他收入

		2005 \$'000 千元	2004 \$'000 千元
Income from assets management business	資產管理業務收入	4,379	23,819
Income from insurance intermediary business	保險中介業務收入	10,964	11,292
Net loss on sale of fixed assets	出售固定資產虧損淨額	(295)	(35)
Others	其他	8	2,539
		15,056	37,615

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

8 POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES

8 保單持有人利益及佣金支出淨額

(a) Policyholders' benefits

(a) 保單持有人利益

		Reinsurance contracts 再保險合約 \$'000 千元	2005 Life insurance contracts 人壽保險合約 \$'000 千元	Total 總額 \$'000 千元
Claims and claim adjustment expenses	賠款及賠款調整支出	923,169	188,158	1,111,327
Less: Reinsurers' share	減：再保份額	(172,546)	(27,853)	(200,399)
		750,623	160,305	910,928
Surrenders	退保總額	—	483,210	483,210
Annuity and maturity payments	年金及到期付款	—	22,523	22,523
Policy dividends	保單分紅	—	6,280	6,280
		750,623	672,318	1,422,941
		Reinsurance contracts 再保險合約 \$'000 千元	2004 Life insurance contracts 人壽保險合約 \$'000 千元	Total 總額 \$'000 千元
Claims and claim adjustment expenses	賠款及賠款調整支出	777,243	88,072	865,315
Less: Reinsurers' share	減：再保份額	(124,648)	(15,990)	(140,638)
		652,595	72,082	724,677
Surrenders	退保總額	—	272,388	272,388
Annuity and maturity payments	年金及到期付款	—	7,289	7,289
Policy dividends	保單分紅	—	2,575	2,575
		652,595	354,334	1,006,929

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

8 POLICYHOLDERS' BENEFITS AND NET COMMISSION EXPENSES (Continued)

8 保單持有人利益及佣金支出淨額 (續)

(b) Net commission expenses

(b) 佣金支出淨額

		Reinsurance contracts 再保險合約 \$'000 千元	2005 Life insurance contracts 人壽保險合約 \$'000 千元	Total 總額 \$'000 千元
Gross commission expenses	佣金支出總額	276,249	585,897	862,146
Reinsurance commission income	再保險佣金收入	(40,695)	(12,294)	(52,989)
Net commission expenses	佣金支出淨額	235,554	573,603	809,157

		Reinsurance contracts 再保險合約 \$'000 千元	2004 Life insurance contracts 人壽保險合約 \$'000 千元	Total 總額 \$'000 千元
Gross commission expenses	佣金支出總額	242,410	452,417	694,827
Reinsurance commission income	再保險佣金收入	(32,241)	(10,356)	(42,597)
Net commission expenses	佣金支出淨額	210,169	442,061	652,230

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

9 LOSS BEFORE TAXATION

9 除稅前虧損

Loss before taxation is arrived at after charging:

除稅前虧損已扣除：

		2005 \$'000 千元	2004 \$'000 千元
(a) Finance costs:	(a) 財務費用：		
Interest on interest-bearing notes	需付息票據利息	85,169	80,005
Interest on securities sold under repurchase agreements	賣出回購證券利息	40,210	—
Interest on other loans	其他貸款利息	3,130	5,429
		128,509	85,434
(b) Staff costs:	(b) 員工成本：		
Salaries, wages and other benefits	薪金、工資及其他利益	452,214	320,525
Share option costs	認股權成本	20,629	—
Contributions to defined contribution retirement plan	已訂定供款退休計劃供款	50,299	30,687
		523,142	351,212
(c) Other items:	(c) 其他項目：		
Impairment and amortisation of goodwill	商譽減值及攤銷		
— subsidiaries	— 附屬公司	250,000	27,767
— associates	— 聯營公司	—	3,745
Auditors' remuneration	核數師酬金		
— audit services	— 核數服務	2,504	2,336
— tax services	— 稅務服務	293	227
Depreciation of fixed assets	固定資產折舊	40,353	26,516
Operating lease charges in respect of properties	有關物業的經營租賃費用	78,591	57,984
Share of associates' taxation	佔聯營公司稅項	530	440

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

10 DIRECTORS' REMUNERATION

10 董事酬金

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

根據香港《公司條例》第161條列報的董事酬金如下：

		2005					
		Salaries and other emoluments	Discretionary bonuses	Share based payments	Retirement scheme contributions	Total	
		薪金及其他酬金	酌定花紅	股份為本支付	退休計劃供款	總額	
		Directors' fees					
		董事袍金					
		\$'000	\$'000	\$'000	\$'000	\$'000	
		千元	千元	千元	千元	千元	
Executive directors:	執行董事：						
Feng Xiaozeng	馮曉增	—	—	4,876	—	4,876	
Yang Chao	楊超	—	320	—	—	320	
Lin Fan	林帆	—	—	3,208	—	3,208	
Miao Jianmin	繆建民	—	2,340	280	197	5,127	
Song Shuguang	宋曙光	—	—	1,925	—	1,925	
Xie Yiqun	謝一群	—	999	1,925	12	2,936	
Ng Yu Lam, Kenneth	吳俞霖	—	1,258	438	171	2,295	
Dong Ming	董明	—	2,238	280	12	2,530	
Shen Koping, Michael	沈可平	—	445	784	12	2,004	
Lau Siu Mun, Sammy	劉少文	—	907	350	120	1,634	
Non-executive directors:	非執行董事：						
Zheng Changyong	鄭常勇	—	—	1,026	—	1,026	
Wu Jiesi	武捷思	300	—	—	—	300	
Che Shujian	車書劍	300	—	—	—	300	
Lau Wai Kit	劉偉傑	300	—	—	—	300	
		900	8,187	2,452	524	28,781	
		2004					
		Salaries and other emoluments	Discretionary bonuses	Share based payments	Retirement scheme contributions	Total	
		薪金及其他酬金	酌定花紅	股份為本支付	退休計劃供款	總額	
		Directors' fees					
		董事袍金					
		\$'000	\$'000	\$'000	\$'000	\$'000	
		千元	千元	千元	千元	千元	
Executive directors:	執行董事：						
Feng Xiaozeng	馮曉增	—	—	—	—	—	
Yang Chao	楊超	—	320	—	—	320	
Lin Fan	林帆	—	—	—	—	—	
Miao Jianmin	繆建民	—	2,340	280	187	2,807	
Song Shuguang	宋曙光	—	—	—	—	—	
Xie Yiqun	謝一群	—	77	—	—	77	
Ng Yu Lam, Kenneth	吳俞霖	—	1,105	457	165	1,727	
Dong Ming	董明	—	1,950	180	12	2,142	
Shen Koping, Michael	沈可平	—	404	502	12	918	
Lau Siu Mun, Sammy	劉少文	—	813	348	116	1,277	
Non-executive directors:	非執行董事：						
Zheng Changyong	鄭常勇	—	—	—	—	—	
Wu Jiesi	武捷思	300	—	—	—	300	
Che Shujian	車書劍	65	—	—	—	65	
Lau Wai Kit	劉偉傑	300	—	—	—	300	
		665	6,689	2,087	492	9,933	

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

10 DIRECTORS' REMUNERATION (Continued)

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. The details of these benefits in kind are disclosed under the paragraph "share option scheme" in the directors' report and note 41.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, five (2004: four) are directors whose emoluments are disclosed in note 10. The emoluments in respect of the other individual are as follows:

Salaries and other emoluments	薪金及其他酬金
Discretionary bonuses	酌定花紅
Retirement scheme contributions	退休計劃供款

The emoluments of the individual with the highest emoluments are within the following band:

\$ 元	
Nil — 1,000,000	0 — 1,000,000

10 董事酬金 (續)

上述酬金包括根據本公司的認股權計劃授予部份董事的認股權於授予日的預計價值。有關此等實物收益的詳情載於董事會報告書的「認股權計劃」及附註41內。

11 最高酬金人士

在五位酬金最高的人士中，五位(二零零四年：四位)為董事，有關的酬金詳情載於附註10。另一位人士的酬金總額如下：

2005 \$'000 千元	2004 \$'000 千元
—	641
—	230
—	91
—	962

該位酬金最高人士的酬金在以下範圍內：

2005 Number of individuals 人數	2004 Number of individuals 人數
—	1

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

12 稅項在綜合損益表

(a) Taxation in the consolidated income statement represents:

(a) 綜合損益表所示的稅項為：

		2005 \$'000 千元	2004 \$'000 千元
Current tax — Provision for Hong Kong Profits Tax	當期稅項 — 香港利得稅準備		
Tax for the year	年度稅款	8,861	16,510
Under/(over)-provision in respect of prior years	以往年度準備少提 / (多提)	30,168	(307)
		39,029	16,203
Current tax — Outside Hong Kong	當期稅項 — 香港以外		
Tax for the year	年度稅款	41	397
Under-provision in respect of prior years	以往年度準備少	—	328
		41	725
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時性差異之起源及轉回	(75,153)	(69,179)
		(75,153)	(69,179)
		(36,083)	(52,251)

The provision for Hong Kong Profits Tax represents the Group's estimated Hong Kong Profits Tax liability calculated at the standard tax rate of 17.5% (2004: 17.5%) on its assessable profits from reinsurance, assets management and insurance intermediary businesses except for its assessable profits from the business of reinsurance of offshore risks, which is calculated at 8.75% (2004: 8.75%), one-half of the standard tax rate.

香港利得稅準備是指本集團根據來自再保險、資產管理及保險中介業務的應評稅溢利，按17.5% (二零零四年：17.5%) 的標準稅率計算的估計應繳香港利得稅，但來自海外風險的再保險業務的應評稅溢利則按標準稅率的一半，即8.75% (二零零四年：8.75%) 計算。

Taxation outside Hong Kong for overseas subsidiaries is calculated at the rates prevailing in the relevant jurisdictions.

海外附屬公司於香港以外地區的稅項以相關司法管轄區的現行稅率計算。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

12 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (Continued)

12 稅項在綜合損益表 (續)

(b) Reconciliation between tax credit and accounting loss at applicable tax rates: (b) 稅項抵免及會計虧損以適用稅率的調節：

		2005 \$'000 千元	2004 \$'000 千元
Loss before tax	稅前虧損	(631,436)	(241,505)
Notional tax on loss before tax, calculated at the rates applicable to losses in the jurisdictions concerned	稅前虧損的名義稅款以虧損在相關管轄地區適用的稅率計算	(171,921)	(105,386)
Tax effect of non-deductible expenses	不可減免費用的稅項影響	251,732	116,952
Tax effect of non-taxable revenue	不須徵稅收入的稅項影響	(122,364)	(59,973)
Tax effect of unused tax losses not recognised	未有確認而尚未使用的稅項虧損的稅項影響	772	—
Tax effect of prior years' tax losses utilised this year	以往年度稅項虧損在本年使用的稅項影響	(24,470)	(3,865)
Under-provision in prior years	以往年度少提準備	30,168	21
Actual tax credit	實際稅項抵免	(36,083)	(52,251)

13 LOSS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

13 股東應佔虧損

The consolidated loss attributable to equity holders of the Company includes a loss of \$150,223,000 (2004: profit of \$72,222,000) which has been dealt with in the financial statements of the Company.

股東應佔虧損包括一筆已列入本公司財務報告的虧損150,223,000元(二零零四年：溢利72,222,000元)。

14 DIVIDENDS

14 股息

(a) Dividends attributable to the year

(a) 本年度應佔股息

No interim dividend was declared and paid for 2005 (2004: \$Nil).

於二零零五年並無宣派中期股息(二零零四年：無)。

No final dividend was proposed after the balance sheet date (2004:\$Nil).

於結算日後沒有擬派末期股息(二零零四年：無)。

(b) Dividends attributable to the previous financial year, approved and paid during the year

(b) 屬於上一個財政年度，並於本年度核准及支付的股息

		2005 \$'000 千元	2004 \$'000 千元
Final dividend in respect of the previous financial year, approved and paid during the year, of \$Nil (2004: 1.2 cents) per share	屬於上一個財政年度，並於本年度核准及支付的末期股息每股0.0仙(二零零四年：每股1.2仙)	—	15,980

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

15 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of \$433,763,000 (2004: \$22,935,000) and the weighted average of 1,332,716,925 ordinary shares (2004: 1,331,311,925 shares) in issue during the year.

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary shareholders of \$433,763,000 (2004: \$22,935,000) and the weighted average of 1,339,790,581 ordinary shares (2004: 1,341,031,979 shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

(c) Reconciliations

15 每股虧損

(a) 每股基本虧損

每股基本虧損是按照股東應佔虧損433,763,000元(二零零四年: 22,935,000元)及年內已發行普通股的加權平均數1,332,716,925股(二零零四年: 1,331,311,925股)計算。

(b) 每股攤薄虧損

每股攤薄虧損是按照股東應佔虧損433,763,000元(二零零四年: 22,935,000元)及已就本公司認股權計劃所有具備潛在攤薄影響的普通股作出調整得出的普通股加權平均數1,339,790,581股(二零零四年: 1,341,031,979股)計算。

(c) 對賬

		2005 Number of shares 股份數目	2004 Number of shares 股份數目
Weighted average number of ordinary shares used in calculating basic loss per share	用作計算每股基本虧損的普通股加權平均股數	1,332,716,925	1,331,311,925
Deemed issue of ordinary shares for no consideration	視為無償發行的普通股股數	7,073,656	9,720,054
Weighted average number of ordinary shares used in calculating diluted loss per share	用作計算每股攤薄虧損的普通股加權平均股數	1,339,790,581	1,341,031,979

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

16 FIXED ASSETS

16 固定資產

(a) The Group

(a) 本集團

		Land and buildings 土地及 建築物 \$'000 千元	Furniture and fixtures 傢具及 固定裝置 \$'000 千元	Computer equipment 電腦設備 \$'000 千元	Motor vehicles 汽車 \$'000 千元	Sub-total 小計 \$'000 千元	Investment properties 投資物業 \$'000 千元	Total 總額 \$'000 千元
Cost or valuation:	成本或估值：							
At 1 January 2004	於2004年1月1日	230,431	35,109	43,213	14,993	323,746	104,835	428,581
Exchange adjustments	匯率調整	(287)	(67)	(102)	(42)	(498)	—	(498)
Additions	增置	169,591	5,834	20,339	11,085	206,849	—	206,849
Disposals	出售	—	(146)	(1,826)	—	(1,972)	—	(1,972)
Surplus on revaluation	重估盈餘	—	—	—	—	—	14,060	14,060
Reclassification	分類調整	—	(5,171)	5,171	—	—	—	—
At 1 January 2005	於2005年1月1日	399,735	35,559	66,795	26,036	528,125	118,895	647,020
Exchange adjustments	匯率調整	6,078	501	1,334	553	8,466	—	8,466
Additions	增置	157,561	7,733	33,390	10,409	209,093	—	209,093
Disposals	出售	—	(883)	(4,204)	(3,159)	(8,246)	(23,000)	(31,246)
Surplus on revaluation	重估盈餘	—	—	—	—	—	9,585	9,585
At 31 December 2005	於2005年12月31日	563,374	42,910	97,315	33,839	737,438	105,480	842,918
Representing:	代表：							
Cost	成本	563,374	42,910	97,315	33,839	737,438	—	737,438
Valuation – 2005	估值 – 2005	—	—	—	—	—	105,480	105,480
		563,374	42,910	97,315	33,839	737,438	105,480	842,918
Accumulated depreciation:	累計折舊：							
At 1 January 2004	於2004年1月1日	86,033	14,422	16,770	4,484	121,709	—	121,709
Exchange adjustments	匯率調整	(20)	(18)	(51)	(17)	(106)	—	(106)
Charge for the year	本年度折舊	6,114	4,991	12,015	3,396	26,516	—	26,516
Written back on disposal	出售時撥回	—	(71)	(1,627)	—	(1,698)	—	(1,698)
Reclassification	分類調整	—	(1,105)	1,105	—	—	—	—
At 1 January 2005	於2005年1月1日	92,127	18,219	28,212	7,863	146,421	—	146,421
Exchange adjustments	匯率調整	260	180	695	203	1,338	—	1,338
Charge for the year	本年度折舊	7,930	5,602	20,924	5,897	40,353	—	40,353
Written back on disposal	出售時撥回	—	(615)	(3,090)	(996)	(4,701)	—	(4,701)
At 31 December 2005	於2005年12月31日	100,317	23,386	46,741	12,967	183,411	—	183,411
Net book value:	賬面淨值：							
At 31 December 2005	於2005年12月31日	463,057	19,524	50,574	20,872	554,027	105,480	659,507
At 31 December 2004	於2004年12月31日	307,608	17,340	38,583	18,173	381,704	118,895	500,599

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

16 FIXED ASSETS (Continued)

16 固定資產 (續)

(b) The Company

(b) 本公司

		Furniture and fixtures 傢具及 固定裝置 \$'000 千元	Motor vehicles 汽車 \$'000 千元	Total 總額 \$'000 千元
Cost:	成本：			
At 1 January 2004	於2004年1月1日	2,889	1,671	4,560
Additions	增置	75	—	75
Disposals	出售	(11)	—	(11)
At 1 January 2005	於2005年1月1日	2,953	1,671	4,624
Additions	增置	32	—	32
Disposals	出售	(14)	—	(14)
At 31 December 2005	於2005年12月31日	2,971	1,671	4,642
Accumulated depreciation:	累計折舊：			
At 1 January 2004	於2004年1月1日	1,662	782	2,444
Charge for the year	本年度折舊	576	340	916
Written back on disposal	出售時撥回	(4)	—	(4)
At 1 January 2005	於2005年1月1日	2,234	1,122	3,356
Charge for the year	本年度折舊	504	341	845
Written back on disposal	出售時撥回	(12)	—	(12)
At 31 December 2005	於2005年12月31日	2,726	1,463	4,189
Net book value:	賬面淨值：			
At 31 December 2005	於2005年12月31日	245	208	453
At 31 December 2004	於2004年12月31日	719	549	1,268

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

16 FIXED ASSETS (Continued)

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

	香港
In Hong Kong	香港
— Long leases	— 長期租賃
— Medium-term leases	— 中期租賃
Outside Hong Kong	香港以外地區
— Long leases	— 長期租賃
— Medium-term leases	— 中期租賃

16 固定資產 (續)

(c) 物業賬面淨值的分析如下：

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
In Hong Kong	香港		
— Long leases	— 長期租賃	138,311	131,843
— Medium-term leases	— 中期租賃	15,443	13,901
Outside Hong Kong	香港以外地區		
— Long leases	— 長期租賃	—	23,000
— Medium-term leases	— 中期租賃	414,783	257,759
		568,537	426,503

(d) Investment properties of the Group were revalued at 31 December 2005 by an independent firm of surveyors, RHL Appraisal Limited, who has among its staff Associates of the Hong Kong Institute of Surveyors, on an open market value basis calculated by reference to net rental income allowing for reversionary income potential. The revaluation surplus of \$9,585,000 (2004: \$14,060,000) has been recognised in the income statement (note 6).

(d) 本集團的投資物業已於二零零五年十二月三十一日經由獨立測量師行 — 永利行評值顧問有限公司(該行僱員包括若干香港測量師學會會員)，以參考有未來收入潛力的淨租金收入公開市值計算基準重新估值。為數9,585,000元(二零零四年：14,060,000元)的重估盈餘已記入損益表內(附註6)。

(e) The Group leases out investment properties under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases includes contingent rentals.

(e) 本集團以經營租賃租出投資物業。這些租賃一般初步為期二年，並且有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款額通常會逐年檢討，以反映市場租金。各項租賃均不包括或然租金。

The gross carrying amounts of investment properties of the Group held for use in operating leases were \$65,230,000 (2004: \$85,737,000).

本集團持作經營租賃的投資物業的賬面總額為65,230,000元(二零零四年：85,737,000元)。

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

本集團根據不可解除的經營租賃在日後應收的最低租賃付款總額如下：

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Within 1 year	1年內	2,697	3,135
After 1 but within 5 years	1年後但5年內	1,259	1,630
		3,956	4,765

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

17 GOODWILL

17 商譽

		The Group 本集團 \$'000 千元
Cost:	成本：	
At 1 January and 31 December 2004	2004年1月1日及2004年12月31日	555,358
At 1 January 2005	於二零零五年一月一日	555,358
Opening balance adjustment to eliminate accumulated amortisation	年初結餘調整以抵銷累計攤銷	(77,173)
At 31 December 2005	於二零零五年十二月三十一日	478,185
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：	
At 1 January 2004	於二零零四年一月一日	49,406
Amortisation for the year	年內攤銷	27,767
At 1 January 2005	於二零零五年一月一日	77,173
Eliminated against cost at 1 January 2005	於二零零五年一月一日與成本相互抵銷	(77,173)
Impairment loss	減值虧損	250,000
At 31 December 2005	於二零零五年十二月三十一日	250,000
Carrying amount:	賬面淨值：	
At 31 December 2005	於二零零五年十二月三十一日	228,185
At 31 December 2004	於二零零四年十二月三十一日	478,185

In 2004, goodwill was amortised on a straight-line basis over 20 years. The amortisation of goodwill for the year ended 31 December 2004 was recognised in the consolidated income statement (note 9).

As explained further in note 2(i), with effect from 1 January 2005, the Group ceased amortisation of goodwill in accordance with the transitional provisions of HKFRS 3 and HKAS 36. The new policy has been applied prospectively in accordance with the transitional provisions of HKFRS 3. As a result, comparative amounts have not been restated and the accumulated amortisation as at 1 January 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the year.

於二零零四年，商譽以直線法在二十年內攤銷。截至二零零四年十二月三十一日年度的商譽攤銷已在綜合損益表中確認(附註9)。

就附註2(i)進一步的說明，由二零零五年一月一日起生效，根據香港財務報告第3號及香港會計準則第36號的過渡性安排，本集團不再攤銷商譽。新政策已根據香港財務報告準則第3號的過渡性安排追溯應用。因此，比較金額並未重列，而於二零零五年一月一日的累計攤銷已經與商譽成本互相對銷，而年內並無於損益表內確認商譽的攤銷開支。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

17 GOODWILL (Continued)

Impairment tests for cash-generating units containing goodwill

An impairment loss of \$250,000,000 was recognised in respect of goodwill associated with the acquisition of CIGAML in September 2002. The recoverable amount of cash-generating units is determined based on the value-in-use calculation. This calculation uses cash flow projection which represents what management believe is the best estimate of CIGAML is able to achieve in its business life.

Management determined the cash flow projection based on past performance and its expectation for market development. As the cash generating unit has been reduced to its recoverable amount, any adverse change in the assumptions used in the calculation of recoverable amount would cause the carrying value to be less than the recoverable amount.

18 INVESTMENTS IN SUBSIDIARIES

Unlisted shares, at cost
Less: Impairment loss

非上市股份(成本)
減：減值虧損

包含商譽的現金產生單位的減值測試

於二零零二年九月收購中保資產管理所產生的商譽確認了250,000,000元的減值。現金生產單位的可收回金額根據使用價值計算。計算方法按照管理層關於中保資產管理在商業生命中能達到的現金流最佳估計。

管理層根據過往及預計市場發展以決定現金流估計。由於現金生產單位已減至其可收回金額，如用於計算可收回金額的假設有任何不利變化，賬面值將低於可收回金額。

18 於附屬公司的投資

The Company 本公司

2005 \$'000 千元	2004 \$'000 千元
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1,844,859	1,844,859
(191,500)	—
1,653,359	1,844,859

The following list contains details of the Company's principal subsidiaries at the balance sheet date. The class of shares held is ordinary unless otherwise stated.

All of these are controlled subsidiaries as defined under note 1(e) and have been consolidated into the Group's financial statements.

The nature of the impairment loss is described in note 17.

下表載列本公司的主要附屬公司於結算日的詳情。除非另有說明，否則所持的股份類別指普通股。

該等附屬公司均為附註1(e)所界定的受控制附屬公司，並已綜合於本集團的財務報告內。

減值虧損的性質於附註17內詳述。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

18 INVESTMENTS IN SUBSIDIARIES (Continued)

18 於附屬公司的投資 (續)

Name of company 公司名稱	Place of incorporation and operation 註冊成立及經營地點	Particulars of issued and paid up capital 已發行及繳足股本的詳情	Proportion of ownership interest 應佔權益百分比			Principal activity 主要業務
			Group's effective interest 本集團的實際權益	Held by the Company 本公司所持權益	Held by subsidiary 該附屬公司持有	
China International Reinsurance Company Limited (Note (i)) 中國國際再保險有限公司 (註(i))	Hong Kong 香港	Ordinary \$180,000,000 Deferred \$600,000,000 普通 180,000,000元 遞延 600,000,000元	100%	—	100%	Reinsurance business 再保險業務
Tai Ping Life Insurance Company, Limited (Note (ii)) 太平人壽保險有限公司 (註(ii))	PRC 中國	RMB 2,330,000,000 人民幣 2,330,000,000元	50.05%	50.05%	—	Life insurance business 人壽保險業務
Tai Ping Pension Company Limited (Note (iii)) 太平養老保險股份有限公司 (註(iii))	PRC 中國	RMB 200,000,000 人民幣 200,000,000元	44.03%	—	74%	Pension business 養老保險業務
China Insurance Group Assets Management Limited 中保集團資產管理有限公司	Hong Kong 香港	\$130,000,000 130,000,000元	100%	100%	—	Asset management business 資產管理業務
SINO-RE Reinsurance Brokers Limited (Note (i)) 華夏再保險顧問有限公司 (註(i))	Hong Kong 香港	Ordinary \$4,000,000 Deferred \$1,000,000 普通 4,000,000元 遞延 1,000,000元	100%	—	100%	Insurance broking 保險經紀
Quicken Assets Limited	BVI/ Hong Kong 英屬維爾京群島/香港	US\$1 1美元	100%	100%	—	Property holding 持有物業
CIH (BVI) Limited	BVI/ Hong Kong 英屬維爾京群島/香港	US\$1 1美元	100%	100%	—	Financing 融資

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

18 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes:

- (i) Holders of the non-voting deferred shares in CIRE and SINO-RE are not entitled to share profits, receive notice of or attend or vote at any general meeting of these companies. On the winding-up of these companies, the holders of the non-voting deferred shares are not entitled to the distribution of the net assets of these companies for the first \$100 billion; the balance of net assets, if any, over the first \$100 billion shall be distributed among the holders of the ordinary shares and non-voting distributed shares *pari passu* among themselves in proportion to their respective shareholdings.
- (ii) These companies are PRC limited companies.

18 於附屬公司的投資 (續)

註：

- (i) 於中再國際及華夏的無投票權遞延股份的持有人無權獲得這些公司的溢利、收取這些公司的任何股東周年大會的通知、出席股東周年大會或在會上投票。在這些公司清盤時，無投票權遞延股份的持有人無權獲分這些公司首100,000,000,000元的資產淨值；超過首100,000,000,000元的資產淨值餘額(如有)則根據普通股及無投票權遞延股份持有人各自的持股量按比例進行分配。
- (ii) 這些公司都是中國有限公司。

19 INTEREST IN ASSOCIATES

19 於聯營公司的權益

	The Group 本集團		The Company 本公司	
	2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Unlisted shares, at cost 非上市股份(成本)	—	—	456,812	455,930
Share of net assets 所佔資產淨值	213,080	248,500	—	—
Goodwill 商譽	102,192	102,192	—	—
Amounts due from associates (Note) 應收聯營公司款項(註)	26	903	—	882
	315,298	351,595	456,812	456,812

Note: The amounts due from associates are unsecured, interest free and repayable on demand.

註：應收聯營公司款項均無抵押、免息，並須於要求時償還。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

19 INTEREST IN ASSOCIATES (Continued)

The following list contains details of the Company's principal associates, all of which are unlisted corporate entities:

19 於聯營公司的權益 (續)

下表載列本公司的主要聯營公司詳情，該等聯營公司全部均為非上市企業實體：

Name of associates 公司名稱	Form of business structure 業務結構形式	Place of incorporation and operation 註冊成立及經營地點	Particulars of issued and paid up capital 已發行及繳足股本的詳情	Proportion of ownership interest 應佔權益百分比		Principal activity 主要業務
				Group's effective interest 本集團的實際權益	Held by the Company 本公司所持權益	
The Tai Ping Insurance Company, Limited * 太平保險有限公司*	Incorporated 註冊成立	PRC 中國	RMB 1,000,000,000 人民幣 1,000,000,000元	40.025%	40.025%	Non-life insurance 非人壽保險
CMT ChinaValue Capital Partners, L.P.	Limited partnership 有限合夥企業	Cayman Islands/ Hong Kong 凱曼群島/ 香港	US\$9,586,738 9,586,738美元	20.78%	—	Investment holding 投資控股
CMT ChinaValue Capital Advisors Limited	Incorporated 註冊成立	Hong Kong 香港	\$1,000 1,000港元	46%	—	Advisory services 顧問服務
Huatai Insurance Agency & Consultant Service Limited * 華泰保險經紀有限公司*	Incorporated 註冊成立	PRC 中國	RMB 30,000,000 人民幣 30,000,000元	25%	25%	Insurance agency and consultancy 保險代理及顧問

* These companies are PRC limited companies.

* 上述公司均為中國有限公司。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

19 INTEREST IN ASSOCIATES (Continued)

19 於聯營公司的權益 (續)

Summary of financial information on associates

聯營公司的財務資料概要

		Assets 資產 \$'000 千元	Liabilities 負債 \$'000 千元	Equity 股本 \$'000 千元	Revenues 收益 \$'000 千元	Losses 虧損 \$'000 千元
2005	二零零五年					
100 per cent	百分之一百	1,961,433	1,381,791	579,642	1,385,317	(117,891)
Group's effective interest	本集團的有效權益	755,095	542,015	213,080	548,985	(48,728)
2004	二零零四年					
100 per cent	百分之一百	1,466,237	813,352	652,885	907,062	(105,923)
Group's effective interest	本集團的有效權益	569,335	320,835	248,500	358,794	(31,801)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES

20 債務及股本證券投資

(a) The Group

(a) 本集團

		2005 \$'000 千元	2004 \$'000 千元
Held-to-maturity (Note (i))	持有至到期日 (附註(i))	1,046,037	8,990,535
Available-for-sale (Note (ii))	可供出售 (附註(ii))	15,080,678	—
Designated at fair value through profit or loss (Note (iii))	指定為通過損益以反映 公平價值 (附註(iii))	3,460,846	—
Other investments (Note (iv))	其他投資 (附註(iv))	—	2,259,146
		19,587,561	11,249,681

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES 20 債務及股本證券投資 (續)

(Continued)

(a) The Group (Continued)

(a) 本集團 (續)

		Central governments and central banks 中央政府及中央銀行 \$'000 千元	Public sector entities 公共機構 \$'000 千元	Banks and other financial institutions 銀行及其他金融機構 \$'000 千元	Corporate entities 企業實體 \$'000 千元	Others 其他 \$'000 千元	Total 總額 \$'000 千元
(i) Held-to-maturity	(i) 持有至到期日						
At 31 December 2005	於二零零五年十二月三十一日						
Listed outside Hong Kong	上市 — 香港以外地區	52,107	118,664	222,001	393,275	8,041	794,088
Unlisted	非上市	68,316	7,559	85,445	90,629	—	251,949
		120,423	126,223	307,446	483,904	8,041	1,046,037
Fair value of securities	證券公平值	142,745	130,883	314,019	507,470	11,080	1,106,197
Market value of listed securities	上市證券市值	56,206	122,261	294,252	413,700	11,080	897,499
At 31 December 2004	於二零零四年十二月三十一日						
Listed outside Hong Kong	上市 — 香港以外地區	4,844,946	134,294	1,658,761	1,816,293	26,830	8,481,124
Unlisted	非上市	74,941	7,576	79,059	347,835	—	509,411
		4,919,887	141,870	1,737,820	2,164,128	26,830	8,990,535
Fair value of securities	證券公平值	4,768,443	151,842	1,754,115	1,993,880	26,731	8,695,011
Market value of listed securities	上市證券市值	4,675,727	143,034	1,663,321	1,625,718	26,731	8,134,531

The held-to-maturity debt securities include an amount of \$125,415,000 (31 December 2004: \$127,620,000) which is maturing within one year.

Following the adoption of HKAS 39 (note 2(f)), held-to-maturity securities with an amortised cost of \$7,615,998,000 at 31 December 2004 were redesignated as available-for-sale securities on 1 January 2005. This redesignation resulted in the recognition of a debit balance of \$136,290,000 in the fair value reserve as at 1 January 2005. There was no such redesignation in 2004 as retrospective application of HKAS 39 is not permitted.

During 2004, held-to-maturity securities with an amortised cost of \$553,724,000 and \$364,889,000 were disposed of and reclassified as other investments respectively as a result of the review of the Group's investment strategy and the Group's assets and liabilities matching.

持有至到期的債務證券包括於一年內到期價值125,415,000元(二零零四年十二月三十一日: 127,620,000元)的債務證券。

採納香港會計準則第39號(附註2(f))後,於二零零四年十二月三十一日已攤銷成本7,615,998,000元的持有至到期日證券,於二零零五年一月一日重新指定為可供出售證券。這重新指定導致確認借方結餘136,290,000元於二零零五年一月一日的公平值儲備。由於香港會計準則第39號並不允許追溯應用,故二零零四年並無進行該等重新指定。

於二零零四年,本集團在檢討投資策略及資產與負債配比之後,將價值553,724,000元已攤銷成本的持有至到期日債務證券沽出及將價值364,889,000元已攤銷成本的持有至到期債務證券轉換分類為其他投資。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES 20 債務及股本證券投資 (續)

(Continued)

(a) The Group (Continued)

(a) 本集團 (續)

		Central governments and central banks 中央政府及中央銀行 \$'000 千元	Public sector entities 公共機構 \$'000 千元	Banks and other financial institutions 銀行及其他金融機構 \$'000 千元	Corporate entities 企業實體 \$'000 千元	Others 其他 \$'000 千元	Total 總額 \$'000 千元
(ii) Available-for-sale	(ii) 可供出售						
At 31 December 2005	於二零零五年十二月三十一日						
Listed debt securities	上市債務證券						
– in Hong Kong	– 香港	–	–	15,581	–	–	15,581
– outside Hong Kong	– 香港以外地區	7,549,786	7,500	1,977,586	4,343,424	15,094	13,893,390
Listed equity securities	上市股本證券						
– in Hong Kong	– 香港	–	10,148	124,958	56,546	–	191,652
– outside Hong Kong	– 香港以外地區	–	–	7,471	8,780	–	16,251
Unlisted debt securities	非上市債務證券	–	–	53,742	906,697	–	960,439
Unlisted equity securities	非上市股本證券	–	–	–	3,365	–	3,365
		7,549,786	17,648	2,179,338	5,318,812	15,094	15,080,678
Fair value of securities	證券公平值	7,549,786	17,648	2,179,338	5,318,812	15,094	15,080,678
Market value of listed securities	上市證券市值	7,549,786	17,648	2,125,596	4,408,750	15,094	14,116,874
Current	當期	7,549,786	17,648	2,179,338	5,318,812	15,094	15,080,678
Non-current	非當期	–	–	–	–	–	–
		7,549,786	17,648	2,179,338	5,318,812	15,094	15,080,678
At 31 December 2004	於二零零四年十二月三十一日	–	–	–	–	–	–

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES 20 債務及股本證券投資 (續)

(Continued)

(a) The Group (Continued)

(a) 本集團 (續)

		Central governments and central banks 中央政府及中央銀行 \$'000 千元	Public sector entities 公共機構 \$'000 千元	Banks and other financial institutions 銀行及其他金融機構 \$'000 千元	Corporate entities 企業實體 \$'000 千元	Others 其他 \$'000 千元	Total 總額 \$'000 千元
(iii) Designated at fair value through profit or loss	(iii) 指定為通過損益以反映值公平價值						
At 31 December 2005	於二零零五年十二月三十一日						
Listed debt securities outside Hong Kong	上市債務證券 香港以外地區	165,552	—	73,677	64,636	9,649	313,514
Listed equity securities	上市股本證券						
— in Hong Kong	— 香港	—	8,415	23,185	114,554	350	146,504
— outside Hong Kong	— 香港以外地區	—	—	60,454	47,132	184,140	291,726
Listed unit trusts and mutual funds outside Hong Kong	上市單位信託基金及互惠基金 香港以外地區	—	—	—	13,072	2,205,468	2,218,540
Unlisted debt securities	非上市債務證券	—	—	365,224	125,338	—	490,562
		165,552	8,415	522,540	364,732	2,399,607	3,460,846
Fair value of securities	證券公平值	165,552	8,415	522,540	364,732	2,399,607	3,460,846
Market value of listed securities	上市證券市值	165,552	8,415	157,316	239,394	2,399,607	2,970,284
Current	當期	165,552	8,415	522,540	364,732	2,399,607	3,460,846
Non-current	非當期	—	—	—	—	—	—
		165,552	8,415	522,540	364,732	2,399,607	3,460,846
At 31 December 2004	於二零零四年十二月三十一日	—	—	—	—	—	—

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES 20 債務及股本證券投資 (續)

(Continued)

(a) The Group (Continued)

(a) 本集團 (續)

		Central governments and central banks 中央政府及中央銀行 \$'000 千元	Public sector entities 公共機構 \$'000 千元	Banks and other financial institutions 銀行及其他金融機構 \$'000 千元	Corporate entities 企業實體 \$'000 千元	Others 其他 \$'000 千元	Total 總額 \$'000 千元
(iv) Other investments	(iv) 其他投資						
At 31 December 2005	於二零零五年十二月三十一日	-	-	-	-	-	-
At 31 December 2004	於二零零四年十二月三十一日						
Listed debt securities outside Hong Kong	上市債務證券香港以外地區	3,236	-	107,310	146,389	23,728	280,663
Listed equity securities	上市股本證券						
- in Hong Kong	- 香港	6,840	1,701	42,697	315,518	4,296	371,052
- outside Hong Kong	- 香港以外地區	-	-	39,972	138,111	-	178,083
Listed unit trusts and mutual funds	上市單位信託基金及互惠基金						
outside Hong Kong	香港以外地區	-	-	-	12,273	894,173	906,446
Unlisted debt securities	非上市債務證券	-	-	434,544	77,115	-	511,659
Unlisted equity securities	非上市股本證券	-	-	-	11,243	-	11,243
		10,076	1,701	624,523	700,649	922,197	2,259,146
Fair value of securities	證券公平值	10,076	1,701	624,523	700,649	922,197	2,259,146
Market value of listed securities	上市證券市值	10,076	1,701	189,979	612,291	922,197	1,736,244
Current	當期	10,076	1,701	624,523	700,649	922,197	2,259,146
Non-current	非當期	-	-	-	-	-	-
		10,076	1,701	624,523	700,649	922,197	2,259,146

All investments previously reported as other investments were redesignated as securities designated at fair value through profit or loss or securities available-for-sale on 1 January 2005 due to the adoption of HKAS 39.

因為採納《香港會計準則》第39號，所有之前被定為其他投資的投資均於二零零五年一月一日重新指定為通過損益以反映公平價值證券或可供出售證券。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

20 INVESTMENTS IN DEBT AND EQUITY SECURITIES 20 債務及股本證券投資 (續)

(Continued)

(b) The Company		(b) 本公司	
		2005 \$'000 千元	2004 \$'000 千元
Designated at fair value through profit or loss/ other investments	通過損益以反映公平價 值證券/其他投資		
Listed debt securities outside Hong Kong	上市債務證券 香港以外地區	7,980	86,599
Listed equity securities — in Hong Kong	上市股本證券 — 香港	45,842	135,115
— outside Hong Kong	— 香港以外地區	50,529	83,378
Unlisted debt securities	非上市債務證券	243,103	284,191
		347,454	589,283
Fair value of securities	證券公平值	347,454	589,283
Market value of listed securities	上市證券市值	104,351	305,092
Current	當期	347,454	589,283
Non-current	非當期	—	—
		347,454	589,283

21 AMOUNTS DUE FROM/(TO) GROUP COMPANIES 21 應收/(應付)集團內公司款項

(a) Due from group companies		(a) 應收集團內公司款項			
		The Group 本集團		The Company 本公司	
		2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Amount due from the ultimate holding company	應收最終控股公司款項	110	470	9	—
Amounts due from subsidiaries	應收附屬公司款項	—	—	282,685	272,182
Amounts due from fellow subsidiaries	應收同系附屬公司款項	204	85	—	—
		314	555	282,694	272,182

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

21 AMOUNTS DUE FROM/(TO) GROUP COMPANIES (Continued)

(b) Due to group companies

		The Group 本集團		The Company 本公司	
		2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Amount due to the ultimate holding company	應付最終控股公司款項	—	145	—	65
Amount due to a subsidiary	應付附屬公司款項	—	—	1,351,065	1,353,712
Amounts due to fellow subsidiaries	應付同系附屬公司款項	—	129,334	—	—
		—	129,479	1,351,065	1,353,777

The amounts due to fellow subsidiaries include an amount of \$Nil (2004: \$129,333,000) which was unsecured, repayable on demand and bears interest at LIBOR plus 1.8%.

The amount due to a subsidiary is unsecured, repayable after more than one year and bears interest at a fixed rate of 6.03%.

Other amounts due from/(to) group companies are unsecured, interest free and repayable on demand.

21 應收／(應付)集團內公司款項 (續)

(b) 應付集團內公司款項

應付同系附屬公司款項包括為數零元(二零零四年: 129,333,000元)款項為無抵押、於要求時償還,並以倫敦最優惠利率加1.8%計息。

應付附屬公司款項為無抵押、於超過一年後償還,並以固定利率6.03%計息。

其他應收／(應付)集團內公司款項均無抵押、免息,並須於要求時償還。

22 INSURANCE DEBTORS

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Amounts due from insurance customers and suppliers	應收保險客戶及 供應商款項	225,408	210,281
Deposits retained by cedants	分保人保留的按金	116,652	88,530
		342,060	298,811

All of the insurance debtors are expected to be recovered within one year.

Amounts due from insurance customers and suppliers include amounts due from fellow subsidiaries of \$5,572,000 (2004: \$4,815,000) which are trade related in nature.

所有保險客戶應收賬款預期在一年之內可以收回。

應收保險客戶及供應商款項包括應收同系附屬公司款項5,572,000元(二零零四年: 4,815,000元),有關款項屬營業性質。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

22 INSURANCE DEBTORS (Continued)

The following is an ageing analysis of amounts due from insurance customers and suppliers (net of specific allowances for bad and doubtful debts):

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Not yet due	未到期	138,013	135,057
Current	現已到期	72,030	51,191
More than 3 months but less than 12 months	超過3個月但少於12個月	9,776	18,657
More than 12 months	超過12個月	5,589	5,376
		225,408	210,281

22 保險客戶應收賬款 (續)

應收保險客戶及供應商款項(已提呆壞賬特定準備後的淨額)，其賬齡分析如下：

23 REINSURERS' SHARE OF INSURANCE CONTRACT PROVISIONS

The reinsurers' share of insurance contract provisions represent the reinsurers' share of life insurance funds, unearned premium provisions and provision for outstanding claims arising from the life insurance and general reinsurance businesses.

		The Group 本集團	
		2005 \$'000 千元	2004 (Restated) (重列) \$'000 千元
Life insurance funds (Note 28)	壽險責任準備金 (附註28)	853	87
Unearned premium provisions (Note 29)	未到期責任準備金 (附註29)	52,667	57,389
Provision for outstanding claims (Note 30)	未決賠款準備 (附註30)	418,656	428,041
		472,176	485,517

23 分保公司應佔保險合約準備

分保公司應佔保險合約準備份額，代表再保險公司於壽險責任準備金的份額、未到期責任準備金及由人壽保險及一般再保險業務產生的未決賠款準備。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

24 OTHER DEBTORS

24 其他應收賬款

	The Group 本集團		The Company 本公司	
	2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Advanced payment for acquisition of TPP (Note (a))	—	139,108	—	—
Advanced payment for acquisition of TPAM (Note (b))	61,437	—	—	—
Other debtors, deposits and prepayments	475,075	212,019	6,945	5,988
Loans and advances (Note (c))	72,266	38,845	—	—
	608,778	389,972	6,945	5,988

Notes:

註：

- (a) On 9 July 2004, the Group entered into a conditional shareholders' agreement with TPI, Fortis and CIHC to form a new joint stock limited company, namely TPP (the "TPP Shareholders' Agreement"). TPP had become a subsidiary of the Group. At the extraordinary general meeting of the Company held on 25 August 2004, the independent shareholders of the Company approved the conditional TPP Shareholders' Agreement. However, because certain conditions precedent as stated in the TPP Shareholders' Agreement have not been fulfilled, TPP had not been established and had not commenced operation as at 31 December 2004. Therefore, the total investment into TPP by the Group was included as advanced payment at 31 December 2004.
- (b) On 7 December 2005, TPL and CIGAML, both of them are subsidiaries of the Group, entered into a conditional shareholders' agreement with TPI, Fortis and CIHC (all of them are connected persons of the Group) to form a new joint stock limited company, namely TPAM (the "TPAM Shareholders' Agreement"). The registered capital of TPAM is RMB100,000,000 divided into 100,000,000 shares of RMB1.00 each. TPAM will become a subsidiary of the Group. As certain conditions precedent as stated in the TPAM Shareholders' Agreement have not been fulfilled, TPAM had not been established and had not commenced operation as at 31 December 2005. Therefore, the total investment into TPAM by the Group is included as advanced payment at 31 December 2005.
- (c) Loans and advances are repayable with the following terms:

- (a) 於二零零四年七月九日，本集團與太平保險、富通和中保控股簽訂一份有條件的股東協議，成立一間名為太平養老的新股份有限公司（「太平養老保險股東協議」）。太平養老已成為本集團一家附屬公司。於二零零四年八月二十五日本公司舉行了股東特別大會，在大會上本公司的獨立股東批准了該份有條件的太平養老保險股東協議，然而，由於協議內所列明的條件仍有部份尚未達成，所以於二零零四年十二月三十一日太平養老仍未正式成立或開業。因此，本集團投放到太平養老的總投資金額，於二零零四年十二月三十一日已包括為預付款。
- (b) 於二零零五年十二月七日，本集團之附屬公司，太平人壽和中保資產管理與太平保險、富通和中保控股（每一個皆為本集團的關連人士）簽訂一份有條件的股東協議，成立一間名為太平資產管理的新股份有限公司（「太平資產管理股東協議」）。太平資產管理之註冊資本為人民幣100,000,000元，劃分為100,000,000股，每股為人民幣1元。太平資產管理將成為本集團一家附屬公司。由於太平資產管理股東協議內所列明的條件仍有部份尚未達成，所以於二零零五年十二月三十一日太平資產管理仍未正式成立或開業。因此，本集團投放到太平資產管理的總投資金額，於二零零五年十二月三十一日已包括為預付款。
- (c) 貸款及墊款的還款期如下：

		2005 \$'000 千元	2004 \$'000 千元	Interest rate 利率	Repayment term 還款期
Secured loans:	有抵押按揭貸款：				
— to policyholders	— 保單持有人	47,558	14,137	4.5 — 4.7%	Less than 6 months 六個月以內
Unsecured loans:	無抵押貸款：				
— to a fellow subsidiary	— 給予同系附屬公司	4,830	4,830	Free 免息	On demand 於要求時償還
— to third parties	— 給予第三方	19,878	19,878	8% 8%	10 years 10年
		72,266	38,845		

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

25 PLEDGED DEPOSITS AT BANK

The Group has pledged bank deposits of \$97,980,000 (2004: \$76,533,000) to banks to secure letters of credit issued on behalf of the Group.

All of the pledged deposits at bank are expected to be settled within one year.

25 已抵押銀行存款

本集團已將一筆為數97,980,000元(二零零四年: 76,533,000元)的銀行存款抵押予銀行, 作為本集團發出信用狀。

所有已抵押銀行存款預計在一年內支付。

26 DEPOSITS AT BANK WITH ORIGINAL MATURITY MORE THAN THREE MONTHS

A subsidiary of the Group has placed \$487,806,000 (2004: \$437,947,000) with banks as a capital guarantee fund, pursuant to the relevant PRC insurance rules and regulations. The fund can only be used with the prior approval of the relevant authorities in the event that the PRC subsidiary cannot meet the statutory solvency requirements or goes into liquidation.

26 原到期日超過三個月的銀行存款

本集團一間附屬公司根據中國有關保險法規的規定將一筆為數487,806,000元(二零零四年: 437,947,000元)的款項存於銀行, 作為資本保證基金。該筆款項只可在該附屬公司不能達到法定償付能力要求或清盤時, 並得到有關政府部門批准, 方可動用。

27 CASH AND CASH EQUIVALENTS

27 現金及現金等價物

		The Group 本集團		The Company 本公司	
		2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Deposits with banks and other financial institutions with original maturity less than three months	原到期日少於3個月的銀行及其他財務機構存款	1,514,501	1,954,249	299,447	58,868
Cash at bank and in hand	銀行及手頭現金	1,236,804	267,608	64,873	20,122
Cash and cash equivalents in the balance sheet and the cash flow statement	在資產負債表及現金流量表的現金及現金等價物	2,751,305	2,221,857	364,320	78,990

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

28 LIFE INSURANCE FUNDS

28 壽險責任準備金

		2005			2004 (Restated) (重列)		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Balance as at 1 January	於1月1日結餘	9,389,501	(87)	9,389,414	4,067,281	—	4,067,281
Premiums written during the year	年內承保保費	7,351,092	(49,169)	7,301,923	6,215,228	(36,630)	6,178,598
Surrenders	退保總額	(483,210)	—	(483,210)	(272,388)	—	(272,388)
Annuity and maturity payments	年金及到期付款	(22,523)	—	(22,523)	(7,289)	—	(7,289)
Other movements	其他變動	(1,059,377)	48,412	(1,010,965)	(609,103)	36,543	(572,560)
Exchange adjustment	匯兌調整	278,050	(9)	278,041	(4,228)	—	(4,228)
Balance as at 31 December	於12月31日結餘	15,453,533	(853)	15,452,680	9,389,501	(87)	9,389,414

At 31 December 2005 and 2004, there is no current portion of life insurance funds.

於二零零五年及二零零四年十二月三十一日，壽險責任準備金沒有當期部份。

Key assumptions used in estimating the life insurance funds

評估壽險責任準備金採納的主要假設

The insurance contract provisions have been established based upon the following key assumptions:

壽險合約的儲備乃基於以下主要假設而作出：

- Interest rates which vary by the life of contract;
- Mortality/Morbidity rates based on China Life table (1990-1993); and
- Lapse rate based on 100% pricing assumptions.

- 利率隨合約期限而變動；
- 死亡率／發病率根據中國人壽保險業經驗生命表計算（1990年至1993年）；及
- 作廢率根據100%定價假設計算。

Sensitivities of changes in key assumptions:

主要假設變動的敏感度：

Assumptions

Impact on gross life insurance funds

假設

對毛壽險儲備的影響
%
百分比

		HK\$' million	
		百萬港元	
1% increase in interest rate	利率增加1%	(26.23)	(0.168%)
10% decrease in mortality/morbidity rate	死亡率／發病率減少10%	(5.10)	(0.033%)

During the year, there are no significant changes in the key assumptions used in estimating the life insurance funds.

於本年內，評估壽險責任準備金採納的主要假設，並無重大變重。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

29 UNEARNED PREMIUM PROVISIONS

29 未到期責任準備金

		2005			2004 (Restated) (重列)		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Reinsurance (Note (i))	再保險 (註 (i))	369,327	(31,176)	338,151	352,225	(40,103)	312,122
Life insurance (Note (ii))	人壽保險 (註 (ii))	221,940	(21,491)	200,449	114,522	(17,286)	97,236
Balance as at 31 December	於12月31日結餘	591,267	(52,667)	538,600	466,747	(57,389)	409,358

Notes:

註:

(i) Analysis of movement in the unearned premium provisions for the reinsurance business:

(i) 再保險業務的未到期責任準備金變化分析:

		2005			2004 (Restated) (重列)		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Balance as at 1 January	於1月1日結餘	352,225	(40,103)	312,122	354,611	(49,872)	304,739
Premiums written during the year	年內承保保費	1,256,403	(218,557)	1,037,846	1,092,462	(180,398)	912,064
Premiums earned during the year	年內已賺取保費	(1,239,301)	227,484	(1,011,817)	(1,094,848)	190,167	(904,681)
Balance as at 31 December	於12月31日結餘	369,327	(31,176)	338,151	352,225	(40,103)	312,122

(ii) Analysis of movement in the unearned premium provisions for the life insurance business:

(ii) 人壽保險業務的未到期責任準備金變化分析:

		2005			2004 (Restated) (重列)		
		Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		千元	千元	千元	千元	千元	千元
Balance as at 1 January	於1月1日結餘	114,522	(17,286)	97,236	69,583	(14,222)	55,361
Premiums written during the year	年內承保保費	7,351,092	(49,169)	7,301,923	6,215,228	(36,630)	6,178,598
Premiums earned during the year	年內已賺取保費	(7,247,447)	45,408	(7,202,039)	(6,170,268)	33,575	(6,136,693)
Exchange adjustment	匯兌調整	3,773	(444)	3,329	(21)	(9)	(30)
Balance as at 31 December	於12月31日結餘	221,940	(21,491)	200,449	114,522	(17,286)	97,236

At 31 December 2005 and 2004, there is no non-current portion of unearned premium provisions.

於二零零五年及二零零四年十二月三十一日，未到期責任準備金沒有非當期部份。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

30 PROVISION FOR OUTSTANDING CLAIMS

30 未決賠款準備

		2005			2004 (Restated) (重列)		
		Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元	Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元
Reinsurance (Note (i))	再保險 (註 (i))	2,106,450	(413,575)	1,692,875	1,988,403	(424,484)	1,563,919
Life insurance (Note (ii))	人壽保險 (註 (ii))	43,528	(5,081)	38,447	21,604	(3,557)	18,047
Balance as at 31 December	於12月31日結餘	2,149,978	(418,656)	1,731,322	2,010,007	(428,041)	1,581,966

Notes:

註:

(i) Analysis of movement in the provision for outstanding claims for the reinsurance business:

(i) 再保險業務的未決賠款準備變化分析:

		2005			2004 (Restated) (重列)		
		Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元	Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元
Balance as at 1 January	於1月1日結餘	1,988,403	(424,484)	1,563,919	1,795,637	(405,155)	1,390,482
Claim paid during the year	年內已付賠款	(805,122)	183,455	(621,667)	(584,477)	105,319	(479,158)
Claim incurred during the year	年內索賠	923,169	(172,546)	750,623	777,243	(124,648)	652,595
Balance as at 31 December	於12月31日結餘	2,106,450	(413,575)	1,692,875	1,988,403	(424,484)	1,563,919

(ii) Analysis of movement in the provision for outstanding claims for the life insurance business:

(ii) 人壽保險業務的未決賠款準備變化分析:

		2005			2004 (Restated) (重列)		
		Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元	Gross 總額 \$'000 千元	Reinsurers' share 再保險 公司份額 \$'000 千元	Net 淨額 \$'000 千元
Balance as at 1 January	於1月1日結餘	21,604	(3,557)	18,047	5,484	(1,201)	4,283
Claim paid during the year	年內已付賠款	(166,963)	26,427	(140,536)	(71,923)	13,630	(58,293)
Claim incurred during the year	年內索賠	188,158	(27,853)	160,305	88,072	(15,990)	72,082
Exchange adjustment	匯兌調整	729	(98)	631	(29)	4	(25)
Balance as at 31 December	於12月31日結餘	43,528	(5,081)	38,447	21,604	(3,557)	18,047

At 31 December 2005, the current portion of provision for outstanding claims is \$502,324,000 (2004: \$409,084,000).

於二零零五年十二月三十日，未決賠款準備的當期部份為502,324,000元(二零零四年: 409,084,000元)。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

31 INVESTMENT CONTRACT LIABILITIES

31 投資合約負債

		The Group 本集團	
		2005	2004 (Restated) (重列)
		\$'000 千元	\$'000 千元
Balance as at 1 January	於1月1日結餘	774	—
Premiums written during the year	年內承保保費	98,184	2,380
Surrenders and withdrawals	退保及提取總額	(23,101)	(1,606)
Balance as at 31 December	於12月31日結餘	75,857	774

At 31 December 2005 and 2004, there was no non-current portion of investment contract liabilities.

於二零零五年及二零零四年十二月三十一日，投資合約負債沒有非當期部份。

32 INCOME TAX IN THE BALANCE SHEET

32 資產負債表的利得稅

(a) Current taxation in the balance sheet represents:

(a) 在資產負債表所示的當期稅項為：

		The Group 本集團		The Company 本公司	
		2005 \$'000 千元	2004 \$'000 千元	2005 \$'000 千元	2004 \$'000 千元
Provision for Hong Kong Profits Tax for the year	本年度香港利得稅準備	8,861	16,510	—	3,220
Provisional Profits Tax paid	已暫繳的利得稅	(13,198)	(13,753)	(3,581)	—
		(4,337)	2,757	(3,581)	3,220
Balance of Profits Tax provision relating to prior years	屬於往年度利得稅準備的結餘	35,000	—	—	—
Taxation outside Hong Kong	香港以外的稅項	1,222	1,209	—	—
		31,885	3,966	(3,581)	3,220
Amount of taxation payable expected to be settled after more than 1 year	預期在一年以後才須支付的應付稅金	—	485	—	—
Net tax recoverable recognised in the balance sheets	在資產負債表已確認的可收回稅項	(5,585)	(6,378)	(3,581)	—
Net current taxation recognised in the balance sheets	在資產負債表已確認的當期稅項	37,470	10,344	—	3,220
		31,885	3,966	(3,581)	3,220

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

32 INCOME TAX IN THE BALANCE SHEET (Continued)

32 資產負債表的利得稅 (續)

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax assets/(liabilities) (prior to offsetting of balances within the same taxation jurisdiction) recognised in the consolidated balance sheet and the movements during the year are as follows:

(b) 已確認遞延稅項資產及負債：

本集團

在綜合資產負債表所確認的遞延稅項資產／(負債) (與同一徵稅地區之結餘抵銷前) 的組合及本年度的變動情況如下：

Deferred tax arising from: 遞延稅項來自：		Difference in depreciation allowances and related depreciation 折舊免稅額與相關折舊的差異	Revaluation of properties 物業重估	Fair value adjustment of available-for-sale securities 可供出售證券公平值調整	Unused tax losses 未動用稅項虧損	Life insurance funds 壽險責任準備金	Provision for outstanding claims 未決賠款準備	Others 其他	Total 總額
		\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元	\$'000 千元
At 1 January 2005	於二零零五年一月一日	3,386	(364)	—	112,666	(46,161)	2,409	307	72,243
Credited/(charged) to consolidated income statement	於綜合損益表抵免/(支出)	363	(40)	—	183,585	(107,557)	1,762	(2,960)	75,153
Charged to reserves	於儲備入賬	—	—	(227,343)	—	—	—	—	(227,343)
Exchange difference	匯兌調整	4	—	—	4,564	(1,928)	75	(24)	2,691
At 31 December 2005	於二零零五年十二月三十一日	3,753	(404)	(227,343)	300,815	(155,646)	4,246	(2,677)	(77,256)
At 1 January 2004	於二零零四年一月一日	3,428	(364)	—	—	—	—	—	3,064
(Charged)/credited to consolidated income statement	於綜合損益表(支出)/抵免	(42)	—	—	112,666	(46,161)	2,409	307	69,179
At 31 December 2004	於二零零四年十二月三十一日	3,386	(364)	—	112,666	(46,161)	2,409	307	72,243
							2005 \$'000 千元		2004 \$'000 千元
Net deferred tax assets recognised in the balance sheet	在資產負債表已確認的淨遞延稅項資產						3,298		72,624
Net deferred tax liabilities recognised in the balance sheet	在資產負債表已確認的淨遞延稅項負債						(80,554)		(381)
							(77,256)		72,243

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

32 INCOME TAX IN THE BALANCE SHEET (Continued)

(c) Deferred tax assets not recognised

At 31 December 2005, the Group had not recognised deferred tax assets in respect of certain tax losses of \$Nil (2004: \$73,016,000). Included in the total amount are tax losses of \$Nil (2004: \$73,016,000) which can be carried forward up to five years after the year in which the loss originated to offset future taxable profits. The remaining tax losses do not expire under current tax legislation.

32 資產負債表的利得稅 (續)

(c) 未確認的遞延稅項資產

於二零零五年十二月三十一日，本集團未有確認就某些稅項虧損而產生的遞延稅項資產為零元（二零零四年：73,016,000元）。包括在稅項虧損總額中零元（二零零四年：73,016,000元）可以在發生虧損年起計，最多不多於五年，用作抵銷未來之應評稅利潤。尚餘的稅項虧損額在目前的稅務條例則並無期限。

33 INTEREST-BEARING NOTES

33 需付息票據

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
US dollar notes due 2013 (Note (a))	於二零一三年到期的 美元票據 (註 (a))	1,347,971	1,350,980
RMB subordinated notes due 2013 (Note (b))	於二零一三年到期的 人民幣次級票據 (註 (b))	1,441,500	—
		2,789,471	1,350,980

Notes:

- (a) On 12 November 2003, a subsidiary of the Group issued US\$175,000,000 in principal amount of 5.8% notes at a discount. The notes are listed on the Singapore Exchange Securities Trading Limited and will be redeemed on 12 November 2013 at their principal amount. Interest on the notes is payable semi-annually in arrears.

The notes may be redeemed by the subsidiary, at its option, at any time at par plus accrued interest, in the event of certain tax changes as described under "Conditions of the Notes — Redemption and Purchase" in the offering circular dated 3 November 2003.

The notes issued are unconditionally and irrevocably guaranteed by the Company.

- (b) On 23 October 2005, a subsidiary of the Group issued RMB1,500,000,000 in principal amount of 4.45% subordinated notes at par. The notes are fully subscribed by the Agricultural Bank of China. The notes will be redeemed on 30 November 2013 and cannot be repaid on demand during the term. Interest on notes is payable annually in arrears.

The notes issued are free of any collateral and guarantee.

註：

- (a) 於二零零三年十一月十二日，本集團其中一家附屬公司以折讓價發行了本金價值175,000,000美元5.8%的票據。票據在星加坡證券交易所上市，本金將於二零一三年十一月十二日贖回。票據利息每半年於期末支付。

如二零零三年十一月三日發行通告「票據的條件—購買及贖回」內文所提及有關某些稅項改變發生之時，附屬公司有權在任何時間以票面值加上應計利息把票據贖回。

票據由本公司提供無條件及不可撤銷的擔保。

- (b) 於二零零五年十月二十三日，本集團其中一家附屬公司以票面值發行了本金價值1,500,000,000人民幣4.45%的票據。票據由中國農業銀行悉數認購。票據將於二零一三年十一月三十日贖回及在債務期內不可被即時償還。票據利息每年於年末支付。

票據並無任何抵押品及擔保。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

34 INSURANCE CREDITORS

34 保險客戶應付賬款

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Amounts due to insurance customers and suppliers	應付保險客戶及 供應商款項	89,339	72,352
Amounts due to insurance intermediaries	應付保險中介	20,778	9,373
Deposits retained from retrocessionaires	轉分保險人保留的按金	25,382	25,445
Prepaid premiums received	預收保費	244,672	201,987
		380,171	309,157

All of the insurance creditors are expected to be settled within one year.

所有保險客戶應付賬款預期將於一年內清償。

Amounts due to insurance customers and suppliers include amounts due to fellow subsidiaries of \$418,000 (2004: \$1,703,000) which are trade related in nature.

應付保險客戶及供應商款項包括應付同系附屬公司款項為418,000元(二零零四年: 1,703,000元), 有關款項屬營業性質。

The following is an ageing analysis of amounts due to insurance customers and suppliers:

應付保險客戶及供應商之賬齡分析如下:

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Current	現時	67,760	54,390
More than 3 months but less than 12 months	超過3個月但少於12個月	17,940	9,754
More than 12 months	超過12個月	3,639	8,208
		89,339	72,352

35 ACCRUED CHARGES AND OTHER CREDITORS

35 應計費用及其他應付賬款

All of the accrued charges and other creditors are expected to be settled within one year. Included in the balance is an amount of \$Nil (2004: \$1,614,000) which represents unrealised losses on dealing in off-balance sheet financial instruments at the balance sheet date.

所有應計費用及其他應付賬款預期將於一年內清償。當中包括價值零元(二零零四年: 1,614,000)在結算日資產負債表以外金融工具的未實現虧損。

36 INSURANCE PROTECTION FUND

36 保險保障基金

Insurance protection fund is provided for at 1.0% of the related premium income for the personal accident and short term health policies in accordance with Article 97 of the Insurance Law of the PRC and the relevant regulations issued by the CIRC.

保險保障基金的提撥是按個人意外及短期健康保單之相關保費收入提取1.0%, 並根據中國保險法第97節及中國保監會發出之相關規定而提撥。

Insurance protection fund is expected to be settled within one year.

保險保障基金預計在一年內支付。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

37 SECURITIES SOLD UNDER REPURCHASE AGREEMENTS 37 賣出回購證券

All of the securities sold under repurchase agreements are denominated in RMB and expected to be settled within one year. The effective interest rate is 1.58%.

所有賣出回購證券以人民幣為單位及預期在一年內支付。其有效利率為1.58%。

38 SHARE CAPITAL

38 股本

		2005		2004	
		No. of shares	\$'000	No. of shares	\$'000
		股份數目	千元	股份數目	千元
Authorised:	法定股本：				
Ordinary shares of \$0.05 each	每股面值0.05元普通股	2,000,000,000	100,000	2,000,000,000	100,000
Issued and fully paid:	已發行及繳足股本：				
At 1 January	於1月1日	1,331,693,592	66,585	1,328,133,592	66,407
Shares issued under share option scheme*	根據認股權計劃發行的股份*	4,770,000	239	3,560,000	178
At 31 December	於12月31日	1,336,463,592	66,824	1,331,693,592	66,585

All of the shares issued by the Company rank pari passu and do not carry pre-emptive rights.

本公司所發行的所有股份均享有同等權益，並沒有附帶任何優先權。

* During the year ended 31 December 2005, options were exercised to subscribe for 4,770,000 (note 41(a)) ordinary shares in the Company at a consideration of \$5,231,000 of which \$239,000 was credited to share capital and the balance of \$4,992,000 was credited to the share premium account.

* 本年度曾行使認股權認購本公司普通股股份4,770,000股(附註41(a))，總價款為5,231,000元。其中239,000元已計入股本，餘數4,992,000元已計入股份溢價賬。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

39 RESERVES

39 儲備

(a) The Group

(a) 本集團

		Capital reserve 資本儲備 \$'000 千元	Share premium 股份溢價 \$'000 千元	Exchange reserve 匯兌儲備 \$'000 千元	Fair value reserve 公平值 儲備 \$'000 千元	Employee share-based compensation reserve 以股份 為本之僱員 補償儲備 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總額 \$'000 千元
At 1 January 2005 As originally stated	於二零零五年一月一日 原本列示	567,458	1,639,426	(11,828)	-	-	380,819	2,575,875
Opening adjustment for the adoption of HKAS 39 (note 2(f))	採用香港會計準則39的 期初調整 (附註2(f))	-	-	-	(136,290)	-	-	(136,290)
As restated	重列	567,458	1,639,426	(11,828)	(136,290)	-	380,819	2,439,585
Shares issued	已發行股份	-	4,992	-	-	-	-	4,992
Exchange differences on translation of the financial statements of subsidiaries outside Hong Kong	換算香港以外地區 附屬公司賬項的 匯兌差異	-	-	17,953	-	-	-	17,953
Surplus on reevaluation of available- for-sale securities, net of deferred tax	可供出售證券重估 盈餘，減遞延稅項	-	-	-	390,938	-	-	390,938
Loss for the year	本年度虧損	-	-	-	-	-	(433,763)	(433,763)
Equity settled share-based transactions	股本償付之股份為本交易	-	-	-	-	20,629	-	20,629
At 31 December 2005	於二零零五年十二月三十一日	567,458	1,644,418	6,125	254,648	20,629	(52,944)	2,440,334
At 1 January 2004 Dividends approved in respect of the previous year (note 14)	於二零零四年一月一日 上年度批准派發的股息 (附註14)	567,458	1,633,305	(8,304)	-	-	419,734	2,612,193
Shares issued	已發行股份	-	6,121	-	-	-	(15,980)	(15,980)
Exchange differences on translation of the financial statements of a subsidiary outside Hong Kong	換算香港以外地區 附屬公司賬項的 匯兌差異	-	-	(3,524)	-	-	-	(3,524)
Loss for the year	本年度虧損	-	-	-	-	-	(22,935)	(22,935)
At 31 December 2004	於二零零四年十二月三十一日	567,458	1,639,426	(11,828)	-	-	380,819	2,575,875

Included in the retained profits is an amount of \$165,063,000 (2004: \$116,335,000), being the retained losses attributable to associates.

保留溢利當中包括投資聯營公司的累計虧損，為數 \$165,063,000 (二零零四年：116,335,000元)。

Included in the fair value reserve is an amount of \$12,161,000 (2004: \$Nil), being the positive fair value reserves attributable to associates.

公平值儲備當中包括投資聯營公司的正公平值儲備，為數 12,161,000元 (二零零四年：無)。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

39 RESERVES (Continued)

39 儲備 (續)

(b) The Company

(b) 本公司

		Share premium 股份溢價 \$'000 千元	Employee share-based compensation reserve 以股份 為本之僱員 補償儲備 \$'000 千元	Retained profits 保留溢利 \$'000 千元	Total 總額 \$'000 千元
At 1 January 2005	於2005年1月1日	1,639,426	—	172,932	1,812,358
Shares issued	已發行股份	4,992	—	—	4,992
Loss for the year	本年度虧損	—	—	(150,223)	(150,223)
Equity settled share-based transactions	股本償付之股份 為本交易	—	20,629	—	20,629
At 31 December 2005	於2005年12月31日	1,644,418	20,629	22,709	1,687,756
At 1 January 2004	於2004年1月1日	1,633,305	—	116,690	1,749,995
Dividends approved in respect of the previous year (note 14)	上年度批准派發的股息 (附註14)	—	—	(15,980)	(15,980)
Shares issued	已發行股份	6,121	—	—	6,121
Profit for the year	本年度溢利	—	—	72,222	72,222
At 31 December 2004	於2004年12月31日	1,639,426	—	172,932	1,812,358

(c) Nature or purpose of reserves:

(c) 儲備目的或性質：

(i) Capital reserve

Capital reserve represents the differences between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as the consideration for acquisition.

(i) 資本儲備

於資本儲備是指所收購附屬公司股份面值與本公司作為收購代價所發行股份面值的差額。

(ii) Share premium

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

(ii) 股份溢價

股份溢價賬目的運用，受香港《公司條例》第48B及第49H條所管控。

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(w).

(iii) 匯兌儲備

匯兌儲備包括換算所有海外業務賬項所產生的匯兌差異。此儲備根據有關附註1(w)所載的會計政策處理。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

39 RESERVES (Continued)

(c) Nature or purpose of reserves: (Continued)

(iv) Fair value reserve

The fair value 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 1(h)(iii).

(v) Employee share-based compensation reserve

The employee share-based compensation reserve comprises 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 1(r)(ii).

40 EMPLOYEE RETIREMENT BENEFITS

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. 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 MPF scheme at 5.0% of the employees' relevant income, subject to a cap of monthly relevant income of \$20,000. Contributions to the scheme vest immediately.

As stipulated by the labour regulations of the PRC, certain subsidiaries of the Group participate in various defined contribution retirement plans authorised by municipal and provincial governments for its staff. These subsidiaries are required to make contributions to the retirement plans at 22.5% (2004: 22.5%) of the salaries, bonuses and certain allowances of its staff. A member of the plans is entitled to a pension equal to a fixed proportion of the salary prevailing at his or her retirement date.

The Group has no other material obligation for the payment of its staff's retirement and other post-employment benefits other than the contributions described above.

39 儲備 (續)

(c) 儲備目的或性質：(續)

(iv) 公平值儲備

公平值儲備包括根據有關附註1(h)(iii)所載的會計政策處理於結算日可供出售證券的累計公平價值變動淨額。

(v) 以股份為本之僱員補償儲備

以股份為本之僱員補償儲備包括根據已採納有關附註1(r)(ii)所載的股權支付會計政策確認授予本集團僱員之實際或估計未能行使認股權數目的公平價值。

40 僱員退休福利

根據香港強制性公積金計劃條例適用於按香港僱傭條例僱用的員工，本集團參與了一項強制性公積金計劃（「強積金計劃」）。此強積金計劃是通過獨立信託人管理，屬已訂定供款退休計劃。根據此強積金計劃，僱主及僱員雙方均須按僱員之相關收入5.0%供款至此計劃，惟相關之收入上限為20,000元。供款須即時投入計劃。

根據中國勞工條例，本集團若干附屬公司為其僱員參加了由市及省政府組織的不同類型已訂定供款退休計劃。這些附屬公司須按僱員的薪金、花紅及某些津貼的22.5%（二零零四年：22.5%）供款給那些退休計劃。參與計劃的成員可以領取相等於在其退休之時薪金的一個固定比例的退休金。

本集團除作出上述已訂定的供款外，毋須支付退休金或任何其他離職後的進一步責任。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
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41 EQUITY COMPENSATION BENEFITS

Historically, the Old Scheme whereby the directors of the Company were authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options to subscribe for shares of the Company. Options granted between 24 May 2000 and 31 December 2002 were granted under the Old Scheme and in accordance with the requirements of Chapter 17 of the Listing Rules which came with effect on 1 September 2001.

A new share option scheme which is in line with the prevailing requirements of Chapter 17 of the Listing Rules was adopted on 7 January 2003.

All of the share options are settled in equity.

(a) Movements in share options

41 股本補償福利

本公司於二零零零年五月二十四日採納一項認股權計劃(「舊計劃」)。根據舊計劃，本公司董事有權酌情邀請本集團僱員(包括本集團內任何公司的董事)接納可認購本公司股份的認股權。在二零零零年五月二十四日至二零零二年十二月三十一日所授出的認股權均是按舊計劃及於二零零一年九月一日起生效的上市條例第十七章的規定而授出。

新認股權計劃是根據於二零零三年一月七日起生效的上市條例第十七章的規定而授出。

所有認股權是以股權支付。

(a) 認股權的變動

		2005 Number 數目	2004 Number 數目
At 1 January	於1月1日	20,648,000	23,508,000
Granted	已授出	18,800,000	700,000
Exercised (note 38)	已行使 (附註38)	(4,770,000)	(3,560,000)
At 31 December	於12月31日	34,678,000	20,648,000
Options vested at 31 December	於12月31日授予的認股權	31,911,332	20,648,000

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

41 EQUITY COMPENSATION BENEFITS (Continued)

41 股本補償福利 (續)

(b) Terms of unexpired and unexercised share options at balance sheet date

(b) 於結算日尚未屆滿及尚未行使的認股權的年期

Date granted 授出日期	Exercise period 行使期	Exercise price 行使價 \$ 元	2005 Number 數目	2004 Number 數目
25 September 2000 to 9 October 2000 2000年9月25日至 2000年10月9日	25 September 2000 to 8 October 2010 2000年9月25日至 2010年10月8日	1.1100	6,400,000	10,770,000
9 February 2001 to 17 February 2001 2001年2月9日至 2001年2月17日	9 February 2001 to 16 February 2011 2001年2月9日至 2011年2月16日	0.9500	1,230,000	1,630,000
12 September 2002 to 23 September 2002 2002年9月12日至 2002年9月23日	12 September 2002 to 22 September 2012 2002年9月12日至 2012年9月22日	3.2250	7,392,000	7,392,000
7 January 2003 2003年1月7日	7 January 2003 to 6 January 2013 2003年1月7日至 2013年1月6日	3.9750	156,000	156,000
5 January 2004 2004年1月5日	5 January 2004 to 4 January 2014 2004年1月5日至 2014年1月4日	3.9800	350,000	350,000
31 December 2004 2004年12月31日	27 January 2005 to 26 January 2015 2005年1月27日至 2015年1月26日	3.2000	350,000	350,000
2 November 2005 (Note(i)) 2005年11月2日 (註(i))	23 November 2005 to 27 November 2015 2005年11月23日至 2015年11月27日	2.8750	18,450,000	—
30 December 2005 2005年12月30日	3 January 2006 to 2 January 2016 2006年1月3日至 2016年1月2日	3.3000	350,000	—
			34,678,000	20,648,000

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

41 EQUITY COMPENSATION BENEFITS (Continued)

(b) Terms of unexpired and unexercised share options at balance sheet date (Continued)

Note:

- (i) 4,150,000 of the unexpired and unexercised options have vesting period up to 23 November 2007.

(c) Details of share options granted during the year, all of which were granted for \$1 consideration

Exercised period 授出日期	Exercise price 行使價 \$ 元	2005 Number 數目	2004 Number 數目
5 January 2004 to 4 January 2014 2004年1月5日至 2014年1月4日	3.9800	—	350,000
27 January 2005 to 26 January 2015 2005年1月27日至 2015年1月26日	3.2000	—	350,000
23 November 2005 to 27 November 2015 2005年11月23日至 2015年11月27日	2.8750	18,450,000	—
3 January 2006 to 2 January 2016 2006年1月3日至 2016年1月2日	3.3000	350,000	—
		18,800,000	700,000

(d) Details of share options exercised during the year

Exercise date 授出日期	Exercise price 行使價 \$ 元	Weighted average market value per share at exercise date 行使日加權 平均每股市價 \$ 元	Proceeds received 所得款項 \$'000 千元	Number 數目
20 January	一月二十日	1.1100	111	100,000
26 July	七月二十六日	1.1100	111	100,000
1 August	八月一日	1.1100	2,964	2,670,000
2 December	十二月二日	1.1100 0.9500	1,665 380	1,500,000 400,000
			5,231	4,770,000
2004	二零零四年		6,299	3,560,000

41 股本補償福利 (續)

(b) 於結算日尚未屆滿及尚未行使的認股權的年期 (續)

註:

- (i) 其中4,150,000屬於尚未歸屬及未行使的認股權，其有效期至二零零七年十一月二十三日。

(c) 年內已授出的認股權詳情，該等認股權全部均為以代價1元授出

(d) 年內已行使的認股權詳情

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
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41 EQUITY COMPENSATION BENEFITS (Continued)

(e) Fair value of share options and assumptions

HKFRS 2 requires that when the Group grants employees options to acquire shares of the Company, the Group recognises the fair value of the options granted as an expense in the income statement with a corresponding increase in the employee share-based compensation reserve within equity. In accordance with the transitional provisions, HKFRS 2 has been applied retrospectively to all grants of equity instruments after 7 November 2002 that were unvested to the employees as at 1 January 2005. No options granted during the period from 7 November 2002 to 31 December 2004 were unvested at 1 January 2005. Therefore, HKFRS 2 applies only to share options granted on or after 1 January 2005.

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 share options granted is measured based on the Black-Scholes pricing model. The contractual life of the option is used as an input into this model.

Fair value of share options and assumptions:

Fair value at measurement date (\$)	於計量日的公平值 (元)
Share price (\$)	股價 (元)
Exercise price (\$)	行使價 (元)
Expected volatility (note i)	預期波動率 (註 i)
Option life (Year)	認股權年期 (年)
Expected dividends (note ii)	預期股息 (註 ii)
Risk-free interest rate (note iii)	無風險利率 (註 iii)

Notes:

- (i) The expected volatility is based on the historical volatility of the share price one year immediately preceding the grant date.
- (ii) Expected dividends are based on historical dividends since the listing of the Company.
- (iii) Risk-free interest rate is based on the yield of 10-year Hong Kong Exchange Fund Note.

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

41 股本補償福利 (續)

(e) 認股權的公平價值及假設

按香港財務報告準則第2號規定，當本集團向僱員授出認股權，本集團須按授出認股權的公平值於損益賬內確認為支出，而在股東權益內的以股份為本之僱員補償儲備作相應增加。根據香港財務報告準則第2號的過渡性條文，新確認及計量政策已追溯應用於二零零二年十一月七日後的股本工具的所有授出，而該等授出可於二零零五年一月一日無條件授予僱員。由於二零零二年十一月七日至二零零四年十二月三十一日期間授出的認股權已於二零零五年一月一日無條件授予僱員，因此毋須作出過往年度調整。據此，香港財務報告準則第2號僅適用於二零零五年一月一日或之後授出的認股權。

獲得服務以換取認股權的公平價值按授出認股權的公平價值計量。授出認股權之估計公平價值按Black-Scholes認股權定價模式。認股權的合約年期須輸入該模式。

認股權的公平價值及假設：

	Date of Grant 授出日	
	2 Nov 2005 2005年11月2日	30 Dec 2005 2005年12月30日

1.283082	1.445226
2.875	3.3
2.875	3.3
26.47%	26.57%
10	10
0.38%	0.38%
4.464%	4.181%

註：

- (i) 預計波幅是根據授出日過往一年股價的波幅。
- (ii) 估計股息按本公司上市以來過往的股息。
- (iii) 無風險利率按十年期的香港外匯基金票據的孳息率。

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價值。並無市場條件與授予認股權有關。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註(續)

(Expressed in Hong Kong dollars)
(以港幣列示)

42 MATURITY PROFILE

42 到期情況

(a) The Group

(a) 本集團

		Repayable on demand 接獲 要求時 償還 \$'000 千元	3 months or less 三個月 或以下 \$'000 千元	1 year or less but over 3 months 1年以下 但超過 3個月 \$'000 千元	5 years or less but over 1 year 5年以下 但超過 1年 \$'000 千元	After 5 years 5年後 \$'000 千元	Undated 永久 \$'000 千元	Total 總計 \$'000 千元
At 31 December 2005	於二零零五年十二月三十一日							
Assets	資產							
Deposits at banks and other financial institutions	銀行及其他財務機構存款	271,919	1,269,252	16,268	1,023,552	1,195,244	—	3,776,235
Pledged deposits at bank	已抵押予銀行的存款	—	—	97,980	—	—	—	97,980
Certificates of deposit (under held-to-maturity)	存款證(持有至到期)	—	—	55,956	—	10,000	—	65,956
Certificates of deposit (under designated at fair value)	存款證(通過損益以反映公平價值)	—	—	—	—	7,754	—	7,754
Debt securities (under held-to-maturity)	債務證券(持有至到期)	—	6,700	62,759	477,390	433,232	—	980,081
Debt securities (under available-for-sale)	債務證券(可供出售)	—	—	32,129	2,611,825	12,225,456	—	14,869,410
Debt securities (under designated at fair value)	債務證券(通過損益以反映公平價值)	97,139	—	228,725	225,314	155,334	89,810	796,322
Loans and advances	貸款及墊款	4,830	—	47,558	19,878	—	—	72,266
		373,888	1,275,952	541,375	4,357,959	14,027,020	89,810	20,666,004
Liabilities	負債							
Interest-bearing notes	需付息票據	—	—	—	—	2,789,471	—	2,789,471
Securities sold under repurchase agreements	賣出回購證券	—	1,923,499	—	—	—	—	1,923,499
Investment contract liabilities	投資合約負債	75,857	—	—	—	—	—	75,857
Insurance protection fund	保險保障基金	—	—	7,229	—	—	—	7,229
		75,857	1,923,499	7,229	—	2,789,471	—	4,796,056
At 31 December 2004	於二零零四年十二月三十一日							
Assets	資產							
Deposits at banks and other financial institutions	銀行及其他財務機構存款	1,105,292	851,691	15,780	1,020,361	168,195	—	3,161,319
Pledged deposits at bank	已抵押予銀行的存款	—	—	45,350	31,183	—	—	76,533
Certificates of deposit (under held-to-maturity)	存款證(持有至到期)	—	—	—	9,843	10,000	—	19,843
Debt securities (under held-to-maturity)	債務證券(持有至到期)	—	607	127,013	1,474,124	7,368,948	—	8,970,692
Debt securities (under other investments)	債務證券(其他投資)	—	—	115,760	511,936	41,583	123,043	792,322
Loans and advances	貸款及墊款	4,830	—	14,137	—	19,878	—	38,845
		1,110,122	852,298	318,040	3,047,447	7,608,604	123,043	13,059,554
Liabilities	負債							
Interest-bearing notes	需付息票據	—	—	—	—	1,350,980	—	1,350,980
Investment contract liabilities	投資合約負債	774	—	—	—	—	—	774
Insurance protection fund	保險保障基金	—	—	2,734	—	—	—	2,734
		774	—	2,734	—	1,350,980	—	1,354,488

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

42 MATURITY PROFILE (Continued)

(b) The Company

		Repayable on demand 接獲 要求時 償還 \$'000 千元	3 months or less 三個月 或以下 \$'000 千元	1 year or less but over 3 months 1年以下 但超過 3個月 \$'000 千元	5 years or less but over 1 year 5年以下 但超過 1年 \$'000 千元	After 5 years 5年後 \$'000 千元	Undated 永久 \$'000 千元	Total 總計 \$'000 千元
At 31 December 2005	於二零零五年十二月三十一日							
Assets	資產							
Deposits at banks and other financial institutions	銀行及其他 財務機構存款	259,935	39,512	—	—	—	—	299,447
Debt securities	債務證券	—	—	114,359	136,724	—	—	251,083
		259,935	39,512	114,359	136,724	—	—	550,530
At 31 December 2004	於二零零四年十二月三十一日							
Assets	資產							
Deposits at banks and other financial institutions	銀行及其他 財務機構存款	—	58,868	—	—	—	—	58,868
Debt securities	債務證券	—	—	115,760	255,030	—	—	370,790
		—	58,868	115,760	255,030	—	—	429,658

42 到期情況 (續)

(b) 本公司

43 FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) 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 2005 and 2004, except for held-to-maturity investments as set out in note 20(a)(i), securities sold under repurchase agreements as set out in note 37 and interest-bearing notes as set out in note 33.

(b) 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.

43 金融工具的公平價值

(a) 公平價值

除附註20(a)(i)所載有關持至到期投資、附註37所載有關賣出回購證券及附註33所載有關需付息票據外，所有金融工具均是以公平價值或與其於二零零五年十二月三十一日和二零零四年同日的公平價值相若的金額入賬。

(b) 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。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

44 COMMITMENTS

- (a) Capital commitments outstanding at 31 December 2005 not provided for in the financial statements were as follows:

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Contracted for	已訂約	86,024	48,027

- (b) At 31 December 2005, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		2005 \$'000 千元	2004 \$'000 千元
Within 1 year	1年內	72,914	60,079
After 1 year but within 5 years	1年後但5年內	66,318	82,235
		139,232	142,314

The Group leases a number of properties under operating leases. The leases typically run for an initial period of 1 to 6 years, with an option to renew the leases when all terms are renegotiated. Lease payments are usually reviewed annually to reflect market rentals. None of the leases includes contingent rentals.

45 CONTINGENT LIABILITIES

- (i) A claim has been made against the Group by an individual in the United States of America, who claims that the Group should have warned him that the Group had never issued insurance coverage to him and that the other defendants in the case had no authority to represent and bind the Group in the case in question. The maximum exposure to the Group, in the event that it was to fail to defend this claim successfully, would be approximately US\$1 million. Based on advice from the Group's legal counsel, the directors consider that the Group has good prospects of successfully defending the claim. No provision has therefore been made.
- (ii) The Group has received a query issued by the Inland Revenue Department of Hong Kong in relation to the taxability of certain investment income from its offshore investments for the years of assessment from 1999 to 2004. The directors consider that the Group has good prospect to support its tax position. As such, no provision for a potential tax exposure of approximately \$20,000,000 was made at 31 December 2005.

Save as herein disclosed and other than those incurred in the normal course of the Group's insurance business, there was no outstanding litigation nor any contingent liabilities as at 31 December 2005.

44 承擔

- (a) 於二零零五年十二月三十一日，尚未在會計報表反映的資本性承諾如下：

		The Group 本集團	
		2005 \$'000 千元	2004 \$'000 千元
Contracted for	已訂約	86,024	48,027

- (b) 於二零零五年十二月三十一日，根據不可解除的經營租賃在日後應付的最低租賃付款額如下：

		2005 \$'000 千元	2004 \$'000 千元
Within 1 year	1年內	72,914	60,079
After 1 year but within 5 years	1年後但5年內	66,318	82,235
		139,232	142,314

本集團以經營租賃租入部分物業。這些租賃一般初步為期一至六年，並有權選擇在到期日後續期，屆時所有條款均可重新商定。租賃付款通常會逐年檢討，以反映市場租金。各項租賃均不包括或然租金。

45 或然負債

- (i) 一名人士已在美國起訴本集團索取賠償。該人士聲稱本集團應當向他及早提示，本集團從未向他提供保險，及涉案其他被告人並無獲得本集團之授權向他申索之賠償提供保險保障。倘若本集團未能成功在索償事件中抗辯，其須承擔的最高賠款額約為1,000,000美元。根據本集團法律顧問的意見，董事認為，本集團成功抗辯機會良好，因此毋須計提任何準備。
- (ii) 本集團收到香港稅務局的詢問，關於相當之離岸投資收入於一九九九年至二零零四年評稅年度內的應課稅事宜。董事認為本集團的稅務定位很可能得到支持，因此，於二零零五年十二月三十一日本集團毋需就約20,000,000元的潛在稅務風險計提準備。

除本報告所披露者及在本集團日常保險業務中產生的訴訟外，於二零零五年十二月三十一日，本集團概無任何未決訴訟或或然負債。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

46 MATERIAL RELATED PARTY TRANSACTIONS

46 重大關連人士交易

The following is a summary of significant transactions entered into between the Group and its related parties during the year:

以下是本集團與關連人士於年內進行的重大交易概要：

		Note 附註	2005 \$'000 千元	2004 \$'000 千元
Recurring transactions	經常交易			
Business ceded by related companies:	關連公司分出的業務：			
— Gross premiums written	— 毛承保保費總額	(i)	125,713	103,980
— Commission expenses paid	— 佣金支出		31,851	24,383
Business retroceded to related companies:	關連公司轉分的業務：			
— Outward retroceded premiums	— 轉分再保險保費	(ii)	20	464
— Commission income received	— 佣金收入		31	121
Securities brokerage fee paid	支付的證券經紀費用	(iii)	1,126	1,324
Insurance expenses covering business risk	有關業務風險的保險支出	(iv)	164	156
Investment management fee and redemption income	投資管理費及贖回費收入	(v)	2,279	4,211
Rental and management fee paid	支付的租金及管理費	(vi)	1,929	1,788
Finance costs paid	財務成本支出	(vii)	3,130	4,225

Notes:

- (i) Certain fellow subsidiaries of the Group ceded business to and received commission from a subsidiary of the Company.
- (ii) A subsidiary of the Group retroceded business to and received commission from certain fellow subsidiaries of the Group.
- (iii) The Company and certain subsidiaries of the Group have entered into agreements with a fellow subsidiary of the Group, in relation to securities broking services provided. Securities broking fees are charged at a fixed rate of 0.2% of the securities value.
- (iv) The Company and certain subsidiaries of the Group entered into a number of insurance policies with certain fellow subsidiaries of the Group to cover their business risks in relation to fire, motor vehicle, personal accident, workmen compensation, group life and medical, electronic equipment and professional indemnity.
- (v) A subsidiary of the Company provided investment consultancy services to and received investment management fee and redemption income from certain fellow subsidiaries of the Group.
- (vi) The Company and a subsidiary of the Company leased office and parking spaces, and paid rent and building management fees to a fellow subsidiary of the Group.
- (vii) A subsidiary of the Company has borrowed a loan from a fellow subsidiary of the Group which bears interest at LIBOR plus 1.8%. The loan is unsecured and repayable on demand.

註：

- (i) 本集團若干同系附屬公司向本公司一間附屬公司轉介業務及向其收取佣金。
- (ii) 本集團一間附屬公司向本集團若干同系附屬公司轉介業務及向其收取佣金。
- (iii) 本公司及本集團若干附屬公司與本集團一家同系附屬公司就提供證券經紀服務訂立協議。證券經紀費用按有關證券價值的0.2%固定比率計算。
- (iv) 本公司及本集團若干附屬公司與本集團若干同系附屬公司訂立多項保單，以保障有關火災、汽車、個人意外、勞工補償、團體壽險及醫療保險、電子設備及專業賠償責任等業務風險。
- (v) 本公司一間附屬公司向本集團若干同系附屬公司提供投資顧問服務，並向其收取投資管理費及贖回費收入。
- (vi) 本公司及本公司一間附屬公司向本集團一間同系附屬公司租用辦公室物業及泊車位，並支付租金及大廈管理費。
- (vii) 本集團一間附屬公司向本集團一間同系附屬公司借入一筆貸款，按倫敦銀行間最優惠利率加1.8厘利息。該筆貸款為無抵押及須於要求時償還。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

46 MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

Apart from the above, the Group has entered into the following non-recurring transactions with related parties:

- (a) On 10 May 2005, a subsidiary of the Group entered into an agreement with a fellow subsidiary to sell certain properties located in the PRC at net book value as at 31 December 2004, of \$23,000,000. The Group intends to make use of the proceeds received for its general working capital and expects to invest the proceeds in appropriate assets to optimise its returns on the investments held. This transaction did not result in any gain or loss to the Group. The consideration was arrived at arms length negotiation between the subsidiary and the fellow subsidiary by reference to the value of the properties as at 31 December 2004 valued by an independent firm of surveyors, RHL Appraisal Limited. Under the Agreement, the properties were sold on an "as is" basis. The fellow subsidiary agreed to handle and complete all the relevant legal procedures and to bear all costs and expenses in relation to the transfer of ownership.
- (b) On 23 December 2005, a subsidiary of the Group entered into an agreement with the immediate holding company to sell its 20% equity interests in Dragon Jade Industrial District Development (Shenzhen) Company, Limited ("Dragon Jade") at \$8,800,000. Since the business of Dragon Jade is not part of the core business of the subsidiary or the Group, it is the Group's policy to dispose of non-core businesses as and when appropriate. This transaction had resulted a gain to the Group in an amount of approximately \$800,000. The consideration was arrived at arms length negotiations between the subsidiary and the immediate holding company by reference to the audited net assets value of Dragon Jade as at 31 December 2004.

The Group considers that the key management personnel of the Group include the directors of the Company only. Their remuneration is disclosed in note 10 to the consolidated financial statements.

46 重大關連人士交易 (續)

除此之外，本集團與關連人士進行以下非經常交易：

- (a) 於二零零五年五月十日，本集團之附屬公司與本集團之同系附屬公司達成協議。以於二零零四年十二月三十一日的賬面淨值23,000,000元出售位於中國的某些物業。本集團擬將出售所得款項用作一般營運資金，並預期將所得款項投資於合適的資產以增加投資回報。此交易沒有產生任何盈利或虧損。代價是經附屬公司與同系附屬公司根據正常基礎商議，及參考由獨立測量師行，永利行評估顧問有限公司，於二零零四年十二月三十一日的物業估值。根據協議，物業將按「現況」基準出售。同系附屬公司同意辦理及完成一切有關轉讓物業擁有權的法律手續，並承擔一切有關轉讓物業擁有權的費用及開支。
- (b) 於二零零五年十二月二十三日，本集團之附屬公司與本集團之直屬控股公司達成協議，以8,800,000元出售龍壁工業區開發(深圳)有限公司(「龍壁」)20%股權。由於龍壁的主要業務不屬於附屬公司或本集團的核心業務，在適當時機出售非核心業務是本集團既定的政策。此交易對本集團產生約800,000元的盈利。代價是經附屬公司與直屬控股公司根據正常基礎商議，及參考龍壁於二零零四年十二月三十一日經審計淨資產值。

本集團認為本集團的主要管理人員只包括本公司的董事。其酬金詳情載於綜合財務報告附註10內。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

47 OFF-BALANCE SHEET EXPOSURES

At 31 December 2005, the notional amounts of significant derivative transactions entered into by the Group were as follows:

Exchange rate forward and option contracts	外匯匯率遠期及 期權合約
--	-----------------

Off-balance sheet exposures arise from forward and option contracts transactions undertaken by the Group in foreign exchange markets. The contractual and notional amounts of these financial instruments indicate the value of transactions outstanding at the balance sheet date; they do not express amounts at risk.

48 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements under HKFRSs requires management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as the related disclosure. Changes in assumptions may have a significant impact on the financial statements in the periods where the assumptions are changed. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of goodwill

The Group assesses annually if the goodwill associated with acquisition of subsidiaries and associates have suffered any impairment loss in accordance with the accounting policy stated in note 1(o). The recoverable amount of the goodwill is determined using discounted cash flows which require the use of estimated revenue from business operations, investment return and an appropriate discount rate.

47 資產負債表以外承受的風險

二零零五年十二月三十一日本集團已進行的重大衍生工具交易的名義價值如下：

2005 \$'000 千元	2004 \$'000 千元
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—	544,025
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資產負債表以外承受的風險是由於本集團在外匯市場進行了遠期及期權合約交易。此等金融工具的合約金額及名義金額祇反映交易在結算日尚未結清的價值，並不表達風險值。

48 會計估計及判斷

根據香港財務報告準則編製財務報表時，管理層須作出重要估計及假設，因而影響到所列報之資產、負債、收入及開支，以至相關披露之金額。更改假設或會對更改假設之期間之財務報表造成重大影響。引致下個財政年度內之資產及負債之賬面值有重大調整主要風險之估計及假設論述如下：

(a) 商譽減值

本集團每年按照附註1(o)所述之會計政策評估與收購附屬公司及聯營公司有關之商譽是否蒙受任何減值虧損。商譽之可收回金額乃使用已折現現金流量釐定，已折現現金流量須使用經營業務估計收入、投資回報及適當之折現率進行計算。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

48 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

48 會計估計及判斷 (續)

(b) Held-to-maturity investments

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

If the Group fails to hold these investments to maturity other than for certain specific circumstances, the Group will have to reclassify the entire portfolio of held-to-maturity investments as available-for-sale investments, as such class is deemed to have been tainted. This would result in held-to-maturity investments being measured at fair value instead of at amortised cost.

(c) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 when determining whether an investment in available-for-sale financial asset is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the expected time span the Group will hold on to this investment.

(d) Determination of insurance liabilities

The Group's insurance liabilities mainly comprising unearned premium provisions, provision for outstanding claims and life insurance funds and estimates for premiums and claims data not received from ceding companies at the date of the financial statements. The Group determines these estimates on the basis of historical information, actuarial analyses, financing modelling and other analytical techniques. The directors continually review the estimates and make adjustments as necessary, but actual results could differ significantly from what is envisioned when these estimates are made.

(b) 持有至到期之投資

本集團將有固定或可確定付款金額及固定期限而本集團又有明確意向及有能力持有至到期日之非衍生工具金融資產，分類為持有至到期投資。於作出此判斷時，本集團評估其持有該等投資直至到期之意向及能力。

除在若干特定情況下外，倘本集團未能持有該等投資至到期，本集團將必須將持有至到期之投資之整個投資組合，重新分類為可供出售投資，因該類投資已被視為受影響。這將導致持有至到期之投資按公平值而非按攤銷成本計算。

(c) 可供出售金融資產減值

本集團於決定可供出售金融資產類投資是否非暫時減值時，乃按照香港會計準則第39號之指引作出決定。此決定需要重大的判斷。於作出此判斷時，本集團評估(包括其他因素)投資之公平值少於其成本之年期及程度，以及本集團將持有該投資之預計年期。

(d) 釐定保險負債

本集團之保險負債主要包括未到期保費準備金、未決賠款準備及壽險責任準備金，以及因於財務報表日期仍未收到分保公司所提供之保費及賠款金額數據而作出之估計。本集團按歷史資料、精算分析、財務模式及其他分析技巧而確定此等估計。董事不斷檢討有關之估計，並在有需要時作出調整，但實際結果可能與作出估計時預計的結果差別很大。

49 COMPARATIVE FIGURES

Certain comparative figures have been adjusted or reclassified as a result of the changes in accounting policies. Further details are disclosed in note 2.

49 比較數字

由於會計政策轉變，若干比較數字經已調整或重新分類。詳情已在附註2作披露。

NOTES ON THE FINANCIAL STATEMENTS (Continued)

財務報告附註 (續)

(Expressed in Hong Kong dollars)
(以港幣列示)

50 PROPOSED IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER, 2005

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 2005 and which have not been adopted in these financial statements. In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and would be first applicable to the Group's financial statements for the period beginning 1 January 2006. 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:

- HKFRS 7, "Financial Instruments: Disclosures", requires more detailed qualitative and quantitative disclosures primarily on fair value information and risk management, thus it would only affect the level of details in the disclosure of the financial information, and would not have financial impact nor result in a change in the Group's accounting policies. HKFRS 7 will be effective for accounting periods beginning 1 January 2007; and
- The amendments to HKAS 1, HKAS 27 and HKFRS 3 made as a result of the Hong Kong Companies (Amendment) Ordinance 2005 are not applicable to any of the Group's operations and that the adoption of the remainder is unlikely to have a significant impact on the Group's result of operations and financial position.

51 PARENT AND ULTIMATE HOLDING COMPANIES

The directors consider the immediate holding company and the ultimate holding company at 31 December 2005 to be China Insurance H.K. (Holdings) Company, Limited (incorporated in Hong Kong) and China Insurance (Holdings) Company, Limited (established in the PRC) respectively. Neither of them produces financial statements available for public use.

50 已在截至二零零五年十二月三十一日止年度前公布但尚未生效的修訂、新標準及新詮釋所可能產生的影響

在此等賬項發布日期前，香港會計師公會公布了多項修訂、新標準和新詮釋，但此等修訂、新標準和新詮釋於截至二零零五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。此外，繼《二零零五年香港公司(修訂)條例》於二零零五年十二月三十一日生效後，本集團將於二零零六年一月一日起計算的賬項內率先採納此項條例。本集團正評估此等修訂、新標準和新詮釋在首個應用期產生的影響，至今所得結論如下：

- 《香港財務報告準則》第7號「金融工具：披露」主要要求在質和量上就公平價值的資料和風險管理作出更詳盡的披露，因此只會影響財務資料披露的詳盡程度，而不會對本集團的財政產生影響或引致本集團需要更改會計政策。《香港財務報告準則》第7號將由二零零七年一月一日起計算的會計期生效。
- 因應《二零零五年香港公司(修訂)條例》生效，在香港會計準則第1號和第27號及香港財務報告準則第3號中作出的修訂，並不適用於本集團任何業務，而本集團採納的其他修訂，亦不太可能對本集團的業績和財政狀況有重大影響。

51 母公司及最終控股公司

董事們認為，於二零零五年十二月三十一日的直屬控股公司及最終控股公司分別為於香港成立的香港中國保險(集團)有限公司及於中國成立的中國保險(控股)有限公司。他們並無製作可供公眾使用之財務報告。