

## 11. Changes in Accounting Policies (Continued)

The above changes in accounting policies have been applied retrospectively. A comparison of the account balances affected by the changes and their effects on the consolidated revenue and profit and loss accounts, consolidated balance sheet and retained profits is summarised as follows:

	Year ended 31 December 1999			Year ended 31 December 2000
	As previously reported	As restated	Profit/(loss) effect	Profit/(loss) effect
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effects on the consolidated revenue and profit and loss accounts:				
Reinsurance commission income	336,065	12,657	(323,408)	(357,847)
Reinsurance premiums	(507,417)	(142,709)	364,708	401,250
Change in deferred acquisition costs	—	169,432	169,432	181,028
Increase in future insurance liabilities	(390,222)	(444,493)	(54,271)	(98,527)
Total			156,461	125,904

Note : Reinsurance commission income is now included in "investment and other income".

Effect on retained profits/  
(accumulated losses):

As at 1 January 1999	(144,786)	433,887	578,673
As at 31 December 1999	(69,164)	665,970	735,134

	As at 31 December 1999			As at 31 December 2000
	As previously reported	As restated	Movement of assets/ (liabilities)	Movement of assets/ (liabilities)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effects on items of the consolidated balance sheet:				
Deferred acquisition costs	—	1,459,902	1,459,902	1,640,930
Other insurance liabilities	—	(43,403)	(43,403)	(48,168)
Future insurance liabilities	(2,020,019)	(2,701,384)	(681,365)	(731,724)
Retained profits/(accumulated losses)	(69,164)	665,970	735,134	861,038

## Notes to Financial Statements

31 December 2000

### 12. Earnings Per Share

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$154,274,000 (1999: HK\$232,083,000 (as restated)) and the weighted average number of 689,250,000 shares (1999: 643,350,000 shares) in issue during the year.

The diluted earnings per share for the years ended 31 December 1999 and 2000 have not been calculated because the effect arising from the deemed exercise of share options outstanding during these years would have had an anti-dilutive effect on the basic earnings per share.

### 13. Fixed Assets

Group	Leasehold land and buildings HK\$'000	Computer equipment HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:					
At 1 January 2000	226,992	25,996	114,470	3,152	370,610
Additions	—	4,426	29,874	—	34,300
Disposals	—	(793)	(11,258)	—	(12,051)
Cost adjustment	(21)	—	—	—	(21)
At 31 December 2000	226,971	29,629	133,086	3,152	392,838
Accumulated depreciation:					
At 1 January 2000	8,334	23,192	78,133	1,608	111,267
Provided during the year	5,186	2,204	13,938	475	21,803
Disposals	—	(793)	(9,267)	—	(10,060)
At 31 December 2000	13,520	24,603	82,804	2,083	123,010
Net book value:					
At 31 December 2000	213,451	5,026	50,282	1,069	269,828
At 31 December 1999	218,658	2,804	36,337	1,544	259,343

### 13. Fixed Assets (Continued)

Details of the Group's leasehold land and buildings, which are held under medium lease terms, are as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Hong Kong	216,520	216,520
Elsewhere	10,451	10,472
	<b>226,971</b>	<b>226,992</b>

### 14. Interests in Subsidiaries

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	365,614	355,614
Amounts due from subsidiaries	504,058	525,522
	<b>869,672</b>	<b>881,136</b>

The amounts due from subsidiaries are unsecured, interest-free and are not repayable in the next twelve months.

Particulars of the principal subsidiaries are as follows:

Name	Place of incorporation	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Bright Victory International Limited	British Virgin Islands	Ordinary US\$7,743,935	100%	—	Investment holding
Pacific Century Insurance Company Limited	Bermuda	Ordinary US\$65,921,820 Redeemable US\$9,000,000	—	100%	Life assurance, administration of retirement schemes and other related businesses

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### 14. Interests in Subsidiaries (Continued)

Name	Place of incorporation	Nominal value of issued share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Pacific Century Trustees Limited	Hong Kong	Ordinary HK\$30,000,000	—	100%	Trustee services
Berta Company Limited	Hong Kong	Ordinary HK\$2	—	100%	Investment holding
Calton International Limited	Hong Kong	Ordinary HK\$2	—	100%	Investment holding
Keira Limited	Hong Kong	Ordinary HK\$2	—	100%	Investment holding
Kingsway Developments Limited	Hong Kong	Ordinary HK\$2	—	100%	Investment holding
Prior Company Limited	Hong Kong	Ordinary HK\$2	—	100%	Investment holding
PCI Investment Management Limited	Hong Kong	Ordinary HK\$10,000,000	—	100%	Asset management
IGA Data Centre Limited	Hong Kong	Ordinary HK\$2	—	100%	Information technology services
IGA Financial Services Limited	Hong Kong	Ordinary HK\$2	—	100%	Financial services

Note: All of the above subsidiaries principally operate in Hong Kong.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

## 15. Interest in an Associate

	Group	
	2000 HK\$'000	1999 HK\$'000
Share of net assets	—	—
Due from an associate	28,136	—
	<b>28,136</b>	<b>—</b>

Particulars of an associate are as follows:

Name	Business structure	Place of incorporation	Percentage of ownership interest attributable to the Group	Principal activities
Advanced Internet Visions Limited	Corporate	British Virgin Islands	30%	Investment holding

The associate was jointly set up by the Group and a fellow subsidiary to act as an investment vehicle for the holding of and interest in Morningstar Asia Limited (“MAL”) (formerly known as “Perfect Rhyme Limited”), a company incorporated in Hong Kong. As at 31 December 2000, the associate held 40.1% interest in MAL. MAL will be involved in providing financial information and related services in Asia (outside Japan) by way of, among other things, printed materials, computer software products and/or Internet products.