

1. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The unaudited interim results of the group, which are not statutory accounts, have been prepared in compliance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting", and on a basis consistent with the accounting policies adopted in the report and accounts for the year ended 31 December 2000, except for the change in accounting policy for proposed dividend, consistent with SSAP 9 (revised) "Events after the balance sheet date". Figures for the year ended 31 December 2000 are extracts from the group accounts for that year.

b. Prior year adjustment

Following the adoption of SSAP 9 "Events after the balance sheet date", whereby dividends proposed after the balance sheet date should not be recognised as a liability at the balance sheet date, the final dividend proposed for the year ended 31 December 2000 amounting to HK\$59 million, classified as a current liability at 31 December 2000, has been adjusted and shown under the shareholders' equity. There is no impact on the profit and loss account because of this change.

c. Segment reporting

A segment is a distinguishable component of the group that is engaged either in providing services or products (business segment), or in providing services or products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Inter-segment pricing is based on similar terms to those available to other external parties.

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 and 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 enterprises within a single segment.

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 cash and cash equivalents, tax provisions, interest-bearing loans, financing expenses and minority interests.