

The Financial Statements of the Company are prepared in accordance with Hong Kong Generally Accepted Accounting Principles (HK GAAP). For the benefit of international investors, there follows a reconciliation between HK GAAP and International Accounting Standards (IAS) which sets out the principal differences between HK GAAP and IAS that would materially impact the consolidated (loss)/profit attributable to ordinary shareholders and shareholders' equity.

For details of HK GAAP and IAS accounting treatments in respect of goodwill and deferred tax, please refer to page 94 of the 2000 Annual Report. From 1 January 2001, the introduction of SSAP 30 eliminated the option of writing off goodwill against reserves under HK GAAP, which has brought HK GAAP in line with IAS. However, for goodwill that was written off against reserves prior to 2001, the Company has elected not to reinstate the goodwill as an asset, as permitted by SSAP 30.

The following is a summary of the estimated material adjustments between HK GAAP and IAS.

(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

	Six months ended 30 June	
	2001 <i>US\$m</i>	2000 <i>US\$m</i>
(LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AS REPORTED UNDER HK GAAP	(12.1)	50.4
Estimated material IAS adjustments		
– Reversal of goodwill reinstated on disposals and dilutions	3.0	28.1
– Purchased goodwill amortization ⁽ⁱ⁾	(50.4)	(45.2)
– Net deferred tax liabilities recognized	(1.7)	(2.4)
ESTIMATED (LOSS)/PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS UNDER IAS	(61.2)	30.9
	<i>U.S. cents</i>	<i>U.S. cents</i>
ESTIMATED (LOSS)/EARNINGS PER SHARE UNDER IAS		
– Basic	(1.9)	1.1
– Diluted	(1.9)	1.0

SHAREHOLDERS' EQUITY

	At 30 June 2001 <i>US\$m</i>	At 31 December 2000 <i>US\$m</i>
SHAREHOLDERS' EQUITY AS REPORTED UNDER HK GAAP	317.2	369.5
Estimated material IAS adjustments		
– Capitalization of purchased goodwill	1,721.0	1,785.0
– Net deferred tax liabilities recognized	(19.8)	(18.1)
ESTIMATED SHAREHOLDERS' EQUITY UNDER IAS	2,018.4	2,136.4
	<i>U.S. cents</i>	<i>U.S. cents</i>
ESTIMATED SHAREHOLDERS' EQUITY PER SHARE UNDER IAS	64.3	68.0

(i) Assumes goodwill is amortized over 20 years.