

Notes To Condensed Interim Accounts

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed interim accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25, Interim Financial Reporting, issued by the Hong Kong Society of Accountants.

These condensed interim accounts should be read in conjunction with the 2000 annual financial statements.

The accounting policies and methods of computation used in the preparation of these condensed interim accounts are consistent with those used in the annual accounts for the year ended 31 December 2000 except that the group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (SSAP’s) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised): Events after the balance sheet date

SSAP 14 (revised): Leases (effective for periods commencing on or after 1 July 2000)

SSAP 26: Segment reporting

The changes to the group’s accounting policies and the effect of adopting these new policies is set out below:

(a) SSAP 9 (revised): Events after the balance sheet date

In accordance with the revised SSAP 9, the group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 11, opening retained earnings at 1 January 2000 have increased by HK\$262,800,000 which is the reversal of the provision for the 1999 proposed final dividend previously recorded as a liability as at 31 December 1999 although not declared until after the balance sheet date. Opening retained earnings at 1 January 2001 have increased by HK\$328,500,000 which is the reversal of the provision for 2000 proposed final dividend previously recorded as a liability as at 31 December 2000 although not declared until after the balance sheet date. A corresponding decrease in current liabilities by HK\$328,500,000 has been reflected in the comparative 31 December 2000 balance sheet.

Changes to headings used in the previously reported 31 December 2000 balance sheet and profit and loss account relating to dividends and profit for the year retained have also been made to reflect the changes resulting from SSAP 9 (revised).

(b) SSAP 14 (revised): Leases

SSAP 14 prescribes the accounting policies and disclosure requirements in relation to finance and operating leases. The adoption of SSAP 14 by the group does not have any impact on these interim accounts except that certain comparative figures and disclosures in note 15 have been adjusted.

(c) SSAP 26: Segment reporting

In note 2 to these condensed interim accounts the group has disclosed segment turnover and results as defined under SSAP 26. In accordance with the group's internal financial reporting the group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format. Comparative information has been given.