



Basis of Presentation of the Proforma Financial Information

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Note 1(b) to the financial statements on page 30 describes the reorganization of the Group that took place prior to its listing on The Stock Exchange of Hong Kong Limited on 11 February 2002 (the "Reorganization"). As stated in note 1(c) to the financial statements, since the Reorganization took place on 17 January 2002, in accordance with Statement of Standard Accounting Practice No. 27 ("SSAP27") ("Accounting for group reconstructions") issued by the Hong Kong Society of Accountants, the effect of the Reorganization is not reflected in the Company's financial statements for the period ended 31 December 2001.

However, since all entities which took part in the Reorganization were wholly owned by a common ultimate shareholder before and immediately after the Reorganization and, consequently, there was a continuation of the risks and benefits to the ultimate shareholder that existed prior to the Reorganization, additional proforma information, prepared using the merger basis of accounting, has been presented on pages 37 to 64.

The proforma combined income statement of the Group for the year ended 31 December 2001 includes the financial results of the companies which now comprise the Group for the period from 1 January 2001 (or the date of incorporation or the date that the Group's effective control commenced, if later) to 31 December 2001 as if the current group structure had been in existence and remained unchanged throughout the period presented. The proforma combined balance sheet of the Group as at 31 December 2001 has been prepared to present the combined assets and liabilities of the Group as at that date as if the current group structure was in existence then. The comparative figures as at and for the year ended 31 December 2000 have been presented on the same basis.

Although this proforma financial information does not form part of the financial statements for the year ended 31 December 2001, it will form the basis of the comparative information in the financial statements for the year ending 31 December 2002. This is because, when adopting the merger basis of accounting in accordance with SSAP27, in the period in which the Reorganization is first reflected in the financial statements, the financial statement items for any comparative periods should be included in the financial statements as if the Reorganization had taken place from the beginning of the earliest period presented.