

HK GAAP and IAS Reconciliation

HK GAAP AND IAS

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

Goodwill, which is the difference between the consideration paid and the fair value of the identifiable net assets acquired, could be eliminated against reserves under HK GAAP prior to 2001. This was the accounting treatment adopted by the Group. IAS requires such purchased goodwill to be capitalized as an asset on the balance sheet and amortized through the profit and loss statement over the estimated useful life of the goodwill, which should not exceed 20 years. From 1 January 2001, the introduction of SSAP 30 eliminated the option of eliminating goodwill against reserves under HK GAAP, which has brought HK GAAP in line with IAS. Although permitted by SSAP 30, the Group has elected not to reinstate, as an asset, the goodwill that was eliminated against reserves prior to 2001.

Following the Group's adoption of the revised SSAP 12 "Income Taxes" with effect from 1 January 2003, the previous differences between the HK GAAP and IAS accounting treatment in respect of deferred tax are now eliminated. Accordingly, no adjustments were made in the following reconciliations in respect of deferred tax.

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

PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

For the year ended 31 December

US\$ millions

	2003	2002
PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS AS REPORTED UNDER HK GAAP	81.5	40.1
Estimated material IAS adjustments		
– Reversal of goodwill reinstated on disposals and dilutions	0.9	1.4
– Purchased goodwill amortization ⁽ⁱ⁾	(48.8)	(50.4)
ESTIMATED PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS UNDER IAS	33.6	(8.9)
ESTIMATED BASIC EARNINGS/(LOSS) PER SHARE UNDER IAS (U.S. CENTS)	1.1	(0.3)

SHAREHOLDERS' EQUITY/(DEFICIT)

At 31 December

US\$ millions

	2003	2002
SHAREHOLDERS' EQUITY/(DEFICIT) AS REPORTED UNDER HK GAAP	10.7	(71.2)
Estimated material IAS adjustment		
– Capitalization of purchased goodwill	828.6	880.7
ESTIMATED SHAREHOLDERS' EQUITY UNDER IAS	839.3	809.5
ESTIMATED SHAREHOLDERS' EQUITY PER SHARE UNDER IAS (U.S. CENTS)	26.3	25.4

(i) Assumes goodwill is amortized over 20 years.