

**IMPACT OF NEW ACCOUNTING STANDARDS - JANUARY 2005**

**ADDITIONAL DISCLOSURE REQUIREMENTS FOR INITIAL PUBLIC OFFERING UNDER DIFFERENT SCENARIOS**

This table has been prepared for illustrative purposes only and should be read in conjunction with the full text of the news release dated 30 April 2005 or the full text of the announcement issued by the Exchange on 3 May 2005, which can be viewed on our website at <http://www.hkex.com.hk/news/hkexnews/0504294news.htm>.

Scenario		Applicable accounting standards adopted in accountants' report or early adoption of New Standards <i>(Notes 1 &amp; 2)</i>		Applicable accounting standards adopted in profit forecast or early adoption of New Standards	Additional disclosure of financial impact of New Standards (qualitative/quantitative)?		Accounting Standards adopted in preparing the first set of financial statements after listing
		Track record period			Forecast period	Historical	
		Three years	Stub period				
1	- Track record period of 3 years ended 30/6/04 and 6 months ended 31/12/04 - Forecast period for year ending 30/6/05	Old Standards	Old Standards	Old Standards	Required-qualitative information Encouraged – quantitative information for 1 year <i>(Note 3)</i>	Required-qualitative information Encouraged – quantitative information <i>(Note 3)</i>	Old Standards
2	- Track record period of 3 years ended 30/6/04 and 6 months ended 31/12/04 - Forecast period for year ending 30/6/05	Old Standards and some (but not all) New Standards	Old Standards and some (but not all) New Standards	Old Standards and some (but not all) New Standards	Required-qualitative information Encouraged – quantitative information for 1 year <i>(Note 4)</i>	Required-qualitative information Encouraged – quantitative information <i>(Note 4)</i>	Old Standards and some (but not all) New Standards
3	- Track record period of 3 years ended 30/11/04 - Forecast period for year ending 30/11/05	Old Standards	N/A	Old Standards and some (but not all) New Standards	Required both qualitative and quantitative information for 1 year <i>(Note 5)</i>	Required-qualitative information Encouraged – quantitative information <i>(Note 6)</i>	Old Standards and some (but not all) New Standards
4	- Track record period of 3 years ended 31/12/04 - Forecast period for year ending 31/12/05	Old Standards	N/A	New Standards	Required both qualitative and quantitative information <i>(Note 7)</i>	Required - new accounting policies <i>(Note 8)</i>	New Standards
5	- Track record period of 3 years ended 31/12/04 - Forecast period for year ending 31/12/05	Old Standards and certain (but not all) New Standards	N/A	New Standards	Required both qualitative and quantitative information <i>(Note 7)</i>	Required - new accounting policies <i>(Note 8)</i>	New Standards
6	- Track record period of 3 years ended 31/12/04 and 3 months ended 31/3/05 - Forecast period for year ending 31/12/05	New Standards	New Standards	New Standards	Not required		New Standards

- Note 1: Companies are generally encouraged to adopt the New Standards early. An applicant may choose to prepare its financial information in the accountants' report using the applicable Old Standards or to adopt some or all of the New Standards early. However, for the purpose of Main Board Rule 8.05, the profit requirement will be assessed with reference to historical financial information prepared using either the Old Standards in their entirety, or the New Standards in their entirety. This table does not deal with the disclosure requirements for the purpose of Main Board Rule 8.05.
- Note 2: An applicant must apply the same accounting policies in preparing financial information for the stub period and profit forecast. This is because the stub period forms part of the forecast period and the same accounting standards should be consistently applied.
- Note 3: As the historical financial information is prepared and the first set of accounts after listing will be prepared using the Old Standards, the applicant will be **required** to disclose qualitative information on prospective changes in accounting policies, and **encouraged** to disclose the financial effect of the New Standards on the net profit and net assets of the most recent financial year of the track record period and on the profit forecast. *(Refer to Announcement- Additional Disclosure under B(2)(I)(a),(b)&(c))*
- Note 4: As the historical financial information is prepared and the first set of accounts after listing will be prepared using Old Standards (those being the applicable accounting standards) and some (but not all) New Standards, it will be **required** to disclose qualitative information on prospective changes in accounting policies and **encouraged** to disclose the financial effect of the New Standards on the net profit and net assets of the most recent financial year of the track record period and on the profit forecast. *(Refer to Announcement- Additional Disclosure under B(1)(c) & (e))*
- Note 5: If an applicant prepares the historical financial information in the accountants' report using the Old Standards and prepares the first set of annual financial statements after listing using Old Standards (those being the applicable accounting standards), and some (but not all) New Standards, it will be **required** to disclose qualitative information on the prospective changes on accounting policy and a statement of financial effect of prospective changes on the net profits and net assets of the most recent financial year of the track record period from the Old Standards to the applicable accounting standards that will be used in the preparation of the first set of annual financial statements. *(Refer to Announcement- Additional Disclosure under B(2)(III)(b))*
- Note 6: If an applicant includes a profit forecast in its prospectus using Old Standards (those being the applicable accounting standards) and some (but not all) New Standards, it will be **required** to disclose details of new accounting policies adopted for preparing the profit forecast and **encouraged** to disclose adjustments to the forecast profit from the accounting policies adopted to the New Standards. The qualitative information on the prospective changes in accounting policies will be shown as part of the assumptions for the profit forecast. *(Refer to Announcement- Additional Disclosure under B(2)(III)(a)).*
- Note 7: If an applicant prepares its first set of annual financial statements after listing using the New Standards, it will be **required** to disclose qualitative information on the prospective changes on accounting policy and a statement of the financial effect of the New Standards on the net profits and net assets for each period within the track record period. However, if a listing application is submitted on or before 30 June 2005, as transitional arrangement, additional disclosure of financial effect on New Standards will be on the net profits and net assets of the most recent financial year of the track record period. *(Refer to Announcement- Additional Disclosure under B(2)(II)(b) for scenario 4; B(1)(d) for scenario 5).*
- Note 8: If an applicant includes a profit forecast in prospectus using the New Standards, it will be **required** to disclose details of the new accounting policies adopted for preparing the profit forecast. *(Refer to Announcement- Additional Disclosure under B(2)(II)(a)(i) for scenario 4; B(1)(b) for scenario 5)*