

## CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	<b>Six months ended 30 June</b>	
	<b>2001</b>	2000
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Exchange differences on translation of the financial statements of foreign entities	–	(137)
Net profit/(loss) for the period	<b>(57,052)</b>	24,416
<b>TOTAL RECOGNISED GAINS AND LOSSES</b>	<b>(57,052)</b>	24,279

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### 1. Accounting policies

The condensed consolidated interim financial statements are prepared in accordance with the requirements of the Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting". The accounting policies and basis of preparation used in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2000, except that the Group has changed certain of its accounting policies following the adoption of new and revised SSAPs which became effective for the current accounting period.

The Group has adopted the transitional provision of SSAP 30 "Business Combinations" that goodwill previously eliminated against reserves need not be restated and will be charged to the income statement at the time of disposal of the subsidiary or associate or at such time the goodwill is determined to be impaired. Goodwill arising on acquisition after 1 January 2001 is capitalized and amortized on a straight-line basis over its estimated useful life. Any impairment of goodwill will be recognized as an expense in the income statement immediately. As a result, goodwill of HK\$9,198,000 arising from acquisition of an associate in prior year was considered to be impaired and charged from capital reserve to the income statement during the period.

The adoption of the other new and revised SSAPs has no significant effect to the results of the Group in current or prior period.