

The following is a statement of the adjusted net tangible assets of the Group as at 31 December 2000 and are as follows:

	<i>HK\$'000</i>
Net tangible liabilities of the Group as at 31 December 2000 as stated in the Consolidated Balance Sheet on page 18	(28,643)
Surplus arising on revaluation of property under development (note 1)	320,837
Adjusted net tangible assets before provision for deferred tax on revaluation surplus	292,194
Provision for deferred taxation on revaluation surplus (note 2)	(42,066)
Adjusted net tangible assets after provision for deferred tax on revaluation surplus	250,128

Notes:

- Property under development was revalued at their open market value at 31 December 2000 by Messrs. Greater China Appraisal Limited, an independent valuer, on an open market existing use basis.

In accordance with the Group's principal accounting policies described in note 3 to the financial statements on page 28, (i) property under development for sale, the pre-sale of which has not commenced, is included in current assets at the lower of cost or net realisable value, (ii) property under development for sale, the pre-sale of which has commenced, is included in current assets at cost plus attributable profits less sales deposits/ installments received or receivable, less any foreseeable loss, and (iii) property under development for long-term investment is stated at cost less diminution in value.

The surplus arising from the revaluation of the Group's property under development amounting to approximately \$320,837,000 was not incorporated into the Group's financial statements for the year ended 31 December 2000.

- The provision for deferred tax (which includes PRC business tax, land appreciation tax and income tax) on revaluation surplus is calculated on the basis that income tax provision is only made against those property under development for sale. No provision for deferred tax is made on revaluation surplus of property under development for long-term purpose.