

Adjusted Net Tangible Assets of The Group

The following is a statement of the adjusted net tangible assets of the Group as at 31 December 2001 and are as follows:

	HK\$'000
Net tangible liabilities of the Group as at 31 December 2001 as stated in the Consolidated Balance Sheet on page 20	(2,343)
Surplus arising on revaluation of property under development (<i>note 1</i>)	385,967
Adjusted net tangible assets before provision for deferred tax on revaluation surplus	383,624
Provision for deferred taxation on revaluation surplus (<i>note 2</i>)	(152,251)
Adjusted net tangible assets after provision for deferred tax on revaluation surplus	231,373

Notes:

1. Property under development was revalued at their open market value at 31 December 2001 by Messrs. Vigers Hong Kong Limited, an independent valuer, on an open market existing use basis.

In accordance with the Group's principal accounting policies described in note 4 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 realizable value and (ii) property under development for long-term investment is stated at cost less any identified impairment loss.

The surplus arising from the revaluation of the Group's property under development amounting to approximately 385,967,000 was not incorporated into the Group's financial statements for the year ended 31 December 2001.

2. 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.