

Summary of Unaudited Consolidated Financial Statements of Silverlink Holdings Limited
Consolidated profit and loss account for the year ended 31 December 2004

	2004 HK\$'000	2003 HK\$'000 (Restated)
Turnover	308,045	222,971
Direct departmental expenses	(120,705)	(100,394)
Administrative expenses	(39,125)	(36,863)
Marketing expenses	(8,081)	(8,939)
Property operation maintenance and energy costs	(35,279)	(30,342)
	<u>104,855</u>	<u>46,433</u>
Other operating income	18,938	16,224
Other operating expenses	(121,141)	(132,452)
Profit (loss) from operations	2,652	(69,795)
Finance costs, net	(45,747)	(40,849)
Share of profits (losses) of associates	7,972	(2,987)
Loss before tax	(35,123)	(113,631)
Income tax expense	(14,953)	(11,536)
Loss before minority interests	(50,076)	(125,167)
Minority interests	2,005	16,068
Net loss for the year	<u>(48,071)</u>	<u>(109,099)</u>

Summary of Unaudited Consolidated Financial Statements of Silverlink Holdings Limited (Cont'd)
Consolidated balance sheet as at 31 December 2004

	2004 HK\$'000	2003 HK\$'000
ASSETS		
Current assets		
Cash and bank balances	43,688	21,887
Trade and other receivables	149,464	119,215
Amounts due from related parties	2,277	1,162
Inventories, at cost	11,887	10,226
Total current assets	<u>207,316</u>	<u>152,490</u>
Non-current assets		
Investments in associates	312,304	296,923
Other investments	37,058	35,350
Property, plant and equipment	1,172,457	1,043,062
Projects under development	619,741	327,506
Intangible asset	1,264	1,420
Total non-current assets	<u>2,142,824</u>	<u>1,704,261</u>
Total assets	<u><u>2,350,140</u></u>	<u><u>1,856,751</u></u>
LIABILITIES AND EQUITY		
Current liabilities		
Borrowings	64,490	51,113
Trade and other payables	203,830	125,401
Amounts due to related parties	—	39
Tax liabilities	13,143	13,978
Obligations under finance leases	445	23
Total current liabilities	<u>281,908</u>	<u>190,554</u>
Non-current liabilities		
Borrowings	503,958	150,376
Obligations under finance leases	3,050	226
Convertible loans	620,100	620,100
Obligations on repurchase of shares	86,744	86,744
Loans from minority shareholders	84,754	47,112
Deferred liability	7,020	7,020
Deferred income	5,304	320
Deferred tax liability	1,794	1,771
Total non-current liabilities	<u>1,312,724</u>	<u>913,669</u>
Minority interests	<u>178,799</u>	<u>163,558</u>
Capital and reserves		
Share capital	83,624	83,624
Reserves	493,085	505,346
Total equity	<u>576,709</u>	<u>588,970</u>
Total liabilities and equity	<u><u>2,350,140</u></u>	<u><u>1,856,751</u></u>

Summary of Unaudited Consolidated Financial Statements of Silverlink Holdings Limited (Cont'd)

Change in accounting policy

With effect from 1 January 2004, the group of Silverlink Holdings Limited ("Silverlink") has changed its accounting policy in respect of depreciation of hotel properties. Prior to 1 January 2004, hotel properties were stated at their open market values on the basis of annual valuations, and no depreciation is provided in respect of its hotel properties.

Hotel properties are now depreciated, using the straight line method at the rate of 2% per annum and where the hotel properties are located on land held under operating lease, the carrying amount of the leasehold land would be amortised over the remaining life of the lease.

The effects of the above-mentioned change in accounting policy on the consolidated financial statements of Silverlink for year ended 31 December 2003 are as follows:

	Previously reported	Prior year adjustment	Restated
	HK\$'000	HK\$'000	HK\$'000
Profit and loss account			
Loss from operation	(53,048)	(16,747)	(69,795)
Finance costs, net	(40,849)	—	(40,849)
Share of losses of associates	(819)	(2,168)	(2,987)
Loss before income tax	(94,716)	(18,915)	(113,631)
Minority interests	11,973	4,095	16,068
Income tax	(11,536)	—	(11,536)
Loss for the year	<u>(94,279)</u>	<u>(14,820)</u>	<u>(109,099)</u>
Accumulated profits (losses)			
Balance at 1 January 2003	2,512	(190,835)	(188,323)
Loss for the year	<u>(94,279)</u>	<u>(14,820)</u>	<u>(109,099)</u>
Balance at 31 December 2003	<u>(91,767)</u>	<u>(205,655)</u>	<u>(297,422)</u>
Revaluation reserve			
Balance at 1 January 2003	216,855	190,835	407,690
(Deficit) surplus on property revaluation	<u>(1,934)</u>	<u>14,820</u>	<u>12,886</u>
Balance at 31 December 2003	<u>214,921</u>	<u>205,655</u>	<u>420,576</u>

Contingent liabilities

The group of Silverlink has issued guarantees to banks in respect of the banking facilities granted to its associate amounting to HK\$23.4 million (2003: HK\$23.4 million).