



## 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 2004 and are as follows:

	<i>HK\$'000</i>
Net tangible liabilities of the Group as at 31 December 2004 as stated in the Consolidated Balance Sheet on page 26	(148,859)
Surplus arising from revaluation of property under development (note 1)	<u>348,969</u>
Adjusted net tangible assets before provision for deferred tax on revaluation surplus	200,110
Provision for deferred taxation on revaluation surplus (note 2)	<u>(190,763)</u>
Adjusted net tangible assets after provision for deferred tax on revaluation surplus	<u><u>9,347</u></u>

*Notes:*

1. Property under development was revalued at their open market value at 31 December 2004 by RHL Appraisal Limited, an independent valuer, 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 37, property under development for sale is included in current assets at the lower of cost or net realizable value.

The surplus arising from the revaluation of the Group's property under development amounting to approximately HK\$348,969,000 was not incorporated into the Group's financial statements for the year ended 31 December 2004.

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 the property under development for sale.