(Expressed in Hong Kong dollars)

The Group's accounting policies conform with generally accepted accounting principles in Hong Kong ("HK GAAP") which differ in certain material respects from those applicable generally accepted accounting principles in the United States of America ("US GAAP"). The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Standards which are applicable to the Group for accounting period beginning on or after 1 January 2005.

The information below has not been subjected to independent audit or review, and has not presented fully the disclosures in accordance with all applicable financial accounting standards under US GAAP. Full compliance with all applicable US GAAP disclosure requirements will be presented in Form 20-F to be filed with the United States – Securities and Exchange Commission.

The significant differences relate principally to the following items and the adjustments considered necessary to present the net loss and shareholders' equity in accordance with US GAAP are set out below.

(a) Investment properties revaluation and depreciation

In prior years under HKGAAP, movements in the fair value of the Group's investment properties were recognised directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement. Upon adoption of new HK GAAP as from 1 January 2005, all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model.

Under US GAAP, investment properties are stated at cost and depreciated over the shorter of the useful life and the land lease terms. Accordingly, the investment properties of the Group and its jointly controlled entity, which are stated at open market value, have been restated at historical cost less accumulated depreciation.

Depreciation has been based on the historical cost of the properties held by the Group and its jointly controlled entity and the useful lives of such properties range from 44 to 46 years. The gross historical cost of properties held by the Group and its jointly controlled entity subject to depreciation under US GAAP which are not depreciated under HK GAAP at 31 December 2005 amounted to $3,821,000 (2004: $3,821,000) and $140,000,000 (2004: $140,000,000), respectively.

In the US GAAP reconciliation of net loss for the year, the adjustments represent the reversal of revaluation gain in respect of the Group's properties of $nil (2004: $78,000), and the depreciation in respect of the properties held by the Group amounting to $83,000 (2004: $84,000) and the Group's proportionate share of depreciation in respect of the property held by its jointly controlled entity amounting to $1,750,000 (2004: $1,750,000) and the Group's proportionate share of revaluation loss in respect of the property held by its jointly controlled entity of $7,150,000 (2004: $2,200,000). In the US GAAP reconciliation of shareholders' equity at 31 December 2005, the adjustments represent the reversal of revaluation gain in respect of the investment properties of the Group of $nil (2004: $78,000) and the Group's proportionate share of revaluation loss in respect of the property held by its jointly controlled entity of $1,650,000 (2004: revaluation gain of $5,500,000).

(b) Share options

The Group granted share options to directors and employees. Under HK GAAP and prior to 1 January 2005, the proceeds received are recognised as an increase to capital upon the exercise of the share options. The Group does not account for the issuance of stock options until they are exercised. With effect from 1 January 2005, in order to comply with HKFRS 2, the Group recognises the fair value of such share options as an expense in the consolidated income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognised in a capital reserve within equity.

Under US GAAP, the compensation expenses are based on the excess, if any, of the quoted market price of the shares on the date of grant over the exercise price of the stock options. Such amount is charged to the consolidated income statement over the vesting period of the options. As a result, any expenses recognised based on the fair value of share options under HK GAAP is reversed under US GAAP. In December 2004, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment" ("SFAS 123R"), which requires companies to measure and recognise compensation expense for all stock-based payments at fair value. SFAS 123R is effective for all interim and annual periods beginning after 15 June 2005. The Group will adopt the SFAS 123R for the accounting period commencing from 1 January 2006.

(c) Impairment of long-lived assets

The Group periodically reviews the carrying amount of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Under HK GAAP, the estimated future cash flows are discounted at a discount rate when assessing the recoverable amount of the asset.

Under US GAAP, in accordance with SFAS 144 "Accounting for the Impairment or Disposal of Long-Lived Assets", recoverability of the assets is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amounts of the assets exceed the fair value of the assets.

Given that the undiscounted cash flows expected to be generated by certain long-lived assets were below the carrying amount of such assets and subject to impairment under HK GAAP, the assets are also considered impaired under US GAAP. Accordingly, the impairment loss recognised under HK GAAP has not been reversed for US GAAP purpose.

(d) Minority interests

In prior years under HK GAAP, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1 January, 2005, under new HK GAAP, minority interests become part of the total result for the year and total equity of the Group, whereas under US GAAP, it is respectively excluded from the total result for the year and shareholders equity of the Group. However, there is no impact on net income and shareholder equity under US GAAP.

(Expressed in Hong Kong dollars)

The effect on net loss of significant differences between HK GAAP and US GAAP is as follows:

	Note	**2005 $'000**	**2004 $'000**
Net loss attributable to equity shareholders as reported under HK GAAP (2004 restated)		**(135,564)**	(59,957)
Adjustments:			
Investment properties	(a)	**(1,833)**	(1,912)
Revaluation of investment properties	(a)	**7,150**	2,200
Compensation expense of share options granted	(b)	**–**	–
Impairment of long-lived assets	(c)	**–**	1,080
Approximate net loss as reported under US GAAP		**(130,247)**	(58,589)
Loss per share under US GAAP – basic and diluted		**(31.52 cents)**	(14.18 cents)

The effect on shareholders' equity of significant differences between HK GAAP and US GAAP is as follows:

	Note	**2005 $'000**	**2004 $'000**
Shareholders' equity as reported under HK GAAP (2004 restated)		**2,058,625**	2,193,153
Adjustments:			
Accumulated depreciation on investment properties	(a)	**(4,265)**	(2,432)
Revaluation reserve	(a)	**1,650**	(5,500)
Property, plant and equipment	(c)	**1,080**	1,080
Shareholders' equity as reported under US GAAP		**2,057,090**	2,186,301