



SEA HOLDINGS LIMITED
爪哇控股有限公司

2004

INTERIM REPORT 中期報告

DIRECTORY

Directors

Lu Wing Chi, *Chairman and Managing Director*

Lu Yong Lee *

Lu Wing Yuk, Andrew

Lu Wing Lin

Lincoln Lu

Lambert Lu

Walujo Santoso, Wally #

Leung Hok Lim #

* *Non-executive director*

Independent non-executive director

Secretary

Sin Li Mei Wah, Jenifer

Solicitors

Stephenson Harwood & Lo

Auditors

Deloitte Touche Tohmatsu

Bankers

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Dah Sing Bank

Standard Chartered Bank

Registered Office

Clarendon House

Church Street

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Principal Office

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Dah Sing Financial Centre

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Branch Registrars in Hong Kong

Standard Registrars Limited

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Chairman's Statement

OVERVIEW

Following the business strategy announced in the past two years, the Group actively continued to dispose properties where growth potential could not be perceived, and to seek further investments to replenish its property portfolio in Asia Pacific markets during the period under review.

Agreements for sale of 5 properties in Auckland were signed for a total of HK\$1,293.8 million, of which 1 was settled prior to 30th June, 2004, 3 are unconditional and 1 is still conditional as of today. At the same time, the Group has purchased 3 property assets in Hong Kong and 1 in Auckland totaling HK\$886.1 million.

The dispositions will have a negative impact to the Group's year end profit, however, the net cash inflow will support newly acquired investment and development properties for higher return to the Group in future.

RESULTS

The Group's unaudited consolidated profits attributed to the shareholders for the financial period ended 30th June, 2004 was HK\$66.5 million compared to HK\$59.5 million for the previous corresponding period. Disposal of properties led to a drop of 38.3% in rental receipts but was compensated by net surplus from sales activities in investment and development properties. Net profits after taxation attributable to shareholders was improved by 11.7% as a result of lower finance costs due to reduction of bank loans, and gain from disposition of investment properties.

DIVIDEND

The Board has declared an interim dividend of HK4 cents (2003: HK4 cents) per share for the year ending 31st December, 2004 payable on 4th October, 2004 to the shareholders of the Company whose names appear in the Register of Members on 30th September, 2004. Total dividends payable are HK\$20,453,000 and will be increased by HK\$5,958,000 as a result of ordinary shares being issued upon the exercise of all the outstanding warrants and share options' subscription rights.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Investments and Developments

Hong Kong

Over 70% of the tenancies were renewed in 2003, resulting in a lowering of annual rental income by more than 30% due to SARS impact. Average occupancy rate was maintained at satisfactory level throughout the period. With the accelerating economy, the Group expects to have a better rental return for new tenancies negotiated after the financial period.

The negotiation on land premium for the Sheung Shui project, in which the Group owns 55%, for a change of plot ratio from 3.3 to 5 times, has been concluded and settled. The Group planned to build one additional residential tower of 39 storeys. Finance for the development has been arranged. Depending on market conditions, earliest time plan for sales of the Phase I and II development may be by end of 2004.

The Group has completed the acquisition of a piece of land with site area of 446 sq.m. at 6-12 Leighton Road. This site will complement the adjoining site the Group presently owned. Development potentials including hotels development for the enlarged site is now being re-considered and evaluated in order to give maximum benefit to the Group.

Chairman's Statement

The Group through its 61.31% owned subsidiary, Trans Tasman Properties Limited ("TTP") has acquired a Sha Tin Lot of 2 hectares and completed in July 2004. Internal cash is utilized to support the acquisition. The site overlooks the Sha Tin race course and is connected to the major Fo Tan KCR railway station. TTP intends to develop it into a residential and commercial composite. A development time frame of 4-6 years is expected. TTP also acquired a shop in Causeway Bay for investment in March 2004. Finance for the purchase has been arranged with a local bank. Satisfactory rental yield is generated.

China

In Guangzhou, Westmin Plaza, Phase II development comprises of 4 towers of residential blocks and one office block on top of the commercial podium was progressed on schedule. Main contract was awarded after the financial period. The whole development will take 18 months to complete.

The Group has reactivated the development of Overseas Exchange Square in Chengdu in December 2003. The project is about 90,000 sq.m. in size, comprising of two office towers on top of the commercial podium. The whole development will be completed by second quarter of 2005.

The Group has actively marketed for lease for New Century Plaza in Chengdu.

New Zealand and Australia

TTP announced its combined results attributable to its shareholders for the financial period under review a surplus of NZ\$12.2 million, compared to NZ\$7.2 million for the previous corresponding period. Net assets value per share as at 30th June, 2004 was NZ64.2 cents compared to NZ63.5 cents as at 31st December, 2003.

TTP followed its stated business strategies announced in 2003, and sold the following properties in Auckland, New Zealand:

- Fletcher Complex – completed before 30th June, 2004;
- Citibank Centre – completed in August 2004;
- Auckland Club Tower – will be completed in September 2004;
- 1-7 The Strand, Takapuna – will be completed in September 2004;
- Finance Centre – a conditional sale subject to due diligence period up to 14th September, 2004 to be satisfied by the Purchaser.

The remaining investment property held in Sydney, is currently being strata titled and progressively sold.

To replenish its investment portfolio, TTP has bought the following properties:

- As mentioned above, a shop in Causeway Bay, Hong Kong in March 2004;
- As mentioned above, a 2 hectare development site in Sha Tin Town in July 2004;
- 132 Halsey Street, Viaduct Harbour, Auckland in August 2004;
- 8-14 Madden Street, Viaduct Harbour, Auckland in September 2004.

Subsequent to the financial period end, TTP has acquired a 34% interest in the Clearwater Resort residential and commercial development in Christchurch.

Chairman's Statement

On the development front, TTP has completed the development of Airpark 1 and successfully sold all sites with 3 lots being retained within its investment portfolio. Stage 1 of Airpark 2 was offered to the market during 2004, with all 12 lots unconditionally sold at prices in line with feasibility. In addition, the development of TTP's land at Auckland Viaduct Western Reclamation is underway. In August 2004, construction of a two building 19,745 sq.m. design-build commercial office complex for Air New Zealand's new head office to be located at the western end of the site was commenced.

Global Property Fund, in which TTP has 64% interest, had finally resolved all litigation against the former Trustee and Manager of the fund. The winding up of the funds will now proceed. TTP expects a cash distribution of approximately A\$9.2 million in September 2004.

The Group's interest in Jacks Point land in Queenstown, New Zealand was reduced from 60.0% to 26.1% after the financial period. The Group realized a total gain of approximately NZ\$11.6 million from the disposition. A gain of approximately NZ\$6.8 million will be recognized in 2004 and the remaining portion will be deferred until Jacks Point Limited sells the developed residential sites. The land will be developed into a resort with a golf course, hotel and residential properties.

Garment Trading

Similar level of income was generated from garment business, but the Group expects a substantial drop in income of approximately HK\$23.0 million due to abolition of quota system in 2005.

Supply Chain Management

The performance of Professional Services Brokers Limited ("PSB"), in which the Group owns 43.4%, is satisfactory and contributed a positive return to the Group. PSB continued to operate one of the few remaining electronic portals and is expanding its business operations to Australasia by receiving outsourcing contracts from other marketplaces.

GENERAL OFFER FOR THE SHARES IN TTP NOT OWNED BY SEA

An offer by SEA for the remaining 40.0% interest in TTP it did not own was made. The offer price was NZ\$0.40 as compared to net assets value per share of NZ\$0.63 as at 31st December, 2003. The Group has increased its interest in TTP from 59.97% to 61.31% as a result of this offer, at a cost of NZ\$3.2 million. As the acquisition cost was below the net assets value per TTP share, it contributes positive surplus to shareholders over the years.

FINANCIAL REVIEW

Key 2004 financial data, policies and capital events relating to the Group and its major subsidiaries were as follows:

Financial Resources and Liquidity

At 30th June, 2004, the Group had HK\$1,720.0 million (HK\$1,881.0 million at 31st December, 2003) cash and unutilized facilities of HK\$1,042.0 million (HK\$964.0 million at 31st December, 2003) to meet its commitments and working capital. The current (working capital) ratio reduced from 4.46 at 31st December, 2003 to 4.07 at 30th June, 2004 was mainly due to the increase of borrowings due within one year.

At 30th June, 2004, shareholders' funds of the Group amounted to HK\$2,639.5 million (HK\$2,678.1 million at 31st December, 2003) representing a decrease of 1.4% that was mainly attributable to exchange translation loss for the net assets of subsidiaries in New Zealand and Australia that was partially offset by the net profit for the period from the Group.

Chairman's Statement

Bank borrowings of TTP group and other subsidiaries in Australia, denominated in NZ\$ and A\$, has drawn down bank loans equivalent to NZ\$258.0 million (HK\$1,266.9 million) and A\$12.1 million (HK\$65.2 million) secured mainly by properties valued at NZ\$395.5 million (HK\$1,264.6 million) and A\$25.4 million (HK\$136.9 million) respectively and pledged bank deposits of NZ\$123.0 million (HK\$603.8 million).

In Hong Kong and China, properties valued at HK\$2,695.5 million and fixed deposits of HK\$37.3 million were pledged for banking facilities amounting to HK\$1,588.8 million that was extended to certain subsidiaries as at 30th June, 2004.

Refinancing and Gearing

The renewal of major credit facilities on a medium and long-term basis has provided the Group with capacity and flexibility to undertake development and investment opportunities consistent with its strategy to remain as a long-term investor in property.

The Group's overall gearing, or net interest bearing debt minus cash, as a percentage of total property assets have increased from 21% as at 31st December, 2003 to 28% as at 30th June, 2004. The increase was mainly due to additional loans were drawn down to support the initial deposits for new properties acquisitions.

Treasury policies

The Group adheres to prudent treasury policies. The ratio of non-current liabilities to shareholders' fund plus minority interests was 0.75 at 30th June, 2004 (0.77 at 31st December, 2003).

The Group's borrowings are principally on a floating rate basis. However, when requested by lenders under banking arrangements or at times when interest rates are volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

Capital movements

During the period, the Company has not issued any additional shares or any type of capital instruments.

Loan maturity profile

As at 30th June, 2004, maturities of the Group's outstanding borrowings were as follow:

	<i>HK\$m</i>
Within 1 year	477
1-2 years	1,174
2-5 years	641
Over 5 years	738
Total	3,030

Chairman's Statement

OUTLOOK

Market sentiment continued to improve especially in Hong Kong and China. This will definitely benefit the leasing and development activities of the Group.

The Group will continue to invest in Asian/Pacific property markets where counter-cyclical property investment or development opportunities exist. With the disposal of assets in the 1st half of the year, the Group has accumulated considerable cash resources to take up additional investments. The Group will actively pursue its investment opportunities.

SHARE REGISTRATION

The Register of Members of the Company will be closed from Monday, 27th September, 2004 to Thursday, 30th September, 2004, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Friday, 24th September, 2004. Warrant holders who wish to participate in the interim dividend must exercise their subscription rights not later than 4:00 p.m. on Friday, 24th September, 2004.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30th June, 2004, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited ("HKSE") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

1. Long positions in shares and underlying shares of the Company

Name of Director	No. of Shares		Number of underlying shares (warrants)		Number of underlying shares (share option)	Total	% of shares in issue
	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation			
Lu Wing Yuk, Andrew	-	-	-	-	3,000,000	3,000,000	0.59
Lu Wing Chi	-	-	-	-	12,500,000	12,500,000	2.44
Lu Wing Lin	94,000	-	-	-	12,500,000	12,594,000	2.46
Lincoln Lu	618,000	256,669,811	572,717	73,897,812	-	331,758,340*	64.88
Lambert Lu	610,000	256,669,811	572,717	73,897,812	-	331,750,340*	64.88

Chairman's Statement

Note: * Of these shares and warrants of the Company, 256,669,811 shares and warrants carrying 73,897,812 underlying shares deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO. 256,669,811 shares and warrants carrying 71,786,743 underlying shares out of such shares were held by Nan Luen International Limited, which was 62.77% owned by JCS Limited ("JCS"), and warrants carrying 2,111,069 underlying shares were held directly by JCS. JCS was 26.09% owned by a discretionary trust, of which both directors are beneficiaries. In addition, Messrs. Lincoln Lu and Lambert Lu were each interested in 10.87% in JCS directly. JCS is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

2. Share options

As at 30th June, 2004, certain directors have outstanding share options granted pursuant to the Company's Share Option Scheme, details of which were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Exercise period	Number of share options as at 1.1.2004 and 30.6.2004
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 – 3.12.2010	3,000,000
Lu Wing Chi	4.12.2000	1.44	4.12.2000 – 3.12.2010	12,500,000
Lu Wing Lin	4.12.2000	1.44	4.12.2000 – 3.12.2010	12,500,000

3. Long positions in shares and underlying shares of associated corporations

(a) JCS Limited

Name of Director	Beneficial interests	Interests as discretionary trust beneficiary	Total	% of shares in issue
Lu Wing Chi	2,000	12,000 ¹	14,000	30.43
Lincoln Lu	5,000	12,000 ¹	17,000	36.96
Lambert Lu	5,000	12,000 ¹	17,000	36.96

(b) Nan Luen International Limited

Name of Director	Interests held by controlled corporation	% of shares in issue
Lincoln Lu	98,210 ²	62.77
Lambert Lu	98,210 ²	62.77

Chairman's Statement

Notes:

1. 12,000 shares in JCS Limited deemed to be interested by Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these three directors for the purpose of the SFO. Such shares were held by a discretionary trust, of which all three directors are beneficiaries.
2. 98,210 shares in Nan Luen International Limited deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO. Those shares were held by JCS Limited, which is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

Saved as disclosed herein, as at 30th June, 2004, none of the Directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Chairman's Statement

DISCLOSURE OF INTERESTS BY PERSONS REQUIRED TO GIVE DISCLOSURE PURSUANT TO DIVISIONS 2 AND 3 OF THE SFO

So far as is known to any Director or chief executive of the Company, as at 30th June, 2004, persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Number of underlying shares (warrants)	Total	% of shares in issue
Substantial shareholders					
JCS Limited ²	Beneficial interests	–	2,111,069	2,111,069	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554 ¹	
				330,567,623	64.65
Eaver Company Limited ³	Beneficial interests	608,000	–	608,000	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554 ¹	
				329,064,554	64.36
Nan Luen International Limited ⁴	Beneficial interests	256,669,811	71,786,743	328,456,554 ¹	64.24
Others					
Pacific Rose Enterprises Limited	Beneficial interests	31,955,873	3,581,257	35,537,130	6.95
Cyress Gold Limited	Beneficial interests	20,013,043	7,711,957	27,725,000	5.42

Notes:

- 256,669,811 shares and warrants carrying 71,786,743 underlying shares deemed to be interested by JCS Limited, Eaver Company Limited and Nan Luen International Limited represented the same interests and were therefore duplicated amongst these three shareholders for the purpose of the SFO. JCS Limited and Eaver Company Limited were respectively interested in 62.77% and 37.23% in Nan Luen International Limited, which in turn was interested in these shares and warrants.
- Messrs. Lu Wing Chi, Lu Wing Lin, Lincoln Lu and Lambert Lu, all of whom are directors of the Company, are also directors of JCS Limited.

Chairman's Statement

3. Mr. Lu Yong Lee, a director of the Company, is also a director of Eaver Company Limited.
4. Messrs. Lu Wing Chi, Lu Wing Lin, Lu Wing Yuk, Andrew, Lu Yong Lee, Lincoln Lu and Lambert Lu, all of whom are directors of the Company, are also directors of Nan Luen International Limited.

Save as disclosed above, the Directors are not aware of any other person who, as at 30th June, 2004, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the half year ended 30th June, 2004, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares or warrants.

MANAGEMENT AND STAFF

The Group had 170 employees at 30th June, 2004 compared with 170 for the corresponding period. Salary and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances, and voluntary employer contributions to retirement schemes are offered to most employees. The Company operates an employee share option scheme with options granted to the Group employees on a discretionary basis by the Board.

The board wishes to thank to the management and staff for their commitment, contribution and dedication and to the customers and tenants for their continuous support to the Group.

AUDIT COMMITTEE

Regular meetings have been held by the committee since its establishment. The committee meets at least twice each year.

At the request of the directors, the interim financial report of the Company for the half year ended 30th June, 2004 has been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with the Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants and an unmodified review conclusion has been issued.

CODE OF BEST PRACTICE

The company has complied throughout the period covered by the interim report with the Code of best practice as set out in Appendix 14 of the Rules Governing the Listing of securities on The Stock Exchange of Hong Kong Limited, except that non-executive directors are not appointed for a specific term.

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 2nd September, 2004

Condensed Consolidated Income Statement

	Notes	Half year ended 30th June,	
		2004 HK\$'000 (unaudited)	2003 HK\$'000 (unaudited)
Turnover	3	184,901	268,047
Other operating income		47,568	16,909
Changes in inventories and properties held for sale	4	(28,227)	(43,814)
Staff costs		(29,553)	(35,290)
Depreciation and amortisation		(1,732)	(1,820)
Other operating expenses		(42,428)	(40,044)
Release of negative goodwill		10,416	6,133
		140,945	170,121
Net profit (loss) on disposal of investments and properties		24,517	(108)
Profit from operations	5	165,462	170,013
Finance costs		(68,695)	(84,075)
Share of net profit of associates		1,476	442
Share of net losses of jointly controlled entities		(2,301)	–
Profit before taxation		95,942	86,380
Taxation	6	(602)	(4,163)
Profit before minority interests		95,340	82,217
Minority interests		(28,869)	(22,725)
Net profit for the period		66,471	59,492
Dividend	7	20,453	20,450
		HK cents	HK cents
Earnings per share	8		
Basic		13.0	11.6
Diluted		12.0	N/A

Condensed Consolidated Balance Sheet

	Notes	At 30th June, 2004 HK\$'000 (unaudited)	At 31st December, 2003 HK\$'000 (audited)
Non-current Assets			
Investment properties	9	3,534,996	3,901,487
Property, plant and equipment	9	410,412	396,954
Negative goodwill		(239,985)	(247,125)
Interests in associates		15,584	16,484
Interests in jointly controlled entities		1,678	3,979
Other investments		81,970	80,277
Amounts due from jointly controlled entities		2,790	2,790
Other loans receivable		4,910	7,409
		3,812,355	4,162,255
Current Assets			
Inventories		3,340	1,901
Properties held for sale		753,804	540,456
Other investments		19,088	19,145
Other loans receivable		6,975	60,867
Debtors, deposits and prepayments	10	466,301	204,696
Taxation recoverable		7,689	7,726
Advances to a director of an indirect subsidiary		1,555	1,606
Amount due from an associate		2,090	2,020
Pledged bank deposits		683,445	69,655
Bank balances and deposits		1,036,635	1,811,232
		2,980,922	2,719,304
Current Liabilities			
Creditors, deposits and accrued charges	11	141,471	207,161
Sales deposits on properties for sale received		–	73,515
Provisions		92,209	104,672
Taxation payable		19,198	19,433
Borrowings – due within one year	12	478,687	205,543
		731,565	610,324
Net Current Assets		2,249,357	2,108,980
		6,061,712	6,271,235
Capital and Reserves			
Share capital	13	51,132	51,125
Reserves		2,588,371	2,625,609
		2,639,503	2,676,734
Minority Interests		823,786	875,015
Non-current Liabilities			
Borrowings – due after one year	12	2,551,306	2,672,522
Other payables – due after one year		18,800	18,800
Deferred taxation		28,317	28,164
		2,598,423	2,719,486
		6,061,712	6,271,235

Condensed Consolidated Statement of Changes in Equity

For half year ended 30th June, 2004

	Share capital HK\$'000	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 2003	51,125	155,588	354,266	(169,769)	(10,980)	4,451	277,707	-	1,777,816	2,440,204
Exchange movement during the period	-	-	2,609	109,312	-	-	-	-	-	111,921
Unrealised holding loss on investments in securities	-	-	-	-	(6,267)	-	-	-	-	(6,267)
Net gain (loss) not recognised in the income statement	-	-	2,609	109,312	(6,267)	-	-	-	-	105,654
Net profit for the period	-	-	-	-	-	-	-	-	59,492	59,492
Dividend proposed	-	-	-	-	-	-	-	20,450	(20,450)	-
At 30th June, 2003	51,125	155,588	356,875	(60,457)	(17,247)	4,451	277,707	20,450	1,816,858	2,605,350
Revaluation deficit arising on investment properties	-	-	(93,501)	-	-	-	-	-	-	(93,501)
Deferred tax liability arising on revaluation of properties	-	-	(2,582)	-	-	-	-	-	-	(2,582)
Exchange movement during the period	-	-	(2,609)	102,411	-	-	-	-	-	99,802
Unrealised holding gain on investments in securities	-	-	-	-	11,116	-	-	-	-	11,116
Net (loss) gain not recognised in the income statement	-	-	(98,692)	102,411	11,116	-	-	-	-	14,835
Realised upon disposal of investment properties	-	-	(50,770)	-	-	-	-	-	-	(50,770)
Net profit for the period	-	-	-	-	-	-	-	-	127,769	127,769
Dividend proposed	-	-	-	-	-	-	-	30,675	(30,675)	-
Dividend paid	-	-	-	-	-	-	-	(20,450)	-	(20,450)
At 31st December, 2003	51,125	155,588	207,413	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,676,734
Exchange movement during the period	-	-	-	(61,377)	-	-	-	-	-	(61,377)
Unrealised holding loss on investments in securities	-	-	-	-	(4,061)	-	-	-	-	(4,061)
Loss not recognised in the income statement	-	-	-	(61,377)	(4,061)	-	-	-	-	(65,438)
Released upon disposal of investment properties	-	-	(7,684)	-	-	-	-	-	-	(7,684)
Share issue on exercise of warrants	7	92	-	-	-	-	-	-	-	99
Net profit for the period	-	-	-	-	-	-	-	-	66,471	66,471
Dividend proposed	-	-	-	-	-	-	-	20,453	(20,453)	-
Dividend paid	-	-	-	-	-	-	-	(30,675)	-	(30,675)
Additional prior year's final dividend paid on exercise of warrants subsequent to the issue of the annual report	-	-	-	-	-	-	-	-	(4)	(4)
At 30th June, 2004	51,132	155,680	199,729	(19,423)	(10,192)	4,451	277,707	20,453	1,959,966	2,639,503

Condensed Consolidated Cash Flow Statement

	Half year ended 30 June,	
	2004	2003
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in) from operating activities	(549,824)	42,801
Investing activities		
(Increase) decrease in pledged deposit	(613,790)	90,439
Proceeds on disposal of investment properties	360,529	3,787
Acquisition of investment properties	(43,813)	(6,341)
Others	(61,271)	345
Net cash (used in) from investing activities	(358,345)	88,230
Financing activities		
Bank borrowings raised	2,198,154	76,319
Repayment of bank borrowings	(1,978,826)	(338,839)
Others	1,216	(12,809)
Net cash from (used in) financing activities	220,544	(275,329)
Net decrease in cash and cash equivalents	(687,625)	(144,298)
Cash and cash equivalents at 1st January	1,811,232	722,825
Effect of foreign exchange rate changes	(86,972)	18,123
Cash and cash equivalents at 30th June, represented by bank balances and deposits	1,036,635	596,650

Notes to the Condensed Financial Statements

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Statement of Standard Accounting Practice 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain properties and investments in securities.

In the opinion of the directors, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2003.

3. SEGMENT INFORMATION

Geographical Segments

The operations of the Group are currently located in New Zealand, Australia, Greater China other than Hong Kong (the "PRC") and Hong Kong. The corresponding geographical location of the Group's assets are the basis on which the Group reports its primary segment information.

	Half year ended 30th June, 2004						Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	
Turnover	103,272	11,903	2,432	67,294	-	-	184,901
SEGMENT PROFIT (LOSS)	93,991	(8,574)	(3,361)	58,092	(436)	-	139,712
Interest income							45,100
Unallocated corporate expenses							(19,350)
PROFIT FROM OPERATIONS							165,462

	Half year ended 30th June, 2003						Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	
Turnover	65,529	77,874	9,590	115,054	-	-	268,047
Inter-segment sales*	-	-	-	335	-	(335)	-
Total	65,529	77,874	9,590	115,389	-	(335)	268,047
SEGMENT PROFIT (LOSS)	44,207	64,954	(3,855)	66,227	(346)	-	171,187
Interest income							14,231
Unallocated corporate expenses							(15,405)
PROFIT FROM OPERATIONS							170,013

* Inter-segment sales are charged at prevailing market rates.

Notes to the Condensed Financial Statements

3. SEGMENT INFORMATION (continued)

Business Segments

The Group is currently organised into four operating divisions – property investment, garment manufacturing and trading, investment and property development.

	Half year ended 30th June, 2004						
	Property investment	Garment manufacturing and trading	Investment	Property development	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	114,728	34,545	1,607	33,291	730	–	184,901
Inter-segment sales*	986	137	48	–	–	(1,171)	–
Total	115,714	34,682	1,655	33,291	730	(1,171)	184,901
SEGMENT PROFIT (LOSS)	103,303	23,737	6,599	7,467	(1,394)	–	139,712
Interest income							45,100
Unallocated corporate expenses							(19,350)
PROFIT FROM OPERATIONS							165,462

	Half year ended 30th June, 2003						
	Property investment	Garment manufacturing and trading	Investment	Property development	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	186,454	71,805	1,565	7,555	668	–	268,047
Inter-segment sales*	2,116	–	48	–	7,947	(10,111)	–
Total	188,570	71,805	1,613	7,555	8,615	(10,111)	268,047
SEGMENT PROFIT (LOSS)	167,230	12,854	5,476	(5,721)	(8,652)	–	171,187
Interest income							14,231
Unallocated corporate expenses							(15,405)
PROFIT FROM OPERATIONS							170,013

* Inter-segment sales are charged at prevailing market rates.

Notes to the Condensed Financial Statements

4. CHANGES IN INVENTORIES AND PROPERTIES HELD FOR SALE

	Half year ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Changes in inventories of manufactured finished goods and work-in-progress	1,334	2,354
Raw materials and consumables used	(9,015)	(18,759)
Purchase of goods held for resale	–	(20,571)
Changes in inventories of properties for sale	219,705	18,144
Costs incurred on properties under development for sale	(240,251)	(24,982)
	(28,227)	(43,814)

5. PROFIT FROM OPERATIONS

	Half year ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Dividend income from listed investments	(1,124)	(1,086)
Interest income	(45,100)	(14,231)
(Gain) loss on sale of investment properties	(23,960)	301
Gain on disposal of property, plant and equipment	(24)	–
Gain on sale of investments	(533)	–

6. TAXATION

	Half year ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	(100)	1,939
Income tax outside Hong Kong	550	598
	450	2,537
Deferred taxation	152	1,626
	602	4,163

Hong Kong Profits Tax is calculated at 17.5% (half year ended 30th June, 2003: 17.5%) on the estimated assessable profits for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Financial Statements

7. DIVIDEND

	Half year ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Interim – HK4 cents (2003: HK4 cents) per share	20,453	20,450

On 12th May, 2004, a dividend of HK6 cents (2003: Nil) per share amount to HK\$30,679,000 (2003: Nil) was paid to the shareholders as the final dividend for 2003.

The directors have determined that an interim dividend for 2004 of HK4 cents (2003: HK4 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 30th September, 2004.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	Half year ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	66,471	59,492

	Number of shares	
	Weighted average number of ordinary shares for the purposes of basic earnings per share	511,269,336
Effect of dilutive potential ordinary shares		
Options	7,574,468	N/A
Warrants	36,410,792	N/A
Weighted average number of ordinary shares for the purposes of diluted earnings per share	555,254,596	511,246,868

No diluted earnings per share for 2003 had been presented because the exercise prices of the Company's options and warrants were higher than the average market price of the Company's shares during the half year ended 30th June, 2003.

The computation of diluted earnings per share in 2003 did not assume the conversion of the preference convertible promissory notes of a subsidiary of the Company since their exercise would result in an increase in the net profit per share.

Notes to the Condensed Financial Statements

9. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired investment properties at a cost of HK\$43,813,000 and disposed of investment properties with carrying value of HK\$346,714,000 for total consideration of HK\$360,529,000. In addition, there was an exchange realignment of HK\$63,590,000 contributed to a decrease in the carrying value of investment properties brought forward from 1st January, 2004.

In the opinion of the directors, there is no material difference between the carrying amount and the market value of investment properties at 30th June, 2004.

During the period, the Group acquired property, plant and equipment at a cost of HK\$19,235,000 and there was an exchange realignment of HK\$3,601,000 contributed to a decrease in carrying value of property, plant and equipment brought forward from 1st January, 2004.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing an average credit period of 2.5 months to its trade customers.

Included in debtors, deposits and prepayments are trade debtors of HK\$13,706,000 (31st December, 2003: HK\$36,081,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2004	31st December, 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	10,121	17,588
61 to 90 days	1,172	15,899
91 to 365 days	699	972
Over 365 days	1,714	1,622
	13,706	36,081

11. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$32,632,000 (31st December, 2003: HK\$50,942,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2004	31st December, 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	28,214	31,256
61 to 90 days	260	15,087
91 to 365 days	13	573
Over 365 days	4,145	4,026
	32,632	50,942

Notes to the Condensed Financial Statements

12. BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$1,978,826,000 and obtained new bank loans in the amount of HK\$2,198,154,000. In addition, there was an exchange realignment of HK\$60,014,000 contributed to a decrease in carrying value of borrowings brought forward from 1st January, 2004. The new loans bear interest at market rates and are repayable by instalments up to respective maturity period. The proceeds were used to finance the construction costs of properties under development and for working capital purpose.

13. SHARE CAPITAL

	Number of shares	Amount <i>HK\$'000</i>
Ordinary share of HK\$0.1 each issued and fully paid		
At 1st January, 2004	511,246,868	51,125
Exercise of warrants	71,739	7
At 30th June, 2004	511,318,607	51,132

14. COMMITMENTS

At the reporting date, the Group had capital commitments not provided for in the condensed financial statements in respect of expenditure to be incurred on properties as follows:

	30th June, 2004 <i>HK\$'000</i>	31st December, 2003 <i>HK\$'000</i>
Authorised but not contracted for		
Hong Kong	73,380	73,380
PRC	361,000	438,000
New Zealand and Australia	84,524	–
	518,904	511,380
Contracted for but not provided for in the financial statements		
Hong Kong	247,449	281,558
PRC	68,400	3,000
New Zealand and Australia	14,697	2,083
	330,546	286,641

Notes to the Condensed Financial Statements

15. CONTINGENT LIABILITIES

At 30th June, 2004, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to Nil (31st December, 2003: HK\$1,128,000). The guarantee at 31st December, 2003 had been released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

In addition, the Group has given guarantees to purchasers of the disposed investment properties that, for a maximum period of 36 months from the date of disposal of the properties, certain areas of the properties will receive an agreed minimum monthly rent until leased. Based on management's best estimation, a provision of HK\$32,383,000 (31st December, 2003: HK\$44,139,000) had been made at 30th June, 2004.

16. PLEDGE OF ASSETS

At the reporting date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities and other bank loans granted to the Group:

- a. Fixed and floating charges on investment properties with an aggregate book value of HK\$3,282,483,000 (31st December, 2003: HK\$3,644,483,000).
- b. Properties for sale with an aggregate book value of HK\$729,860,000 (31st December, 2003: HK\$529,213,000).
- c. Properties under development held for investment with an aggregate book value of HK\$106,015,000 (31st December, 2003: HK\$106,015,000).
- d. Bank deposits of HK\$683,445,000 (31st December, 2003: HK\$69,655,000).
- e. Listed shares of a subsidiary with assets principally comprised of investment properties including in (a) above.
- f. Unlisted shares of certain subsidiaries with assets principally comprised of investment properties and properties under development held for investment including in (a) and (c) above.

17. POST BALANCE SHEET EVENTS

- a. The Group has entered into a sale and purchase agreement with certain independent third parties to acquire certain properties located at Leighton Road, Hong Kong at a consideration of HK\$239.5 million. The transaction has been completed in July 2004.
- b. The Group has entered into a new agreement among the minority shareholders of a subsidiary in which it has effectively disposed of 33.95% of its interests in that subsidiary for HK\$56.9 million and retaining its remaining 26.05% interests as long term investment. Completion of this transaction will depend on the fulfillment of certain conditions and expected to be taken place in the 3rd quarter of 2004. Details of this transaction are set out in the circular of the Company dated 11th June, 2004.

Notes to the Condensed Financial Statements

17. POST BALANCE SHEET EVENTS *(continued)*

- c. The Group has entered into a sale and purchase agreement with an independent third party to dispose of the Group's investment properties located at 1-7 The Strand Building and two adjoining sites in Takapuna, Auckland, New Zealand with a carrying value as at 31st December, 2003 of NZ\$30.0 million, equivalent to approximately HK\$146.5 million, at a consideration of NZ\$30.0 million, equivalent to approximately HK\$146.5 million. Completion of this transaction is expected to be taken place in September 2004. Details of this transaction are set out in the circular of the Company dated 7th July, 2004.
- d. The Group has entered into a sale and purchase agreement with an independent third party to acquire investment properties located at 132 Halsey Street, Auckland, New Zealand at a consideration of NZ\$9.5 million, equivalent to approximately HK\$48.0 million. The transaction has been completed in August 2004. Details of this transaction are set out in the circular of the Company dated 29th July, 2004.
- e. The Group has entered into a sale and purchase agreement with an independent third party to dispose of the Group's investment properties located at Customs Street East, Penrose, Auckland, New Zealand known as the Citibank Centre with a carrying value as at 31st December, 2003 of NZ\$27.1 million, equivalent to approximately HK\$134.3 million, at a consideration of NZ\$30.5 million, equivalent to approximately HK\$151.1 million. The transaction has been completed in August 2004. Details of this transaction are set out in the circular of the Company dated 17th August, 2004.
- f. The Group has entered into a sale and purchase agreement with an independent third party to dispose of the Group's investment properties located at 34 Shortland Street, Auckland, New Zealand known as Auckland Club Tower with a carrying value as at 31st December, 2003 of NZ\$22.0 million, equivalent to approximately HK\$109.2 million, at a consideration of NZ\$23.3 million, equivalent to approximately HK\$115.5 million. Completion of this transaction is expected to be taken place in September 2004. Details of this transaction are set out in the circular of the Company dated 25th August, 2004.
- g. The Group has entered into a conditional sale and purchase agreement with an independent third party to dispose of the Group's investment properties located at central Auckland known as the Finance Centre Complex. Completion of this transaction will depend on the fulfillment of certain conditions. Details of this transaction are set out in the announcement of the Company dated 24th August, 2004.

