



# Directory

## Directors

### Executive Directors

Mr. Lu Wing Chi (*Chairman and Managing Director*)  
Mr. Lu Wing Yuk, Andrew  
Mr. David Hsu  
Mr. Lincoln Lu  
Mr. Lambert Lu

### Non-executive Directors

Mr. Lam Sing Tai  
Mr. Tse Man Bun

### Independent Non-executive Directors

Mr. Walujo Santoso, Wally  
Mr. Leung Hok Lim  
Mr. Chung Pui Lam

## Audit Committee

Mr. Leung Hok Lim (*Chairman*)  
Mr. Walujo Santoso, Wally  
Mr. Chung Pui Lam

## Remuneration Committee

Mr. Chung Pui Lam (*Chairman*)  
Mr. Lu Wing Chi  
Mr. David Hsu  
Mr. Walujo Santoso, Wally  
Mr. Leung Hok Lim

## Authorised Representatives

Mr. David Hsu  
Mr. Kwok Siu Man, Seaman

## Qualified Accountant

Mr. Chan Ka Wing

## Company Secretary

Mr. Kwok Siu Man, Seaman

## Solicitors

Stephenson Harwood & Lo  
Conyers Dill & Pearman

## Auditors

Deloitte Touche Tohmatsu

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Dah Sing Bank Limited

## Registered Office

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

## Principal Place of Business

26/F., Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai, Hong Kong  
Tel: (852) 2828 6363  
Fax: (852) 2598 6861  
E-mail: info@seaholdings.com

## Branch Registrars in Hong Kong

Tricor Standard Limited  
26/F., Tesbury Centre  
28 Queen's Road East  
Wanchai, Hong Kong  
Tel: (852) 2980 1768

## Listing

The shares and warrants of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

### Code and Board Lot

**Stock:** 251/2,000      **Warrant:** 920/2,000

The shares of Asian Growth Properties Limited, a subsidiary of the Company, are listed and traded on the AIM Market of London Stock Exchange Plc.

## Website

[www.seaholdings.com](http://www.seaholdings.com)

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# Chairman's Statement

## Financial Summary

Turnover for the six months ended 30th June, 2007 amounted to HK\$694.9 million (2006: HK\$487.3 million), which represented a 42.6% increase over the turnover for the corresponding period in 2006. The increase was mainly attributable to the recognition of the sales of the residential units and carparks of Royal Green in Hong Kong and the sales of various development properties in New Zealand.

Profit attributable to the Company's shareholders for the period amounted to HK\$250.4 million (2006: HK\$524.1 million), which represented a 52.2% decrease compared with the profit for the corresponding period last year. During the period, the Group enjoyed a writeback of deferred tax provision of HK\$33.3 million as a result of reduced tax rate promulgated by the Chinese Government. However, there was a substantial reduction in the surplus arising from the revaluation of the investment properties. Basic earnings per share for the period was HK\$0.42 (2006: HK\$0.94) while diluted earnings per share for the period was HK\$0.39 (2006: HK\$0.84).

As at 30th June, 2007, the Group's equity attributable to the Company's shareholders amounted to HK\$5,480.0 million, an increase of HK\$287.3 million over the comparable figure as at 31st December, 2006 of HK\$5,192.7 million. The net asset value per share to the Company's shareholders was HK\$9.21 (31st December, 2006: HK\$8.91) and taking into consideration the potential dilutive effect of outstanding warrants and share options, the net asset value per share to the Company's shareholders would become HK\$8.30 as at 30th June, 2007.

## Interim Dividend

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended 30th June, 2007 (2006: HK5 cents) on Tuesday, 30th October, 2007 to the shareholders of the Company whose names appear on the Register of Members at the close of business on Wednesday, 24th October, 2007. Total interim dividends payable at the date of this Report are HK\$30.1 million which will be increased by a maximum of HK\$2.9 million if additional ordinary shares are issued upon the exercise by the respective holders of the subscription rights attached to all the outstanding warrants and share options before the fixed period of closure of the Register of Members commencing on 18th October, 2007.

## Business Review

During the period, the Group has continued its development and investment activities in the Asia Pacific region. In Hong Kong, pre-sales of The Morrison development were launched in March 2007 with satisfactory responses received from buyers while sales of the remaining units of the Royal Green project continued. The Group's rental income from Dah Sing Financial Centre benefited from the increased demand resulting in higher average rentals. In Australia and New Zealand, the Group successfully privatized a subsidiary listed on New Zealand Exchange Limited and sold three development properties in New Zealand. In mainland China, the development of the Group's projects continued to progress.

## Property Investment and Development

The Company through its 96.7% owned subsidiary Asian Growth Properties Limited ("AGP"), which is listed on the AIM Market operated by London Stock Exchange Plc., holds the following property development and investment projects in the Asia Pacific region:

## Hong Kong

### *Dah Sing Financial Centre, Gloucester Road, Wanchai*

Demand for office space in Dah Sing Financial Centre was strong during the period attributable to the continued economic growth and buoyant stock market. Owing to higher rental from lease renewals and new leases, gross rental income generated for the six months ended 30th June, 2007 was HK\$50.0 million, compared with HK\$33.6 million for the corresponding period in 2006. Occupancy rate of the 39-storey commercial building (total gross floor area of approximately 37,171 square metres) slightly reduced from 88.1% to 85.5% during the period. As at 31st August, 2007, the total lettable area available for lease was 6.9% of that of Dah Sing Financial Centre.

### *Royal Green, Sheung Shui*

The Group has a 53.2% interest in Royal Green which is a private residential development comprising 922 residential units. Turnover recognized for the period was HK\$304.2 million which contributed a net profit of HK\$105.8 million.

During the period under review, demand for units in Royal Green improved attributable to the better Hong Kong economy and improved consumer confidence. As at 30th June, 2007, over three-quarters of the units of Royal Green were sold and marketing campaign for the remaining units is continuing.

### *The Morrison, Wanchai*

The property is being developed into a 30-storey residential and commercial building, with a total gross floor area of approximately 5,837 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. Superstructure construction works are in good progress. The development is expected to be completed in the fourth quarter of 2007.

As at 30th June, 2007, over two-thirds of the units were pre-sold and the sale proceeds will be recognized upon completion of the development. Marketing for the remaining unsold residential units is continuing while leasing activities of the commercial podium have commenced.

### *Fo Tan, Sha Tin*

The property with a site area of about 20,092 square metres is currently leased out as a logistic centre.

Re-zoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, amongst other facilities, residential units, car parks, educational facilities and a bus terminus.



The Morrison

## Chairman's Statement

### *Po Kong Village Road, Diamond Hill*

The project now known as "The Forest Hills" is being developed into a 48-storey residential and commercial composite building, with a total gross floor area of approximately 18,825 square metres, comprising 304 residential units above a 7-storey commercial podium comprising retail space, a clubhouse and car-parking spaces.

Pre-sales of the residential units are expected to commence shortly. Superstructure construction works are in good progress and the project is expected to be completed by the first quarter of 2008.

### *Other Investment Properties*

Other investment properties held by the Group comprising a ground-floor shop at Excelsior Plaza in Causeway Bay and an office floor at 28/F, 9 Queen's Road Central are fully let to tenants until June 2008 and May 2009 respectively.



The Forest Hills



Leighton Road project

### *Leighton Road, Causeway Bay*

The property is being developed into a 30-storey hotel comprising 285 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The whole project is scheduled to be completed in the first half of 2009. Superstructure construction works have commenced. The Group is having discussions with certain international hospitality companies for the purpose of appointing one of them to manage the operation of the hotel.

## Mainland China

### *Plaza Central, Chengdu*

Plaza Central comprises two 30-storey office blocks erected on a common podium having six commercial/retail floors and two car-parking floors at basement level. Leasing for the office space with a total construction floor area of approximately 50,467 square metres is progressing slowly as the Group has adopted a policy to select quality tenants. All the retail space with a total construction floor area of approximately 28,573 square metres has been leased with its majority being leased to a tenant in department store business.

### *Westmin Plaza Phase II, Guangzhou*

The Westmin Plaza Phase II project, which has a total construction floor area of about 118,567 square metres, will comprise four residential blocks and an office block erected on a six-storey commercial/car-parking podium. Sales proceeds of 601 pre-sold residential units will be recognized in 2007 upon completion of the development expected to be in the fourth quarter of 2007. The remaining 45 residential units will be sold after such completion. A leasing agent has been appointed for marketing the commercial portion, including the office space of the development, which is expected to be held by the Group for investment purpose.



Westmin Plaza Phase II

### **Australia and New Zealand**

In March 2007, the Group made another offer at NZ\$0.60 per share to acquire all of the issued shares held by the minority shareholders, being approximately 19.5% of the issued share capital, in Trans Tasman Properties Limited ("TTP"). As a result of the offer, TTP was de-listed from New Zealand Exchange Limited on 27th April, 2007 and became a wholly-owned subsidiary of the Company on 14th May, 2007. The consideration was approximately NZ\$18.2 million which was funded by bank borrowings and internal resources.

Turnover generated from the property investment and development projects in Australia and New Zealand for the six months ended 30th June, 2007 was HK\$308.7 million (2006: HK\$144.0 million) which contributed a profit of HK\$31.7 million before unallocated income and expenses (2006: HK\$6.4 million). The increases were mainly attributable to the disposal of three development properties in New Zealand.

### **Garment Operation**

Turnover generated from the garment business for the six months ended 30th June, 2007 was HK\$9.9 million which compared to HK\$14.1 million for the corresponding period in 2006. The operation incurred a loss of HK\$0.5 million for the period (2006: HK\$0.7 million). The Directors were not optimistic about the future prospects of the garment manufacturing and trading business in which UniMilo's Knitwear Company Limited ("UniMilo") was engaged, which had been considered as a non-core business of the Group. On 8th August, 2007, the Group disposed of its 60% shareholding in UniMilo to the minority shareholder at a consideration of HK\$2.8 million. It is expected that the Group will record a loss of about HK\$1.1 million from the disposal which will be recognized in the Company's consolidated income statement for the year ending 31st December, 2007.

# Chairman's Statement

## Financial Resources and Liquidity

### Working Capital and Loan Facilities

As at 30th June, 2007, the Group's cash balance was HK\$737.2 million (31st December, 2006: HK\$570.4 million) and unutilized facilities were HK\$1,363.6 million (31st December, 2006: HK\$1,416.8 million).

The gearing ratio as at 30th June, 2007, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, slightly increased from 17.5% to 18.9%.

As at 30th June, 2007, maturities of the Group's outstanding borrowings were as follows:

	<b>30th June, 2007</b> <b>HK\$' million</b>	31st December, 2006 HK\$' million
Due		
Within 1 year	<b>2,217.4</b>	1,538.7
1-2 years	<b>98.8</b>	148.5
3-5 years	<b>755.4</b>	789.9
Over 5 years	<b>63.6</b>	81.3
	<b>3,135.2</b>	2,558.4

### Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 30th June, 2007 amounted to HK\$2,637.7 million (31st December, 2006: HK\$2,056.1 million), which were mainly secured by properties valued at HK\$6,996.3 million (31st December, 2006: HK\$6,060.0 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$566.5 million as at 30th June, 2007 (31st December, 2006: HK\$489.6 million) to secure their banking facilities of HK\$435.0 million (31st December, 2006: HK\$442.6 million).

In Indonesia, the total bank loans drawn by certain subsidiaries as at 30th June, 2007 amounted to HK\$62.5 million (31st December, 2006: HK\$59.7 million), which were secured by fixed deposits of HK\$48.6 million (31st December, 2006: HK\$47.2 million).

### Treasury Policies

The Group adheres to prudent treasury policies. As at 30th June, 2007, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no material derivative financial instruments employed during the period.

## Management and Staff

The Group had 151 employees at 30th June, 2007 (31st December, 2006: 179). 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 has adopted an employee share option scheme with options granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis.

The Board wishes to thank the management and its staff for their hard work and contribution to the Company, and the customers and tenants for their continuing support.

## Outlook

Despite the implementation of a series of macro-economic measures to regulate the overheated property market by the Chinese government including the recent regulations restricting foreign investment in the property sector, the Company believes that the mainland property market will become more healthy and sustainable in the long run. Acquisition costs for property sites in major cities of mainland China have surged in recent months but the Group is still optimistic about the prospects of the mainland China property market in view of the continued economic expansion, increasing household income and rising demand for better quality housing.

The Hong Kong economy is expected to perform well in the second half of 2007 which should benefit the sales of the Group's development projects. Given the limited supply of good quality office premises, the Group expects that its rental income from Dah Sing Financial Centre will continue to improve in the second half of the year as a result of higher occupancy. The Group will focus on the planned completion of three existing development projects, namely The Morrison, The Forest Hills and Westmin Plaza Phase II. At the same time, the Group will continue to devote its efforts to marketing the sale of the remaining residential units of Royal Green.

The sub-prime mortgage problem originating from the United States has caused fluctuations in the global financial markets but we believe that the economies of mainland China and Hong Kong will remain healthy. The Group will continue its strategy to sell properties perceived to be of lower growth potential in Australia and New Zealand where the economies have been adversely affected by the increased interest rates compounded by the recent sub-prime mortgage problem. Going forward, the Group will continue to actively look for development and investment opportunities within the Asia Pacific region in order to create better value for our shareholders.

### **Lu Wing Chi**

*Chairman and Managing Director*

Hong Kong, 19th September, 2007

# Report on Review of Interim Financial Information

**Deloitte.**  
**德勤**

TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

## Introduction

We have reviewed the interim financial information set out on pages 9 to 28, which comprises the condensed consolidated balance sheet of S E A Holdings Limited as of 30 June 2007 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement for the six-months period then ended and certain explanatory notes. The Main Board Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
19 September, 2007

# Condensed Consolidated Income Statement

For the six months ended 30 June 2007

		<b>Six months ended 30 June</b>	
	NOTES	<b>2007 HK\$'000 (unaudited)</b>	2006 HK\$'000 (unaudited)
Revenue		<b>694,906</b>	487,283
Other income		<b>49,550</b>	25,706
Operating costs:			
Property and related costs	4	<b>(383,549)</b>	(234,129)
Staff costs		<b>(40,681)</b>	(33,304)
Depreciation		<b>(2,357)</b>	(1,830)
Other expenses	5	<b>(109,760)</b>	(52,217)
		<b>(536,347)</b>	(321,480)
Net gain on investments		—	10,452
Profit from operations before fair value changes on investment properties		<b>208,109</b>	201,961
Fair value changes on investment properties		<b>175,598</b>	505,831
Profit from operations after fair value changes on investment properties		<b>383,707</b>	707,792
Recognition of discount on acquisition/gain on deemed acquisition	6	—	54,597
Share of results of associates		<b>1,497</b>	1,917
Finance costs		<b>(52,132)</b>	(43,682)
Profit before taxation	7	<b>333,072</b>	720,624
Income tax expense	8	<b>(24,152)</b>	(142,996)
Profit for the period		<b>308,920</b>	577,628
Attributable to:			
Company's shareholders		<b>250,383</b>	524,087
Minority interests		<b>58,537</b>	53,541
		<b>308,920</b>	577,628
Dividends paid	9	<b>41,632</b>	34,705
		<b>HK cents</b>	HK cents
Earnings per share	10		
Basic		<b>42.4</b>	93.8
Diluted		<b>39.1</b>	84.1

# Condensed Consolidated Balance Sheet

As at 30 June 2007

	NOTES	30.6.2007 HK\$'000 (unaudited)	31.12.2006 HK\$'000 (audited)
<b>Non-current Assets</b>			
Investment properties	11	5,046,213	4,820,302
Property, plant and equipment	11	106,079	68,591
Prepaid lease payments	11	358,974	367,362
Interests in associates		20,324	17,766
Interests in jointly controlled entities		—	—
Club memberships	12	8,574	8,574
Available-for-sale investments	12	65,833	51,312
Other loans receivable		126,328	153,717
		<b>5,732,325</b>	<b>5,487,624</b>
<b>Current Assets</b>			
Inventories		373	1,014
Properties held for sale		612,158	758,327
Properties under development held for sale		2,360,261	2,312,471
Prepaid lease payments	11	8,607	8,696
Held for trading investments	12	514	453
Other loans receivable		45,783	35,670
Receivables, deposits and prepayments	13	249,678	166,589
Income tax recoverable		15,808	14,923
Amounts due from jointly controlled entities		10,600	8,700
Amount due from a minority shareholder	14	109,581	—
Pledged bank deposits		483,881	200,708
Restricted bank balances and deposits	15	316,012	332,404
Bank balances and deposits		737,222	570,445
		<b>4,950,478</b>	<b>4,410,400</b>
<b>Current Liabilities</b>			
Payables, deposits received and accrued charges	16	279,893	439,203
Sales deposits on properties held for sale received		568,262	449,094
Provisions		15,343	15,148
Income tax payable		68,327	42,954
Borrowings — due within one year	17	2,217,386	1,538,744
Amount due to a minority shareholder		—	36,209
		<b>3,149,211</b>	<b>2,521,352</b>
<b>Net Current Assets</b>			
		<b>1,801,267</b>	<b>1,889,048</b>
		<b>7,533,592</b>	<b>7,376,672</b>

# Condensed Consolidated Balance Sheet

As at 30 June 2007

	NOTES	<b>30.6.2007</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2006 HK\$'000 (audited)
<b>Capital and Reserves</b>			
Share capital	18	<b>59,473</b>	58,310
Share premium and reserves		<b>5,420,547</b>	5,134,418
Equity attributable to the Company's shareholders		<b>5,480,020</b>	5,192,728
Minority interests		<b>479,425</b>	533,487
<b>Total Equity</b>		<b>5,959,445</b>	5,726,215
<b>Non-current Liabilities</b>			
Amounts due to minority shareholders	19	<b>92,766</b>	80,814
Borrowings — due after one year	17	<b>917,835</b>	1,019,675
Deferred taxation		<b>563,546</b>	549,968
		<b>1,574,147</b>	1,650,457
		<b>7,533,592</b>	7,376,672

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Attributable to the Company's shareholders										
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2006 (audited)	54,844	203,634	52,357	13,112	4,451	277,707	33,094	3,715,222	4,354,421	760,679	5,115,100
Exchange movement during the period	—	—	(19,917)	—	—	—	—	—	(19,917)	(13,621)	(33,538)
Fair value changes on available-for-sale investments	—	—	—	9,512	—	—	—	—	9,512	—	9,512
Net (loss) profit recognised directly in equity	—	—	(19,917)	9,512	—	—	—	—	(10,405)	(13,621)	(24,026)
Released upon disposal of available-for-sale investments	—	—	—	(9,611)	—	—	—	—	(9,611)	—	(9,611)
Profit for the period	—	—	—	—	—	—	—	524,087	524,087	53,541	577,628
Total recognised (loss) profit for the period	—	—	(19,917)	(99)	—	—	—	524,087	504,071	39,920	543,991
Shares issued on exercise of warrants and share options	3,423	44,878	—	—	—	—	—	—	48,301	—	48,301
Dividend proposed	—	—	—	—	—	—	29,134	(29,134)	—	—	—
Dividend paid	—	—	—	—	—	—	(33,094)	—	(33,094)	—	(33,094)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	—	—	—	—	—	—	—	(1,611)	(1,611)	—	(1,611)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	(220,723)	(220,723)
At 30 June 2006 (unaudited)	58,267	248,512	32,440	13,013	4,451	277,707	29,134	4,208,564	4,872,088	579,876	5,451,964
Exchange movement during the period	—	—	65,722	—	—	—	—	—	65,722	10,380	76,102
Recognition of deferred tax liability arising from foreign currency translations	—	—	(7,430)	—	—	—	—	—	(7,430)	—	(7,430)
Fair value changes on available-for-sale investments	—	—	—	23,251	—	—	—	—	23,251	—	23,251
Net profit recognised directly in equity	—	—	58,292	23,251	—	—	—	—	81,543	10,380	91,923
Released upon disposal of available-for-sale investments	—	—	—	481	—	—	—	—	481	—	481
Profit for the period	—	—	—	—	—	—	—	267,175	267,175	81,414	348,589
Total recognised profit for the period	—	—	58,292	23,732	—	—	—	267,175	349,199	91,794	440,993
Shares issued on exercise of warrants	43	551	—	—	—	—	—	—	594	—	594
Dividend proposed	—	—	—	—	—	—	12,283	(12,283)	—	—	—
Dividend paid	—	—	—	—	—	—	—	(29,153)	(29,153)	—	(29,153)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	(138,183)	(138,183)
At 31 December 2006 (audited)	58,310	249,063	90,732	36,745	4,451	277,707	41,417	4,434,303	5,192,728	533,487	5,726,215

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2007

	Attributable to the Company's shareholders										
	Share capital	Share premium	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Retained profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Exchange movement during the period	—	—	54,692	—	—	—	—	—	54,692	1,544	56,236
Recognition of deferred tax liability arising from foreign currency translations	—	—	(6,789)	—	—	—	—	—	(6,789)	—	(6,789)
Fair value changes on available-for-sale investments	—	—	—	14,582	—	—	—	—	14,582	—	14,582
Net profit recognised directly in equity	—	—	47,903	14,582	—	—	—	—	62,485	1,544	64,029
Profit for the period	—	—	—	—	—	—	—	250,383	250,383	58,537	308,920
Total recognised profit for the period	—	—	47,903	14,582	—	—	—	250,383	312,868	60,081	372,949
Shares issued on exercise of warrants	1,163	14,893	—	—	—	—	—	—	16,056	—	16,056
Dividend proposed	—	—	—	—	—	—	30,138	(30,138)	—	—	—
Dividend paid	—	—	—	—	—	—	(41,417)	—	(41,417)	—	(41,417)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	—	—	—	—	—	—	—	(215)	(215)	—	(215)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	—	(5,102)	(5,102)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	(109,041)	(109,041)
At 30 June 2007 (unaudited)	59,473	263,956	138,635	51,327	4,451	277,707	30,138	4,654,333	5,480,020	479,425	5,959,445

The contributed surplus of the Group represents the difference between the nominal value of the shares of an acquired subsidiary and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2007

	NOTE	Six months ended 30 June	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES		<b>209,274</b>	360,715
INVESTING ACTIVITIES			
(Increase) decrease in pledged bank deposits		<b>(283,173)</b>	59,240
Decrease (increase) in restricted bank balances and deposits	15	<b>26,396</b>	(226,560)
Proceeds on disposal of available-for-sale investments		—	61,135
Acquisition of investment properties		<b>(3,499)</b>	(40,840)
Acquisition of property, plant and equipment		<b>(24,045)</b>	(9,950)
Acquisition of additional interests in subsidiaries		<b>(109,041)</b>	(166,126)
Others		<b>3,161</b>	(1,155)
NET CASH USED IN INVESTING ACTIVITIES		<b>(390,201)</b>	(324,256)
FINANCING ACTIVITIES			
Proceeds from bank borrowings		<b>739,312</b>	445,942
Repayment of bank borrowings		<b>(238,971)</b>	(412,910)
Repayment of advance from minority shareholders		<b>(32,445)</b>	(62,124)
Advance to a minority shareholder		<b>(109,581)</b>	—
Proceeds on issuance of shares		<b>16,056</b>	48,301
Dividends paid		<b>(41,632)</b>	(34,705)
Others		<b>(5,102)</b>	(510)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		<b>327,637</b>	(16,006)
NET INCREASE IN CASH AND CASH EQUIVALENTS		<b>146,710</b>	20,453
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		<b>570,445</b>	795,707
Effect of foreign exchange rate changes		<b>20,067</b>	(6,627)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and deposits		<b>737,222</b>	809,533

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 1. BASIS OF PREPARATION

The condensed consolidated 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 with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) — Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC) — Int 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) — Int 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC) — Int 10	Interim Financial Reporting and Impairment <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 May 2006

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2006

<sup>5</sup> Effective for annual periods beginning on or after 1 November 2006

The adoption of these new standard, amendment and interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC) — Int 12	Service Concession Arrangements <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2009

<sup>2</sup> Effective for annual periods beginning on or after 1 March 2007

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

## 3. SEGMENT INFORMATION

### Geographical Segments

The operations of the Group are currently located in New Zealand, Australia, mainland China other than Hong Kong (The People's Republic of China, the "PRC") and Hong Kong. The corresponding geographical locations of the Group's assets, which is the same as locations of customers, are the basis on which the Group reports its primary segment information.

#### Six months ended 30 June 2007

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External	299,990	8,667	18,693	367,556	—	—	694,906
Inter-segment sales*	—	—	—	16,694	—	(16,694)	—
Total	<u>299,990</u>	<u>8,667</u>	<u>18,693</u>	<u>384,250</u>	<u>—</u>	<u>(16,694)</u>	<u>694,906</u>
* Inter-segment sales were charged at prevailing market sales.							
SEGMENT PROFIT (LOSS)	<u>21,764</u>	<u>9,920</u>	<u>2,702</u>	<u>349,830</u>	<u>(414)</u>	<u>—</u>	<u>383,802</u>
Interest income							31,959
Unallocated corporate expenses							(32,054)
Share of results of associates	1,497	—	—	—	—	—	1,497
Finance costs							(52,132)
Profit before taxation							333,072
Income tax expense							(24,152)
PROFIT FOR THE PERIOD							<u>308,920</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 3. SEGMENT INFORMATION *(Continued)*

### Geographical Segments *(Continued)*

Six months ended 30 June 2006

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>REVENUE</b>							
External	124,007	19,990	738	342,548	—	—	487,283
Inter-segment sales*	—	—	—	23,824	—	(23,824)	—
<b>Total</b>	<b>124,007</b>	<b>19,990</b>	<b>738</b>	<b>366,372</b>	<b>—</b>	<b>(23,824)</b>	<b>487,283</b>
* Inter-segment sales were charged at prevailing market sales.							
<b>SEGMENT PROFIT (LOSS)</b>							
	3,830	2,550	113,076	600,402	(380)	—	719,478
Interest income							21,700
Recognition of discount on acquisition/gain on deemed acquisition	20,338	—	—	34,259	—	—	54,597
Unallocated corporate expenses							(33,386)
Share of results of associates	1,917	—	—	—	—	—	1,917
Finance costs							(43,682)
Profit before taxation							720,624
Income tax expense							(142,996)
<b>PROFIT FOR THE PERIOD</b>							<b>577,628</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 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.

Principal activities are as follows:

Property investment	—	rental of properties
Garment manufacturing and trading	—	manufacturing and trading of garment products
Investment	—	investment in financial instruments
Property development	—	development of properties

### Six months ended 30 June 2007

	Property investment HK\$'000	Garment manufacturing and trading HK\$'000	Investment HK\$'000	Property development HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External	82,820	9,915	744	601,427	—	—	694,906
Inter-segment sales*	7,381	—	—	—	—	(7,381)	—
Total	<u>90,201</u>	<u>9,915</u>	<u>744</u>	<u>601,427</u>	<u>—</u>	<u>(7,381)</u>	<u>694,906</u>
* Inter-segment sales were charged at prevailing market rates.							
SEGMENT PROFIT (LOSS)	<u>244,193</u>	<u>(529)</u>	<u>(177)</u>	<u>140,568</u>	<u>(253)</u>	<u>—</u>	<u>383,802</u>
Interest income							31,959
Unallocated corporate expenses							(32,054)
Share of results of associates	—	—	—	—	1,497	—	1,497
Finance costs							<u>(52,132)</u>
Profit before taxation							333,072
Income tax expense							<u>(24,152)</u>
PROFIT FOR THE PERIOD							<u>308,920</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 3. SEGMENT INFORMATION *(Continued)*

### Business Segments *(Continued)*

Six months ended 30 June 2006

	Property investment HK\$'000	Garment manufacturing and trading HK\$'000	Investment HK\$'000	Property development HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External	55,574	14,150	797	416,762	—	—	487,283
Inter-segment sales*	2,586	—	—	—	—	(2,586)	—
Total	<u>58,160</u>	<u>14,150</u>	<u>797</u>	<u>416,762</u>	<u>—</u>	<u>(2,586)</u>	<u>487,283</u>

\* Inter-segment sales were charged at prevailing market rates.

SEGMENT PROFIT (LOSS)	<u>558,561</u>	<u>(673)</u>	<u>12,198</u>	<u>149,503</u>	<u>(111)</u>	<u>—</u>	719,478
Interest income							21,700
Recognition of discount on acquisition/gain on deemed acquisition							54,597
Unallocated corporate expenses							(33,386)
Share of results of associates	—	—	—	—	1,917	—	1,917
Finance costs							<u>(43,682)</u>
Profit before taxation							720,624
Income tax expense							<u>(142,996)</u>
PROFIT FOR THE PERIOD							<u>577,628</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Changes in inventories of finished goods and work-in-progress	(641)	181
Raw materials and consumables used	(6,369)	(11,528)
Changes in properties held for sale/properties under development held for sale	(98,379)	(73,414)
Costs incurred on properties held for sale/properties under development held for sale	(278,160)	(149,368)
	<b>(383,549)</b>	<b>(234,129)</b>

## 5. OTHER EXPENSES

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Included in other expenses is:		
Selling and marketing expenses	71,792	15,426

## 6. RECOGNITION OF DISCOUNT ON ACQUISITION/GAIN ON DEEMED ACQUISITION

	Notes	Six months ended 30 June	
		2007 HK\$'000	2006 HK\$'000
Recognition of discount on acquisition arising from the acquisition of additional interests in subsidiaries	(a)	—	53,139
Recognition of gain on deemed acquisition	(b)	—	1,458
		<b>—</b>	<b>54,597</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 6. RECOGNITION OF DISCOUNT ON ACQUISITION/GAIN ON DEEMED ACQUISITION *(Continued)*

Notes:

- (a) During the current period, the Group acquired all of the remaining shares in Trans Tasman Properties Limited ("TTP"), originally listed on New Zealand Exchange Limited ("NZX"), from all minority shareholders at a consideration close to the additional share of net asset value of TTP and its subsidiaries resulting in no significant financial impact to the Group. Subsequent to such acquisition, TTP was delisted from NZX and has become an indirect wholly-owned subsidiary of the Company.

During the prior period, TTP offered to its shareholders to exchange two shares in TTP for one share in a wholly-owned subsidiary of TTP, Asian Growth Properties Limited ("AGP") for the purpose of listing the shares of AGP on the AIM Market ("AIM") operated by London Stock Exchange Plc. AGP was successfully listed on the AIM. The spin off of AGP had no significant financial impact to the Group. Subsequently, the Group acquired further AGP shares resulting in a discount on acquisition of HK\$53.1 million, which represented the difference between additional share of net asset value over consideration.

- (b) During the prior period, TTP repurchased its shares from minority shareholders resulting in a gain on deemed acquisition of HK\$1.5 million.

## 7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Loss on disposal of property, plant and equipment	194	91
Dividend income from equity investments	(272)	(345)
Interest earned on bank deposits	(20,675)	(19,108)
Other interest income	(11,284)	(2,592)
	<u>(31,959)</u>	<u>(21,700)</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2007 HK\$'000	2006 HK\$'000
Hong Kong Profits Tax	24,704	33,761
Income tax outside Hong Kong	613	15
	<u>25,317</u>	<u>33,776</u>
Deferred taxation		
Current period	32,113	109,220
Attributable to change in tax rates	(33,278)	—
	<u>(1,165)</u>	<u>109,220</u>
	<u>24,152</u>	<u>142,996</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full year. The estimated average annual tax rate used is 17.5% (2006: 17.5%) for the six months ended 30 June 2007.

Taxation arising in jurisdictions other than Hong Kong is recognised based on management's best estimate of weighted average annual income tax rate expected for the full year. The estimated average annual tax rate used is 33% (2006: 33%) for the six months ended 30 June 2007.

On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No.63, which will change the tax rate from 33% to 25% for certain subsidiaries from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

## 9. DIVIDENDS PAID

During the current period, a dividend of HK7 cents (2006: final dividend for 2005 at HK6 cents) per share amounting to HK\$41,632,000 (2006: final dividend for 2005 of HK\$34,705,000) was paid to the shareholders as the final dividend for 2006.

The directors have declared that an interim dividend of HK5 cents (2006: HK5 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 24 October 2007.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the Company's shareholders is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2007</b> <b>HK\$'000</b>	2006 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<b>250,383</b>	524,087
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>591,057,786</b>	558,500,617
Effect of dilutive potential ordinary shares		
Options	<b>2,068,002</b>	9,872,646
Warrants	<b>46,481,654</b>	54,723,422
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>639,607,442</b>	623,096,685

## 11. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

During the period, additions of investment properties amounted to HK\$3.5 million. Properties held for sale of HK\$5.3 million was transferred to investment properties and investment properties of HK\$7.0 million was transferred to property under development included in property, plant and equipment during the period. In addition, there was an exchange realignment of HK\$48.5 million which contributed to an increase in the carrying value of investment properties brought forward from 1 January 2007.

The Group's major investment properties of HK\$4,794.8 million were fair valued by independent professional valuers, Savills Valuation and Professional Services Limited, at 30 June 2007. The directors assessed the fair value of the remaining investment properties of HK\$251.4 million at 30 June 2007 and are of the opinion that the corresponding carrying values approximate their fair values.

The changes in fair value of investment properties amounting to HK\$175.6 million have been recognised directly in the condensed consolidated income statement.

During the period, the Group acquired property, plant and equipment at a cost of HK\$24.0 million and capitalised amortisation of prepaid lease payments with a carrying value of HK\$8.6 million to property under development included in property, plant and equipment. In addition, the Group disposed of certain plant and equipment with a carrying amount of HK\$0.8 million for proceeds of HK\$0.6 million and there was an exchange realignment of HK\$1.1 million which contributed to an increase in carrying value of property, plant and equipment brought forward from 1 January 2007.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

### 12. CLUB MEMBERSHIPS/AVAILABLE-FOR-SALE INVESTMENTS/ HELD FOR TRADING INVESTMENTS

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
Equity securities listed in Hong Kong (at fair value)	66,347	51,765
Unlisted club memberships (at cost less impairment)	8,574	8,574
	<u>74,921</u>	<u>60,339</u>
Classified as:		
Club memberships	8,574	8,574
Available-for-sale investments	65,833	51,312
Held for trading investments	514	453
	<u>74,921</u>	<u>60,339</u>

The directors of the Company are of the opinion that the Group would derive benefits from the use of club memberships continuously which therefore is considered as having an indefinite useful life. The club memberships will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Investments in listed equity securities offer the Group the opportunity for return through dividend income and fair value gains. The fair values of these securities are based on bid price quoted in relevant exchange market.

Fair value changes on available-for-sale investments amounting to HK\$14.6 million were credited to investments revaluation reserve for the six months ended 30 June 2007.

### 13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
Trade receivables	7,489	23,300
Other receivables, deposits and prepayments	242,189	143,289
	<u>249,678</u>	<u>166,589</u>

The Group has a policy of allowing an average credit period of 1 to 3 months to its trade customers.

For the receivable from the sales of properties, the repayment terms are based on the respective agreements.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 13. RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Included in receivables, deposits and prepayments are trade receivables with an aged analysis as follows:

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
0 to 60 days	4,664	22,220
61 to 90 days	287	234
91 to 365 days	2,538	846
	<b>7,489</b>	<b>23,300</b>

## 14. AMOUNT DUE FROM A MINORITY SHAREHOLDER

The amount is unsecured, interest free and repayable on demand.

## 15. RESTRICTED BANK BALANCES AND DEPOSITS

Bank deposits of HK\$316.0 million, being proceeds received upon the pre-sale of certain units of a property under development held for sale, were placed in several banks and would be used solely for tax payment and settlement of the construction cost of the related property. During the six months ended 30 June 2007, the Group paid the construction cost of the related property of HK\$31.4 million. In addition, there was an exchange realignment of HK\$10.0 million which contributed to an increase in carrying value of restricted bank balances and deposits brought forward from 1 January 2007.

Furthermore, the Group placed a new bank deposit of HK\$5.0 million in a bank for issuing a letter of guarantee for payment to an agent for a potential development project.

## 16. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
Trade payables	33,766	115,774
Other payables, deposits received and accrued charges	246,127	323,429
	<b>279,893</b>	<b>439,203</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 16. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

(Continued)

Included in payables, deposits received and accrued charges are trade payables with an aged analysis as follows:

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
0 to 60 days	4,049	17,452
61 to 90 days	8,847	98,110
91 to 365 days	20,870	212
	<u>33,766</u>	<u>115,774</u>

## 17. BORROWINGS

During the period, the Group acquired bank loans amounting to HK\$22.6 million through acquisition of a subsidiary, repaid bank loans amounting to HK\$239.0 million and obtained new bank loans in the amount of HK\$739.3 million. In addition, there was an exchange realignment of HK\$53.9 million which contributed to an increase in carrying value of borrowings brought forward from 1 January 2007. The new loans bear interest at market rates ranging from 4.5% to 12.5% per annum and are repayable up to respective maturity periods. The proceeds were used to finance the construction costs of properties under development and for working capital purpose.

## 18. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 31 December 2006 and 30 June 2007	<u>1,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2007	583,102,364	58,310
Shares issued upon exercise of warrants	<u>11,635,018</u>	<u>1,163</u>
At 30 June 2007	<u>594,737,382</u>	<u>59,473</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 19. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The amounts are unsecured, interest free and the minority shareholders have contracted not to demand repayment within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current.

The amounts are carried at amortised cost using the effective interest rate of 4% (31.12.2006: 4%) per annum.

## 20. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments not provided for in the condensed consolidated financial statements as follows:

	30.6.2007 HK\$'000	31.12.2006 HK\$'000
(a) Expenditure to be incurred on properties under development included in property, plant and equipment in Hong Kong		
Authorised but not contracted for	<u>113,554</u>	<u>349,634</u>
Contracted for but not provided for in the condensed consolidated financial statements	<u>257,162</u>	<u>21,041</u>
(b) Acquisition of equipment in the PRC		
Contracted for but not provided for in the condensed consolidated financial statements	<u>—</u>	<u>998</u>

## 21. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF A SUBSIDIARY

On 12 March 2007, the Group acquired a piece of freehold land in New Zealand and its related assets and liabilities at a consideration of HK\$26.3 million from an independent third party by waiving the same amount of other loans receivable from this independent third party. The purchase was by way of acquisition of the entire issued share capital of Waterside Business Centre Limited. This transaction has been reflected as a purchase of assets and liabilities.

	HK\$'000
Net assets acquired:	
Properties under development held for sale	45,331
Receivables, deposits and prepayments	3,674
Bank borrowings	<u>(22,642)</u>
	<u>26,363</u>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2007

## 22. PLEDGE OF ASSETS

At the balance sheet date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities granted to the Group:

- (a) Fixed and floating charges on investment properties with an aggregate carrying value of HK\$5,040,511,000 (31.12.2006: HK\$4,788,137,000).
- (b) Fixed and floating charges in properties under development held for sale with an aggregate carrying value of HK\$2,127,850,000 (31.12.2006: HK\$1,389,907,000).
- (c) Fixed and floating charges on properties under development included in property, plant and equipment with an aggregate carrying value of HK\$77,287,000 (31.12.2006: HK\$46,583,000).
- (d) Prepaid lease payments with an aggregate carrying value of HK\$317,241,000 (31.12.2006: HK\$324,973,000).
- (e) Bank deposits of HK\$483,881,000 (31.12.2006: HK\$200,708,000).
- (f) Unlisted shares of certain subsidiaries with assets which principally comprised investment properties, properties under development held for sale, properties under development and prepaid lease payments included in (a), (b), (c) and (d) above.

## 23. RELATED PARTY DISCLOSURES

Balances with related parties are disclosed in the condensed consolidated balance sheet and notes 14 and 19.

The remuneration of directors and other members of key management paid/payable for short-term benefits and post-employment benefits amounted to HK\$7,289,000 and HK\$663,000 respectively (1.1.2006 to 30.6.2006: HK\$7,447,000 and HK\$611,000 respectively).

# Corporate Governance and Other Information

## Corporate Governance Practices

Throughout the period for the six months ended 30th June, 2007, the Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices as contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for code provision A.2.1, which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.

The Company does not propose to comply with code provision A.2.1 for the time being. The Chairman currently oversees the management and the Group’s business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerable period of time and no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates.

The Board will continue to review and recommend such proposals as appropriate in the circumstances of such non-compliance.

## Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company.

In response to the specific enquiry made on them, all the directors of the Company confirm that they have complied with the required standard as set out in the Model Code throughout the six months ended 30th June, 2007.

## Review by Audit Committee

In the presence of the representatives of Messrs. Deloitte Touche Tohmatsu, the independent auditors of the Company, the audit committee met on 17th September, 2007 and reviewed with management the accounting policies adopted by the Group and the unaudited consolidated financial results of the Company for the six months ended 30th June, 2007.

## Directors’ and Chief Executive’s Interests in Securities

As at 30th June, 2007, the interests and short positions of the directors and the chief executive 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, Chapter 571 of the Laws of Hong Kong (the “SFO”)) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:—

# Corporate Governance and Other Information

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

Name of directors	Number of shares of HK\$0.1 each		Number of underlying shares (warrants) (share options)			Total	Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation	Beneficial Interests		
Lu Wing Yuk, Andrew	—	—	—	—	3,000,000	3,000,000 <sup>Δ</sup>	0.50
Lincoln Lu	1,772,717	309,625,749	—	51,325,190	—	362,723,656 <sup>*</sup>	60.99
Lambert Lu	1,200,000	309,625,749	572,717	51,325,190	—	362,723,656 <sup>*</sup>	60.99
Lam Sing Tai	90,000	—	11,478 <sup>#</sup>	—	—	101,478	0.02
Tse Man Bun	100,000	—	—	—	—	100,000	0.02

Notes: <sup>Δ</sup> The options were granted on 4th December, 2000, the exercise price is HK\$1.44 per share and the exercisable period is from 4th December, 2000 to 3rd December, 2010.

- <sup>\*</sup> (1) Of these shares and warrants of the Company, 309,625,749 shares and warrants carrying 51,325,190 underlying shares deemed to be the interests of Messrs. Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated between these two directors for the purpose of the SFO. The said 309,625,749 shares and warrants carrying 51,325,190 underlying shares were held by Nan Luen International Limited ("NLI"), which was 63.58% owned by JCS Limited ("JCS") and was 3.21% owned by each of Messrs. Lincoln Lu and Lambert Lu.
- (2) 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 11.95% of the issued shares 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.

<sup>#</sup> Of these shares, 5,739 shares were held by the spouse of Mr. Lam Sing Tai.

## 2. Long positions in shares and underlying shares of associated corporations

(a) JCS — ultimate holding company of the Company

Name of directors	Number of shares of HK\$100.0 each			Total	Approximate % of shares in issue
	Beneficial interests	Interests as discretionary trust beneficiary			
Lu Wing Chi	3,000	12,000 <sup>1</sup>	15,000	15,000	32.61
Lincoln Lu	5,500	12,000 <sup>1</sup>	17,500	17,500	38.04
Lambert Lu	5,500	12,000 <sup>1</sup>	17,500	17,500	38.04

(b) NLI — immediate holding company of the Company

Name of directors	Number of shares of HK\$100.0 each			Total	Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation			
Lu Wing Chi	46,938	—	46,938	46,938	30.00
Lincoln Lu	5,021	99,480 <sup>2</sup>	104,501	104,501	66.79
Lambert Lu	5,021	99,480 <sup>2</sup>	104,501	104,501	66.79

Notes:

- 12,000 shares in JCS deemed to be the interests of Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated among these three directors for the purpose of the SFO. Such shares were held by a discretionary trust, of which all three directors are beneficiaries.
- 99,480 shares in NLI deemed to be the interests of Messrs. Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated between these two directors for the purpose of the SFO. These shares were held by JCS, which is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

## Corporate Governance and Other Information

Further details of the interests of the directors and chief executive in the share options are stated in the section headed “Share Options” below.

Saved as disclosed above, as at 30th June, 2007, none of the directors and chief executive nor their respective associates (as defined in the Listing Rules) 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 Stock Exchange pursuant to the Model Code.

### Share Options

Share options are unlisted derivatives physically settled in cash to subscribe for shares in the Company.

#### Old scheme

The Company operates an Employee Share Option Scheme (the “Old Scheme”) adopted by an ordinary resolution on 23rd June, 2000, which complies with the Listing Rules as existed prior to 1st September, 2001. The rules governing share options were revised to the form currently set out in Chapter 17 of the Listing Rules on 1st September, 2001. According to the transitional arrangement set out in the Listing Rules, the Company cannot grant further options under the Old Scheme unless it has been amended to comply with the current requirements set out in the Listing Rules. The Company has not granted any share options under the Old Scheme since 1st September, 2001. At the special general meeting held on 19th August, 2005, the Old Scheme was terminated.

#### New scheme

The Company adopted a New Employee Share Option Scheme (the “New Scheme”) which was in compliance with the new requirements set out in the Listing Rules at the special general meeting held on 19th August, 2005.

#### Options granted

During the six months ended 30th June, 2007, the Company did not grant any share option under the New Scheme. All options granted prior to the termination of the Old Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Scheme. No options were cancelled or lapsed during the period under review.

Details of the outstanding share options held by the remaining participant director during the period pursuant to the Old Scheme are as follows:—

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of underlying shares comprised in share options		
				Balance as at 1.1.2007	Exercised during the period	Balance as at 30.6.2007
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 — 3.12.2010	3,000,000	—	3,000,000

## Corporate Governance and Other Information

### Substantial Shareholders' Interests in Securities

So far as is known to any director or the chief executive of the Company, as at 30th June, 2007, the particulars of corporations or persons (other than a director or chief executive of the Company) who had 5% or more interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:—

#### Long positions in shares and underlying shares of the Company

Name of shareholders	Number of shares of HK\$0.1 each		Number of underlying shares (warrants)		Total	% of shares in issue
	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation		
JCS <sup>2</sup>	—	309,625,749	—	51,325,190	360,950,939 <sup>1</sup>	60.69
NLI <sup>3</sup>	309,625,749	—	51,325,190	—	360,950,939 <sup>1</sup>	60.69
Pacific Rose Enterprises Limited	37,839,005	—	—	—	37,839,005	6.36

Notes:

1. 309,625,749 shares and warrants carrying 51,325,190 underlying shares held by NLI and deemed to be JCS' interest represented the same interests and were, therefore, duplicated between these two shareholders for the purpose of the SFO. JCS was interested in 63.58% of the issued shares in NLI.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all of whom are directors of the Company, are also directors of JCS.
3. Messrs. Lu Wing Chi, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu, all of whom are directors of the Company, are also directors of NLI.

Saved as disclosed above, the directors are not aware of any other corporation or person (other than a director or chief executive) who, as at 30th June, 2007, had any interests or short positions in the shares or underlying shares of the Company recorded in the register required to be kept under Section 336 of the SFO.

### Dealings in the Company's Shares and Warrants

During the six months ended 30th June, 2007, the Company did not redeem any of its listed shares or warrants. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares or warrants during the period.

### Closure of Register of Members

The Register of Members of the Company will be closed from Thursday, 18th October, 2007 to Wednesday, 24th October, 2007, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the above interim dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited ("TSL") of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 17th October, 2007.

Holders of 2008 warrants who wish to be entitled to the above interim dividend must exercise their rights to subscribe for shares in the Company and lodge the duly completed subscription forms together with the relevant warrant certificates and subscription moneys with TSL not later than 4:00 p.m. on Wednesday, 17th October, 2007.

爪哇控股有限公司

**S E A HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)

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