

Annual Report 2000 年報

2000



ANNUAL REPORT



SEA HOLDINGS LIMITED

爪哇控股有限公司



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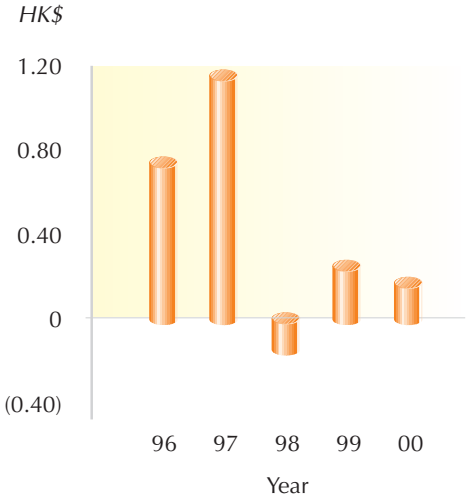


FINANCIAL HIGHLIGHTS

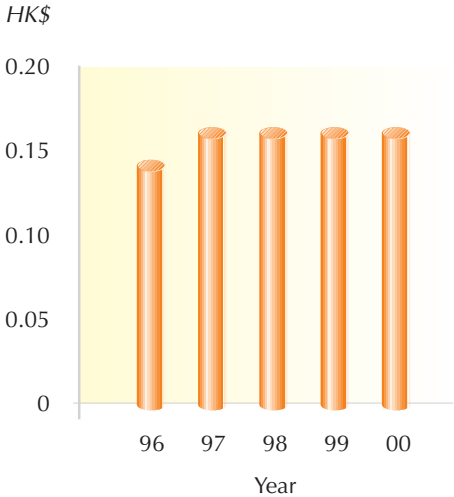
	1996 <i>HK\$'000</i>	1997 <i>HK\$'000</i>	1998 <i>HK\$'000</i>	1999 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
CONSOLIDATED RESULTS					
Turnover	1,013,875	524,748	635,829	833,062	775,734
Profit attributable to shareholders	419,785	642,513	(95,696)	150,136	102,725
Dividend	(75,931)	(86,840)	(87,665)	(81,004)	(81,086)
Profit for the year retained	343,854	555,673	(183,361)	69,132	21,639
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	10,757,313	9,081,302	6,556,902	10,731,550	9,216,999
Total liabilities	(2,721,565)	(3,090,756)	(3,042,580)	(5,726,385)	(4,656,140)
Minority interest	(1,015,258)	(429,358)	(272,099)	(1,721,702)	(1,415,112)
Shareholders' funds	7,020,490	5,561,188	3,242,223	3,283,463	3,145,747
Net assets per share – book value (HK\$)	12.95	10.25	5.94	6.50	6.20
PERFORMANCE DATA					
Earnings per share (HK\$)	0.77	1.18	(0.18)	0.28	0.20
Dividends per share (HK\$)	0.14	0.16	0.16	0.16	0.16



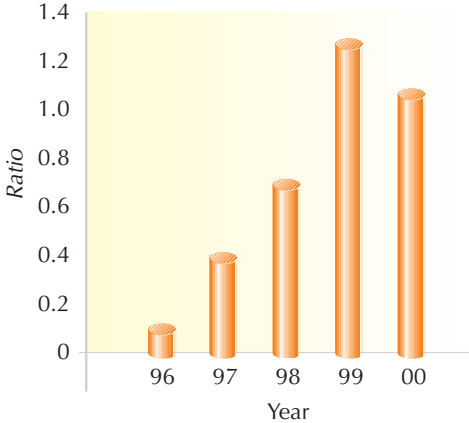
Earnings per share



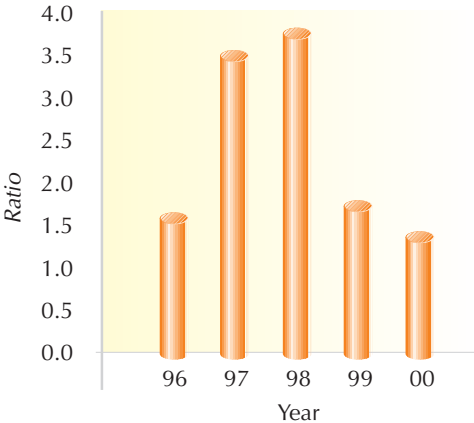
Dividends per share



Non-current liabilities to shareholders' funds



Current assets to current liabilities





MAJOR PROPERTIES

(1) MAJOR INVESTMENT PROPERTIES

IN HONG KONG UNDER MEDIUM - TERM AND LONG LEASES

Name and location	Lease expiry date	Usage	Approx. floor area (sq.m.)	Group's interest
Dah Sing Financial Centre 108 Gloucester Road Wanchai	30 June, 2047	Commercial	37,171 and 154 carparks	100%
28/F., 9 Queen's Road Central	16 November, 2854	Commercial	1,279	100%

IN AUSTRALIA AND NEW ZEALAND FREEHOLD

Name and Location	Usage	Approx. lettable floor area (sq.m.)	Group's interest
Fletcher Challenge Complex 810 Great South Road Penrose, Auckland	Industrial/ Office	48,527	54.8%
Ministry of Commerce 33 Bowen Street East Wellington	Office	13,125	54.8%
Citibank Centre 23-27 Customs Street East Auckland	Office	9,784	54.8%
Telecom Tower 13-27 Manners Street Wellington	Office/ Apartments	10,365	54.8%
EDS House 12-14 Gilmer Terrace Wellington	Office	10,088	54.8%
Telstra Business Centre 191 Queen Street Auckland	Office	17,542	54.8%
Colmar Brunton House 1-7 The Strand, Takapuna Auckland	Office/ Retail	10,062	54.8%
Forsyth Barr House 764 Colombo Street Christchurch	Office	8,041	54.8%
Simpson Grierson Building 96-98 Albert Street Auckland	Office	11,044	54.8%

Major properties



SEA HOLDINGS LIMITED

IN AUSTRALIA AND NEW ZEALAND FREEHOLD (Continued)

Name and Location	Usage	Approx. lettable floor area (sq.m.)	Group's interest
363 George Street Sydney	Office	27,752	26.9%
The Landmark 345 George Street Sydney	Office	21,078	26.9%

IN OTHER REGIONS OF PEOPLE'S REPUBLIC OF CHINA ("PRC") UNDER MEDIUM LEASE

Name and Location	Usage	Approx. lettable floor area (sq.m.)	Group's interest
18 Yaohan Road Songjiang District Shanghai	Warehouse	17,474	100%

(2) PROPERTIES UNDER DEVELOPMENT

IN OTHER REGIONS OF THE PRC

Name and location	Group's interest	Approx. floor area (sq.m.)	Type	Stage of completion	Estimated completion date
Overseas Exchange Square Yan Shi Kou Chengdu City Sichuan	97%	91,232	Commercial/ Office	Building services and finishing work in progress	3rd quarter 2002
New Century Plaza Xiyulong Street Cheungdu City Sichuan	50%	79,033	Commercial/ Office	Building services and internal finishing work in progress	2nd quarter 2002
Westin Plaza Zhong Shan Road Road 7, Guangzhou Guangdong	100%	156,550	Residential/ Commercial/ Office	Foundation works for the first phase in progress	First phase in 1st quarter 2002

(3) PROPERTIES UNDER DEVELOPMENT FOR SALE

IN HONG KONG

Name and location	Group's interest	Approx. floor area (sq.m.)	Type	Stage of completion	Estimated completion date
14-20 Leighton Road Causeway Bay Hong Kong	100%	6,566	Commercial	In the progress of project design	Early 2003
Fanling Sheung Shui Town Lot No. 189 New Territories	55%	45,120	Residential	In the progress of project design	4th quarter 2003



CHAIRMAN'S STATEMENT

Net profit attributable to shareholders amounted to HK\$102.7 million, representing earnings per share of HK\$0.20. The Board recommends payment of final dividend of HK\$0.10 per share for the year.

Group Results

I wish to announce that the Group's audited consolidated net profit after tax and minority interests for the year ended 31st December, 2000 amounted to HK\$102.7 million (1999: HK\$150.1 million), a decrease of 32 percent from the previous year. The drop was mainly due to the reduction in interest income and loss on disposal of non-core properties in New Zealand. The profit represents earnings per share of HK\$0.20 compared with HK\$0.28 for 1999.

Final dividend

The board recommends a final dividend of HK\$0.10 per share for the year 2000 payable on 25th May, 2001 to shareholders whose names appear on the Register of Members on 22nd May, 2001. An interim dividend of HK\$0.06 per share has been paid on 29th September, 2000, making total dividends of HK\$0.16 per share for the full year. An interim dividend and a final dividend of HK\$0.06 and HK\$0.10 per share respectively were paid for the preceding year.

Business Review

Benefiting from economic stability in the year under review, the property portfolio in Hong Kong achieved a satisfactory occupancy rate at an acceptable rental yield. In Australia and New Zealand, the property portfolio continued to generate strong cash flow and maintained a sound occupancy rate through a proactive working relationship with tenants and selective upgrading of space to meet the rental market's expectations for appearance and function.

The performance of the Group's principal business sectors is discussed in the Review of Operations section of this Annual Report.

Reorganization of Trans Tasman Properties Limited ("TTP")

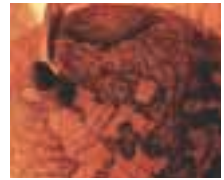
In February 2001, the Board of TTP announced it would put to shareholders other than S E A Holdings Limited, and the holders of listed capital convertible notes proposals to convert such shares and convertible notes into secured property bonds. The proposals are conditional and if implemented would result in TTP becoming a wholly owned subsidiary of the Group.

Outlook

Heightened expectations of a slowdown of the U.S. economy and lowered earnings expectation by the technology, media and telecom sector worldwide has led to a cut of 1.5 percent in interest rates in Hong Kong in the first quarter of 2001. Deep concern over the prospects for global economic weakness in the foreseeable future is affecting consumer spending confidence as well as property market sentiment in Hong Kong.



The Landmark, Sydney



Amidst this uncertainty, the Group is well placed to take advantage of opportunities within its core property business and also seek diversification.

Hong Kong

In Hong Kong, the Group will reinforce its close relationship with tenants to improve the quality and value of its property portfolio by selective refurbishment and upgrade. On the development front, we expect the economic downturn will continue to overshadow local job market conditions. However, the solid economy recovery since the Asian financial crisis during 1997-98 and present declining interest rates will help to stabilise the local property market. The Group will carefully monitor the progress of its development sites to maximize gains upon exit. The reduction in interest rates and adjustments to housing policy by the Government is expected to gradually improve sentiment in the property market.

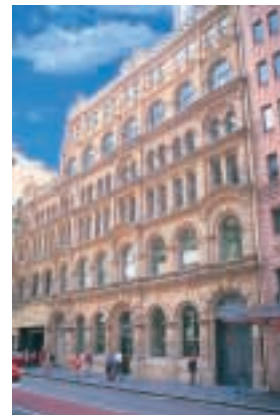
China

The economy in Mainland China continues to grow satisfactorily, creating new opportunities for the Group to invest. In particular the Tenth Five-year Plan formulated at the recent session of the National People's Congress will ensure steady growth. The imminent entry of China into the World Trade Organisation and the aim to promote the western region of Mainland China will stimulate business sentiment in the mid to long term. The Group has a substantial asset base in Mainland China well positioned to benefit from these developments.

Australasia

The Australian economies are expected to enter into a period of slower growth after the Sydney 2000 Olympics. The Group will continue to make progress in rationalising and refocusing its Australasian property portfolio toward a higher proportion of grade A office space and in re-development opportunities. The launching of SME Connections, an e-business that offers procurement services to tenants of the Group in New Zealand and Australia, will deliver services that are complimentary to its leasing business. Property values in New Zealand will remain under pressure for some time as investment demand for large commercial properties is not strong.

Against the backdrop of a very competitive business environment, the Group is focused on enhancing the quality standards of its property portfolio and the introduction of e-business services to tenants. In this new technology era, the Group will continue to pursue suitable investments in property businesses with an I.T. synergy.



363 George Street/
24 York Street, Sydney

Staff

A dedicated team is key to supporting business success and growth. On behalf of the board, I wish to thank my fellow directors for their guidance and assistance and to all staff and colleagues for their contribution and effort during the year.

Lu Ho

Chairman

30th March, 2001



REVIEW OF OPERATIONS

Property Developments in Hong Kong and China

Causeway Bay

The project site area is about 437 square metres. With a belief that the demand for hotels/service apartments will be greater in the near future, an application for changing the use of the development site to a hotel was submitted and recently approved by the relevant authority. Foundation work will commence soon.

Sheung Shui

The Group has a 55 percent interest in this project. The site area is about 9,000 square metres and a total residential floor area of 45,120 square metres will be developed. Land premium for the site is still under negotiation with the Government.

Guangzhou

In China, the Westin Plaza residential development in the Li Wan district of Guangzhou is making good progress. The sub-structural work was completed in early 2001 and the superstructure works have just commenced. Phase I will be available for sale and due for completion in the first quarter of 2002.



Property investments in Hong Kong and China

Most of the expired leases of the Group's flagship property, the Dah Sing Financial Centre in Hong Kong, were successfully renewed or re-leased at satisfactory rental rates. The occupancy rate exceeded 95 percent throughout the year.

Foundation – laying ceremony of Westin Plaza, PRC



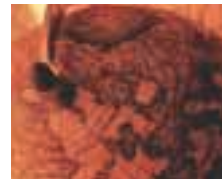
18 Yaohan Road, Shanghai

The Group acquired a 17,400 square metres warehouse and an adjacent site available for future development in Shanghai during the year. A lease for the warehouse to a multinational third party logistics company is under negotiation.

Property investments in New Zealand and Australia

In New Zealand, non-core properties were disposed of and a number of properties suitable for redevelopment were acquired during the year. The property team achieved occupancy rate of 90 percent at year end date.

In Australia, the occupancy rate of the investment property portfolio, including the premium grade asset 363 George Street, Sydney, was at 95 percent at year end date. 363 George Street, the flagship of our Australian portfolio was completed during 2000 within time and cost budgets. A non-core property in Brisbane was disposed of and the proceeds were used to reduce bank borrowings.



e-business

The Group made new investments in businesses engaged in e-commerce logistics, software development, e-procurement and e-commerce market-site development during the year 2000. Investments in e-business ventures represent approximately 1.4 percent of the Group's total assets at this stage.

Garment business

The Group's garment business has benefited from the US's strong economic growth in the year 2000. However, the contribution in the coming year is expected to decline as a result of the recent slow down in the US economy.

Financial resources and treasury policies

The Group adheres to prudent treasury policies. The decrease of the ratio of total long-term liabilities to total shareholders' fund from 1.26 at the end of 1999 to 1.06 at the end of 2000 was mainly attributable to significant declines of both the NZD and the AUD against the HKD during the year.

The Group has sufficient liquidity to satisfy its commitments and working capital requirements. The decrease of the current ratio from 1.70 at 31st December, 1999 to 1.34 at 31st December, 2000 was largely due to investments in associates and investment properties, and repayment of term loans during the year. Bank loans, mainly secured by the pledge of some of the Group's properties of HK\$6,988 million (1999: HK\$7,578 million) and bank deposits of HK\$824 million (1999: HK\$1,239 million), comprise term loans as well as revolving credit facilities. Long-term assets denominated in foreign currencies are generally financed by borrowings of a matching currency. The Group has HK\$5,027 million and HK\$4,019 million bank borrowings as at 31st December, 1999 and 2000. 55.1 percent (1999: 55.8 percent) of the bank borrowings are dominated in NZD or AUD for financing the long-term assets in NZD or AUD as at 31st December, 2000. Approximately 2 percent of the loan is dominated in CNY for assets in Great China. The remaining bank borrowings are in HKD or USD.

The Group's borrowings are principally on a floating rate basis. When appropriate and at times of interest rate is uncertain or volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

Staff

The Group had 257 employees at the end of 2000. Salaries are adjusted annually and fringe benefits such as tuition/training subsidies, provident fund and medical insurance are offered to most employees. Furthermore, share options are granted and bonuses are awarded to employees of the Group at the discretion of the directors.

Lu Wing Chi

Managing Director

30th March, 2001



DIRECTORY

DIRECTORS

Lu Ho, *Chairman**
 Lu Wing Chi, *Managing Director*
 Lu Yong Lee*
 Lu Wing Yuk, Andrew
 Lu Wing Lin
 Walujo Santoso, Wally*
 Leung Hok Lim#

* *Non-executive director*

Independent non-executive director

SECRETARY

Wong Leung Wai

SOLICITORS

Stephenson Harwood & Lo

AUDITORS

Deloitte Touche Tohmatsu

BANKERS

The Hongkong and Shanghai Banking
 Corporation Limited
 BNP Paribas
 The China State Bank, Limited
 The National Commercial Bank, Ltd.
 Standard Chartered Bank

REGISTERED OFFICE

Clarendon House
 Church Street
 Hamilton HM11
 Bermuda

PRINCIPAL OFFICE

26th Floor
 Dah Sing Financial Centre
 108 Gloucester Road
 Wanchai
 Hong Kong

BRANCH REGISTRARS IN HONG KONG

Standard Registrars Limited
 5/F., Wing On Centre
 111 Connaught Road Central
 Hong Kong



The directors present their annual report and the audited financial statements of the Company for the year ended 31st December, 2000.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 17 to the financial statements.

The Group's turnover and contribution to profit from operations for the year ended 31st December, 2000, analysed by geographical area and principal activity, are set out in note 3 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2000 are set out in the consolidated income statement on page 18.

An interim dividend of HK6 cents per share amounting to HK\$30,318,000 was paid to the shareholders during the year. Additional dividends amounting to HK\$39,000 were paid on the exercise of 2008 warrants by warrant holders subsequent to the issue of the 1999 annual report. The directors now recommend the payment of a final dividend of HK10 cents per share to the shareholders on the register of members on 22nd May, 2001, amounting to HK\$50,729,000. The retention of the remaining profit for the year amounting to HK\$21,639,000.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Particulars of option rights held by option holders and movements in the share capital of the Company during the year are set out in note 31 to the financial statements.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2000, as set out in note 14 to the financial statements. The resulting net surplus arising on revaluation (net of minority interests), which has been credited directly to the investment property revaluation reserve, amounting to HK\$9,237,000.

PROPERTY, PLANT AND EQUIPMENT

During the year, properties under development amounting to approximately HK\$1,103 million were completed and transferred to investment properties.

Details of this and other movements during the year in the property, plant and equipment of the Group are set out in note 15 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st December, 2000 are set out in Major Properties on page 3.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$555,000 (1999: HK\$86,000).



Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Lu Wing Chi (*Managing Director*)
 Mr. Lu Wing Yuk, Andrew
 Mr. Lu Wing Lin

Non-executive directors

Mr. Lu Ho (*Chairman*)
 Mr. Lu Yong Lee
 Mr. Lu Yeng John (resigned on 13th December, 2000)

Independent non-executive directors

Mr. Walujo Santoso, Wally
 Mr. Leung Hok Lim

In accordance with Clause 88 of the Company's Bye-laws, Mr. Walujo Santoso, Wally, retires by rotation and, being eligible, offers himself for re-election.

The term of office of each non-executive director is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

No director of the Company proposed for re-election at the forthcoming Annual General Meeting has a service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than the interests of the directors in the Company's shares and employee share option scheme as more fully described below, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contract of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries was entered into or subsisted during the year.



DIRECTORS' INTERESTS IN SHARES, OPTIONS AND WARRANTS

At 31st December, 2000, the interests of the directors and their associates, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), in the shares and options of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(i) Shares

Name of director	Number of ordinary shares	
		Personal interest
Mr. Lu Wing Lin		<u>94,000</u>

(ii) Options

Name of directors	Date of grant	Option price HK\$	Exercisable period	Number of shares to be issued upon exercise of remaining options at 1st January, 2000	Number of option shares granted during the year	Number of shares to be issued upon exercise of remaining options at 31st December, 2000
Lu Wing Chi	11.8.1992	1.85	11.8.1992 – 10.8.2002	10,000,000	–	10,000,000
	21.2.1994	4.40	21.2.1994 – 20.2.2004	2,200,000	–	2,200,000
	4.12.2000	1.44	4.12.2000 – 3.12.2010	–	12,500,000	12,500,000
Lu Wing Yuk, Andrew	11.8.1992	1.85	11.8.1992 – 10.8.2002	3,000,000	–	3,000,000
	4.12.2000	1.44	4.12.2000 – 3.12.2010	–	3,000,000	3,000,000
Lu Wing Lin	11.8.1992	1.85	11.8.1992 – 10.8.2002	8,000,000	–	8,000,000
	18.11.1993	2.78	18.11.1993 – 17.11.2003	3,500,000	–	3,500,000
	4.12.2000	1.44	4.12.2000 – 3.13.2010	–	12,500,000	12,500,000

Consideration received by the Company for options granted during the year amounted to HK\$30.

Details of the Company's share option scheme are set out in note 31 to the financial statements.

Other than as disclosed above, none of the directors or chief executive, nor their associates, had any interests in any securities of the Company or any of its associated corporations as defined in the SDI Ordinance, and none of the directors or chief executives, nor their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.



Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2000, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance showed that the following shareholders had an interest of 10% or more in the share capital of the Company:

Substantial shareholders	Number of ordinary shares held	
	Direct interest	Indirect interest
Nan Luen International Limited ("Nan Luen")	240,503,812	–
JCS Limited ("JCS")	–	240,503,812
		(Note)

Note: JCS is deemed to have an interest in 240,503,812 shares under Section 8 of the SDI Ordinance by virtue of its direct controlling interest in Nan Luen.

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 31st December, 2000.

DEALINGS IN THE COMPANY'S SHARES AND WARRANTS

During the year, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares or warrants.

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

During the year, the aggregate amount of purchases attributable to the five largest suppliers of the Group accounted for 40% in aggregate of the Group's total purchases of which the largest supplier accounted for 21% of total purchases. The aggregate amount of sales attributable to the five largest customers of the Group accounted for less than 30% in aggregate of the Group's total sales.

At no time during the year did a director, an associate of a director or a shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) have an interest in any of the Group's five largest suppliers or customers.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2000 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 the non-executive directors are not appointed for a specific term.

An Audit Committee has been established by the Company since 1999 to act in an advisory capacity and make recommendations to the Board of Directors. The Committee currently comprises Messrs. Walujo Santoso, Wally and Leung Hok Lim, both of whom are independent non-executive directors of the Company. The Audit Committee met twice during the year. During these meetings, the committee members met with representatives from the management and/or external auditors of the Company to review the interim and annual reports of the Group as well as various auditing, financial reporting and internal control matters.

POST BALANCE SHEET EVENT

Details of a significant post balance sheet event are disclosed in note 42 to the financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out in Financial Highlights on page 1.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Lu Ho
Chairman

Hong Kong, 30th March, 2001

DIRECTORS AND SENIOR MANAGEMENT



EXECUTIVE DIRECTORS

Mr. Lu Wing Chi, aged 54, Managing Director of the Company and has over 32 years of experience in property developments and investments in Hong Kong and overseas. He is the son of the founder of the Company, Mr. Lu Chu Mang, and brother of Mr. Lu Wing Lin.

Mr. Lu Wing Yuk, Andrew, aged 54, Executive Director of the Company and also the Managing Director of Kian Nan Trading Company Limited. Mr. Lu has over 31 years of experience in the textile industry and international trading. He is the son of Mr. Lu Ho.

Mr. Lu Wing Lin, aged 49, Executive Director of the Company, holds a Bachelor of Finance degree and has over 24 years of experience in public godown operations and property developments. He is the son of the founder of the Company, Mr. Lu Chu Mang, and brother of Mr. Lu Wing Chi.

NON-EXECUTIVE DIRECTORS

Mr. Lu Ho, aged 83, Chairman of the Company and also the Managing Director of Kian Nan Trading Company Limited in Hong Kong and a Director of Hua Tong Union Company Limited in Japan. Mr. Lu has over 45 years of extensive knowledge in the textile industry and international trading. He is the father of Mr. Lu Wing Yuk, Andrew.

Mr. Lu Yong Lee, aged 62, non-executive Director of the Company and also the Managing Director of Hua Tong Union Company Limited in Japan and a Director of Safety Godown Company Limited. Mr. Lu holds a Bachelor of Commerce degree and has over 36 years of experience in property developments and international trading.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Walujo Santoso, Wally, aged 48, independent non-executive Director of the Company and also the Managing Director of Grand Ocean (International) Limited. Mr. Santoso holds a Diploma in Accounting and has over 24 years of experience in international trading and manufacturing.

Mr. Leung Hok Lim, CPA(Aust.), CPA(Macau), FHKSA, CPA, aged 66, independent non-executive Director of the Company and is the founding and managing partner of PKF (formerly H.L. Leung & Co.), Certified Public Accountants. Mr. Leung obtained his fellowship with Hong Kong Society of Accountants in 1973. He is the vice chairman of the Business Enterprise Management Centre of the Hong Kong Management Association, a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited. Mr. Leung is a member of the Chinese People's Political Consultative Commission of Hainan Province of People's Republic of China since 1993. In the business sector, Mr. Leung is a director or non-executive director respectively of a number of private and listed companies.



Directors and Senior Management

SENIOR EXECUTIVES

Mr. Lam Sing Tai, aged 54, a Real Estate Administrator, General Manager of the Company and is responsible for the Business Department. He is a Director of South-East Asia Investment and Agency Company, Limited and a number of the Group's subsidiary companies. Mr. Lam joined the Group in 1973 and has over 27 years of experience in property investments and developments.

Mr. Ching Wai Chuen, Antonio, BA(AS), B.Arch, HKIA, RIBA, ARAIA, Authorised person – Architect, Registered Architect, aged 44, Executive Director of SEABO Pacific Limited, the Group's wholly-owned subsidiary company with China property development and investment projects. Mr. Ching joined the Group in 1985 and has more than 17 years of experience in project management of various types of development in Asia and is now responsible for the strategic planning and investments in the China market.

Mr. Donald Ian Fletcher, aged 47, Managing Director of the Group's property investment companies in New Zealand and Australia. Mr. Fletcher joined the Group in 1993 and has extensive knowledge of Asian, Australian and New Zealand property markets.

Mr. Hoon, Stanley Sum, AHKSA, ACA(N.Z.), aged 55, joined the Group in September 1997 as Consultant of the Company and is now the Group Investment Manager. Prior to joining the Group, he has been working as senior financial positions for a number of public companies.

Mr. Lee Bo Yuen, Tom, BSc., FCCA, AHKSA, ACIS, ACS, aged 37, joined the Group in July 1998 as Financial Controller of SEABO group, the property development and investment division in China. He holds a Bachelor of Science Degree and is a fellow member of The Chartered Association of Certified Accountants and an associate member of The Hong Kong Society of Accountants. Prior to joining the Group, he has more than 15 years of auditing and corporate finance experience in professional and commercial firms.

Mrs. Sin Li Mei Wah, Jenifer, LLB, FCIS, aged 45, General Manager of the Company Secretarial and Administration Department. Mrs. Sin joined the Group in July 1998. She holds a Bachelor of Laws Degree and is a fellow member of The Institute of Chartered Secretaries and Administrators. Prior to joining the Group, Mrs. Sin has been working for several commercial and professional firms for about 23 years.

Mr. Wu Siu Tong, MBA, CPA (Aust.), FCCA, AHKSA, MHKSI, aged 46, joined the Group in November 1999 as Group Financial Controller. Mr Wu has about 21 years experience as senior finance executive in various multi-national corporations.

FINANCIAL STATEMENTS

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REPORT OF THE AUDITORS

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
Hong Kong

香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

TO THE MEMBERS OF S E A HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 18 to 57 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Company's directors are responsible for the preparation of financial statements which give a true and fair view. In preparing financial statements which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31st December, 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong, 30th March, 2001

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2000

	<i>Notes</i>	2000 HK\$'000	1999 <i>HK\$'000</i>
Turnover	3	775,734	833,062
Other revenue	4	14,815	12,023
Changes in inventories of manufactured finished goods and work-in-progress		624	(5,494)
Raw materials and consumables used		(24,169)	(33,180)
Purchase of goods held for resale		(48,544)	(50,101)
Changes in inventories of properties for sale		6,879	120,423
Contracting costs incurred on development properties for sale		(25,022)	(153,882)
Cost of securities sold		(7,504)	–
Staff costs		(60,426)	(57,032)
Depreciation and amortisation		(5,402)	(6,077)
Other operating expenses		(98,757)	(114,928)
Net loss on investments and properties	5	<u>(80,393)</u>	<u>(51,412)</u>
Profit from operations	6	447,835	493,402
Finance costs	7	<u>(300,871)</u>	<u>(304,527)</u>
		146,964	188,875
Share of results of associates		12,202	17,968
Share of results of jointly controlled entities		<u>22</u>	<u>(371)</u>
Profit before taxation		159,188	206,472
Taxation	10	<u>(7,829)</u>	<u>(9,275)</u>
Profit before minority interests		151,359	197,197
Minority interests		<u>(48,634)</u>	<u>(47,061)</u>
Net profit for the year	11	<u>102,725</u>	<u>150,136</u>
Dividends	12	<u>81,086</u>	<u>81,004</u>
Earnings per share	13		
Basic		<u>20.3 cents</u>	<u>27.8 cents</u>
Diluted		<u>17.0 cents</u>	<u>24.5 cents</u>

BALANCE SHEETS

At 31st December, 2000

	Notes	THE GROUP		THE COMPANY	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Non-current Assets					
Investment properties	14	6,805,933	6,388,515	–	–
Property, plant and equipment	15	399,116	1,447,482	–	–
Permanent quotas	16	–	–	–	–
Investments in subsidiaries	17	–	–	136,586	259,461
Interests in associates	18	48,912	82,960	–	–
Interests in jointly controlled entities	19	39,679	39,508	–	–
Other investments	20	134,362	62,304	–	–
Amounts due from jointly controlled entities	21	2,844	2,823	–	–
Other loans receivable	22	3,165	18,966	–	–
		<u>7,434,011</u>	<u>8,042,558</u>	<u>136,586</u>	<u>259,461</u>
Current Assets					
Inventories	23	3,387	2,741	–	–
Properties for sale	24	304,036	374,638	–	–
Other investments	20	4,167	–	–	–
Mortgage loans receivable		746	913	–	–
Debtors, deposits and prepayments	25	119,408	156,072	10,621	898
Taxation recoverable		2,268	1,825	–	–
Advances to directors of an indirect subsidiary	26	1,306	1,755	–	–
Amounts due from subsidiaries		–	–	2,195,716	2,168,820
Amount due from an associate	27	1,000	–	–	–
Pledged bank deposits		823,871	1,238,932	40,000	–
Bank balances and deposits		522,799	912,116	2,330	22,063
		<u>1,782,988</u>	<u>2,688,992</u>	<u>2,248,667</u>	<u>2,191,781</u>
Current Liabilities					
Creditors, deposits and accrued charges	28	359,986	338,872	849	438
Proposed dividend		50,729	50,490	50,729	50,490
Taxation payable		23,752	28,977	–	–
Amounts due to subsidiaries		–	–	70,716	76,242
Amounts due to associates	27	18,570	–	–	–
Borrowings – due within one year	29	859,266	1,148,037	–	–
Other payables – due within one year	30	17,854	11,320	–	–
		<u>1,330,157</u>	<u>1,577,696</u>	<u>122,294</u>	<u>127,170</u>
Net Current Assets					
		<u>452,831</u>	<u>1,111,296</u>	<u>2,126,373</u>	<u>2,064,611</u>
		<u>7,886,842</u>	<u>9,153,854</u>	<u>2,262,959</u>	<u>2,324,072</u>

Balance Sheets

At 31st December, 2000

	Notes	THE GROUP		THE COMPANY	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Capital and Reserves					
Share capital	31	50,729	50,490	50,729	50,490
Reserves	32	3,095,018	3,232,973	2,212,230	2,273,582
		<u>3,145,747</u>	<u>3,283,463</u>	<u>2,262,959</u>	<u>2,324,072</u>
Minority Interests		<u>1,415,112</u>	<u>1,721,702</u>	–	–
Non-current Liabilities					
Borrowings – due after one year	29	3,304,873	4,107,410	–	–
Other payables – due after one year	30	18,843	38,655	–	–
Deferred taxation	33	2,267	2,624	–	–
		<u>3,325,983</u>	<u>4,148,689</u>	<u>–</u>	<u>–</u>
		<u>7,886,842</u>	<u>9,153,854</u>	<u>2,262,959</u>	<u>2,324,072</u>

The financial statements on pages 18 to 57 were approved by the Board of Directors on 30th March, 2001 and are signed on its behalf by:

Lu Wing Chi
DIRECTOR

Lu Wing Lin
DIRECTOR

CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31st December, 2000

	2000 HK\$'000	1999 HK\$'000
Exchange differences arising on translation of financial statements of overseas operations	(104,236)	41,488
Revaluation surplus on investment properties	9,237	39,259
Revaluation (deficit) surplus on investments in securities	(27,687)	2,323
	<hr/>	<hr/>
Net (loss) gain not recognised in the income statement	(122,686)	83,070
Net profit for the year	102,725	150,136
	<hr/>	<hr/>
Total recognised gains and losses	(19,961)	233,206
Elimination against reserves of goodwill arising on acquisition of subsidiaries, associates and additional interest in a subsidiary	(80,396)	(16,594)
	<hr/>	<hr/>
	<u>(100,357)</u>	<u>216,612</u>

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	34	<u>461,930</u>	<u>585,552</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		140,905	176,685
Interest on bank and other borrowings paid		(370,056)	(296,835)
Interest on obligations under finance leases paid		(181)	(122)
Dividends paid		(80,847)	(85,105)
Dividends paid to minority shareholders of subsidiaries		–	(48,773)
		<u> </u>	<u> </u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(310,179)</u>	<u>(254,150)</u>
TAXATION			
Hong Kong Profits Tax paid		(5,806)	(14)
Hong Kong Profits Tax refunded		1,274	3,866
Overseas tax paid		(9,417)	(1,268)
Overseas tax refunded		–	121
		<u> </u>	<u> </u>
		<u>(13,949)</u>	<u>2,705</u>
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(173,476)	(575,787)
Disposal of subsidiaries	36	108,869	(73,320)
Purchase of investment properties		(158,495)	(33,876)
Purchase of investments in securities		(99,761)	(23,002)
Repayment (addition) of mortgage loans receivable		167	(998)
Proceeds on disposal of investment properties		48,208	128,320
Decrease in pledged and unpledged short-term bank deposits over three months		660,055	259,381
Purchase of subsidiaries (net of cash and cash equivalents acquired)	35	–	30,635
Repayment of other loans receivable		6,378	1,936
Proceeds on disposal of property, plant and equipment		4,677	533
Proceeds on disposal of investments in securities		3	15
Acquisition of interest in associates		(130,238)	–
Return on capital from an associate under liquidation		77,294	–
Amounts advanced to jointly controlled entities		(21)	–
Advance to an associate		(1,000)	–
		<u> </u>	<u> </u>
NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES		<u>342,660</u>	<u>(286,163)</u>
NET CASH INFLOW BEFORE FINANCING		<u>480,462</u>	<u>47,944</u>

Consolidated Cash Flow Statement

For the year ended 31st December, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
FINANCING	37		
Proceeds from issue of shares on exercise of options and warrants		4,241	4,825
Repayment of long-term bank and other loans		(959,938)	(369,759)
Funds from long-term bank and other loans		413,044	447,700
Repayment of obligations under finance leases		(3,048)	(404)
Repurchase of shares of a subsidiary		(58,498)	–
Advances to minority shareholders		(422)	–
Contribution from (repayment to) minority shareholders		161	(3,375)
Advances from associates		18,570	–
		<u> </u>	<u> </u>
NET CASH (OUTFLOW) INFLOW FROM FINANCING		(585,890)	78,987
		<u> </u>	<u> </u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(105,428)	126,931
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		635,383	508,475
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		(33,619)	(23)
		<u> </u>	<u> </u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		496,336	635,383
		<u> </u>	<u> </u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and deposits		497,279	641,602
Short-term bank loans and overdrafts		(943)	(6,219)
		<u> </u>	<u> </u>
		496,336	635,383
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2000

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 17.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate or a jointly controlled entity, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate or jointly controlled entity at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On the disposal of investments in subsidiaries, associates and jointly controlled entities, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the gain or loss on disposal of the subsidiary, associate or jointly controlled entity.

Revenue recognition

Development properties

When properties are developed for sale, income is recognised only when the sale is completed or when the relevant building occupation permit is issued by the relevant authority, whichever is the later. Payments received from purchasers prior to this stage are recorded as sales deposits under current liabilities.

Notes to the Financial Statements

For the year ended 31st December, 2000

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight-line basis over the term of the relevant lease.

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on professional valuations at the balance sheet date. They are valued at intervals of not more than three years by independent professionally qualified valuers. In each of the intervening years, valuations are undertaken by the directors in consultation with qualified staff or independent valuers. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On the disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment other than properties under development is stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Depreciation or amortisation is provided to write off the cost of items of property, plant and equipment other than properties under development over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Land and buildings	2% to 4%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Plant and machinery	10%
Leasehold improvements	25%

Properties under development

Properties under development for investment purposes are classified under property, plant and equipment and are stated at cost less provision for diminution in value.

Properties under development for sale are classified under current assets and are stated at the lower of cost and net realisable value.

Cost comprises land cost and development costs including attributable borrowing costs and charges capitalised during the development period. For the purposes of consolidation, the carrying values of properties held by property-owning subsidiaries are adjusted to reflect the actual cost of acquisition of such properties to the Group.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or registered capital, controls more than half of the voting power or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any decline in the value of the subsidiary that is other than temporary.

Interests in associates

An associate is an enterprise, other than a subsidiary or a jointly controlled entity, over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with a jointly controlled entity, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Other joint venture arrangements

Investments made by means of joint venture structures which do not result in the Group having joint control with the other venturer are accounted for as subsidiaries (where the Group controls the board of directors or equivalent governing body), associates (where the Group is in a position to exercise significant influence) or other investments in securities (where the Group exercises neither control nor significant influence).

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity ("held-to-maturity debt securities") are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries, associates and jointly controlled entities which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Quotas

Revenue from the sale of, and the cost of acquiring, temporary quotas are dealt with in the income statement in the period in which they arise. Quotas allocated by the authorities in Hong Kong are not capitalised and are not included as assets in the balance sheet. The cost of permanent quotas acquired is amortised over three years after the year of acquisition.

Notes to the Financial Statements

For the year ended 31st December, 2000

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

3. TURNOVER AND CONTRIBUTION TO PROFIT (LOSS) FROM OPERATIONS

Turnover comprises:

	2000	1999
	HK\$'000	HK\$'000
Gross rental income	501,753	475,698
Gross invoiced sales	142,138	151,549
Interest income	117,094	168,009
Agency and service fees income	5,213	2,240
Proceeds from sale of securities	4,434	–
Dividend income	3,628	2,861
Gross proceeds from sale of properties	810	32,041
Project management fee income	664	664
	775,734	833,062

The turnover and contribution to profit (loss) from operations of the Group, analysed by geographical area and principal activity are as follows:

	Turnover		Profit (loss) from operations	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By geographical area:				
Hong Kong	412,951	489,272	301,595	313,975
Greater China other than Hong Kong	1,455	31,023	(14,688)	(9,369)
New Zealand and Australia	355,275	308,318	183,811	183,718
Indonesia	6,053	4,449	(22,883)	5,078
	775,734	833,062	447,835	493,402
By principal activity:				
Property investment	507,630	475,602	313,911	359,606
Garment manufacturing and trading	142,138	151,549	25,840	30,705
Investment	125,156	173,870	126,410	114,945
Property development	810	32,041	(18,326)	(11,854)
	775,734	833,062	447,835	493,402

Notes to the Financial Statements

For the year ended 31st December, 2000

4. OTHER REVENUE

	2000 HK\$'000	1999 HK\$'000
Included in other revenue is:		
Exchange gain, net	<u>2,336</u>	<u>5,414</u>

5. NET LOSS ON INVESTMENTS AND PROPERTIES

	2000 HK\$'000	1999 HK\$'000
Loss on disposal of investment properties	(42,940)	(31,123)
(Loss) gain on disposal of subsidiaries	(26,277)	20,656
Goodwill written off upon liquidation of an associate	(15,802)	-
Provision for diminution in value of properties for sale written back	15,177	-
Provision for diminution in the value of properties under development	(6,562)	(18,511)
Unrealised loss on investment in listed securities	(3,989)	-
Loss on dilution of interests in subsidiaries	-	(22,434)
	<u>(80,393)</u>	<u>(51,412)</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

6. PROFIT FROM OPERATIONS

	2000 HK\$'000	1999 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration		
Provision for the year	2,485	2,356
Overprovision for prior years	–	(94)
	<u>2,485</u>	<u>2,262</u>
Depreciation and amortisation		
Owned assets	5,173	5,784
Assets held under finance leases	332	384
Less: Amounts capitalised to property development projects	(103)	(91)
	<u>5,402</u>	<u>6,077</u>
Bad debts written off	1,055	2,090
Cost of inventories of finished goods sold	86,357	107,690
Cost of inventories of properties sold	18,143	33,459
Directors' emoluments		
Directors' fees (note 8)	180	180
Management remuneration (note 8)	10,294	12,218
Loss on disposal of property, plant and equipment	657	143
Provision for mortgage loans receivable	9,423	–
Realised loss on disposal of investment in securities	3,070	–
Rental payments under operating leases	7,134	4,894
and crediting:		
Gross rental income from investment properties	481,685	474,642
Less: Outgoings	(31,279)	(59,564)
	<u>450,406</u>	<u>415,078</u>
Net rental income from investment properties		
Interest earned on bank deposits	115,350	144,199
Less: Amount capitalised to property development projects	(520)	–
	<u>114,830</u>	<u>144,199</u>
Dividend income from listed investments	2,660	2,393
Dividend income from unlisted investments	968	468

7. FINANCE COSTS

	2000	1999
	HK\$'000	HK\$'000
Interest on:		
Bank loans and overdrafts wholly repayable within 5 years	302,724	271,683
Other loan wholly repayable within 5 years	19,752	35,443
Bank loans not wholly repayable within 5 years	30,814	29,670
Obligations under finance leases	181	122
	<hr/>	<hr/>
Total borrowing costs	353,471	336,918
Less: Amounts capitalised to property development projects	(52,600)	(32,391)
	<hr/>	<hr/>
	300,871	304,527
	<hr/> <hr/>	<hr/> <hr/>

Borrowing costs capitalised during the year arose on the general borrowing pool and calculated by applying a capitalisation rate of 7.23% (1999: 7.26%) to expenditure on qualifying assets.

8. DIRECTORS' EMOLUMENTS

	2000	1999
	HK\$'000	HK\$'000
Directors' fees:		
Executive	70	70
Non-executive	70	70
Independent non-executive	40	40
	<hr/>	<hr/>
	180	180
	<hr/>	<hr/>
Other emoluments:		
Executive		
Salaries and other benefits	5,525	5,485
Discretionary payments	500	1,000
Performance based bonus	3,445	4,934
Contributions to pension scheme	744	739
Independent non-executive		
Other remuneration	80	60
	<hr/>	<hr/>
	10,294	12,218
	<hr/>	<hr/>
	10,474	12,398
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31st December, 2000

8. DIRECTORS' EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2000	1999
	Number of directors	Number of directors
Nil to HK\$500,000	6	6
HK\$500,001 to HK\$1,000,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$6,500,001 to HK\$7,000,000	1	–
HK\$7,500,001 to HK\$8,000,000	–	1
	8	9

9. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (1999: two) were directors whose emoluments are included in the disclosures in note 8. The emoluments of the remaining three (1999: three) individuals were as follows:

	2000	1999
	HK\$'000	HK\$'000
Salaries and other emoluments	6,493	5,471
Contributions to pension scheme	–	110
	6,493	5,581

Their emoluments were within the following bands:

	2000	1999
	Number of employees	Number of employees
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	1
HK\$3,500,001 to HK\$4,000,000	1	–
	3	3

10. TAXATION

	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
Company and subsidiaries		
Hong Kong Profits Tax	8,079	8,936
Income tax outside Hong Kong	117	907
	<hr/>	<hr/>
	8,196	9,843
Deferred taxation credit	(367)	(568)
	<hr/>	<hr/>
	7,829	9,275
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong Profits Tax is calculated at 16% (1999: 16%) of the estimated assessable profits. Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions. Details of the potential deferred tax asset (liability) are set out in note 33.

11. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$102,725,000 (1999: HK\$150,136,000), profit of HK\$15,732,000 (1999: HK\$68,241,000) has been dealt with in the financial statements of the Company.

12. DIVIDENDS

	2000 HK\$'000	1999 HK\$'000
Interim, paid—HK6 cents per share on 505,293,586 shares (1999: HK 6 cents per share on 504,901,413 shares)	30,318	30,294
Final, proposed—HK10 cents per share on 507,293,586 shares (1999: HK10 cents per share on 504,901,413 shares)	50,729	50,490
Additional prior year's dividend paid on exercise of share options and 2008 warrants subsequent to the issue of the annual report	39	220
	<hr/>	<hr/>
	81,086	81,004
	<hr/> <hr/>	<hr/> <hr/>

13. EARNINGS PER SHARE

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

Earnings

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Net profit for the year	<u>102,725</u>	<u>150,136</u>
Earnings for the purposes of basic earnings per share	102,725	150,136
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of subsidiaries/associates based on dilution of their earnings per share	<u>(6,591)</u>	<u>(3,367)</u>
Earnings for the purposes of diluted earnings per share	<u>96,134</u>	<u>146,769</u>

Number of shares

	2000	1999
Weighted average number of ordinary shares for the purposes of basic earnings per share	505,210,911	540,007,406
Effect of dilutive potential ordinary shares:		
Options	4,571,434	2,654,494
Warrants	<u>54,194,947</u>	<u>55,939,326</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>563,977,292</u>	<u>598,601,226</u>

14. INVESTMENT PROPERTIES

	In New Zealand and Australia held freehold HK\$'000	In Hong Kong held under long leases HK\$'000	In Hong Kong held under medium- term leases HK\$'000	In other regions of the People's Republic of China ("PRC") held under medium- term leases HK\$'000	In Australia held under long leases HK\$'000	In New Zealand held under short lease HK\$'000	In New Zealand held under long lease HK\$'000	Total HK'000
THE GROUP								
VALUATION								
At 1st January, 2000	3,629,281	105,000	2,204,000	-	88,880	8,130	357,944	6,393,235
Exchange adjustments	(554,403)	-	-	-	(15,163)	(1,256)	(51,031)	(621,853)
Additions	131,840	-	-	23,675	-	-	2,980	158,495
Transfer in (to)	1,184,282	-	-	-	-	-	(49,883)	1,134,399
(Deficit) surplus on valuation	(142,586)	5,000	47,000	9,625	23,506	-	(18,503)	(75,958)
On disposal of subsidiaries	(129,162)	-	-	-	-	-	-	(129,162)
Disposals	(47,170)	-	-	-	-	-	(758)	(47,928)
At 31st December, 2000	<u>4,072,082</u>	<u>110,000</u>	<u>2,251,000</u>	<u>33,300</u>	<u>97,223</u>	<u>6,874</u>	<u>240,749</u>	<u>6,811,228</u>
DEPRECIATION								
At 1st January, 2000	-	-	-	-	-	4,720	-	4,720
Exchange adjustments	-	-	-	-	-	(729)	-	(729)
Provided for the year	-	-	-	-	-	1,304	-	1,304
At 31st December, 2000	-	-	-	-	-	<u>5,295</u>	-	<u>5,295</u>
NET BOOK VALUES								
At 31st December, 2000	<u>4,072,082</u>	<u>110,000</u>	<u>2,251,000</u>	<u>33,300</u>	<u>97,223</u>	<u>1,579</u>	<u>240,749</u>	<u>6,805,933</u>
At 31st December, 1999	<u>3,629,281</u>	<u>105,000</u>	<u>2,204,000</u>	-	<u>88,880</u>	<u>3,410</u>	<u>357,944</u>	<u>6,388,515</u>

The Group's investment properties have been revalued as at 31st December, 2000 on an open market value basis by independent professional valuers as follows:

Properties situated in:	Name of independent professional valuer
Hong Kong held under medium-term and long leases	Chesterton Petty Ltd., Independent Chartered Surveyors
PRC held under medium-term leases	CB Richard Ellis Limited, Independent Professional Valuer
New Zealand and Australia held under long leases	Colliers Jardine New Zealand Limited, Colliers Jardine Consultancy and Valuation Pty Limited
New Zealand and Australia held freehold	Jones Lang La Salle Advisory Limited, International Property Consultants

The Group's investment property situated in New Zealand held under short lease is stated at directors' valuation. The above-mentioned valuations have been adopted by the directors in these financial statements and the net surplus arising on revaluation, which has been credited to the investment properties revaluation reserve, amounting to HK\$9,237,000.

Notes to the Financial Statements
For the year ended 31st December, 2000

15. PROPERTY, PLANT AND EQUIPMENT

	Properties under development (note a) HK\$'000	Land and buildings (note b) HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles (note c) HK\$'000	Plant and machinery HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
THE GROUP							
COST							
At 1st January, 2000	1,451,218	1,010	29,969	14,137	2,067	748	1,499,149
Exchange adjustments	(156,242)	(130)	(2,760)	(882)	-	-	(160,014)
Additions	220,147	-	3,956	3,520	375	-	227,998
Disposals	-	(136)	(9,374)	(6,656)	(161)	-	(16,327)
Transfer in (to)	(1,102,541)	-	(1,671)	-	-	1,671	(1,102,541)
At 31st December, 2000	412,582	744	20,120	10,119	2,281	2,419	448,265
DEPRECIATION							
At 1st January, 2000	18,511	147	22,123	9,554	1,051	281	51,667
Exchange adjustments	-	(19)	(1,967)	(302)	-	-	(2,288)
Provided for the year	-	28	2,890	882	191	210	4,201
Eliminated on disposals	-	(24)	(7,322)	(3,546)	(101)	-	(10,993)
Provision for diminution in value	6,562	-	-	-	-	-	6,562
Transfer in (to)	-	-	(1,636)	-	-	1,636	-
At 31st December, 2000	25,073	132	14,088	6,588	1,141	2,127	49,149
NET BOOK VALUES							
At 31st December, 2000	387,509	612	6,032	3,531	1,140	292	399,116
At 31st December, 1999	1,432,707	863	7,846	4,583	1,016	467	1,447,482

(a) Properties under development

	In other regions of PRC under long lease HK\$'000	In New Zealand and Australia under long lease HK\$'000	Total HK\$'000
COST			
At 1st January, 2000	386,627	1,064,591	1,451,218
Exchange adjustment	1,723	(157,965)	(156,242)
Additions	15,933	204,214	220,147
Transfer to investment properties	-	(1,102,541)	(1,102,541)
At 31st December, 2000	404,283	8,299	412,582

15. PROPERTY, PLANT AND EQUIPMENT (Continued)**(a) Properties under development (Continued)**

At 31st December, 2000, the net interest capitalised to properties under development was HK\$126,734,000 (1999: HK\$74,134,000) of which HK\$52,600,000 (1999: HK\$32,391,000) was incurred during the year; the total amount of depreciation on furniture, fixtures and equipment capitalised to properties under development was HK\$299,000 (1999: HK\$282,000) of which HK\$17,000 (1999: HK\$21,000) was charged during the year; the total amount of depreciation on motor vehicles capitalised to properties under development was HK\$1,768,000 (1999: HK\$1,682,000) of which HK\$86,000 (1999: HK\$70,000) was charged during the year.

Certain property development projects have been temporarily suspended during the year. No interest has been capitalised since suspension.

(b) Land and buildings

	In other regions in the PRC under long lease HK\$'000	In the Republic of Indonesia under long lease HK\$'000	Total HK\$'000
COST			
At 1st January, 2000	544	466	1,010
Exchange adjustments	–	(130)	(130)
Disposals	(136)	–	(136)
	<u>408</u>	<u>336</u>	<u>744</u>
At 31st December, 2000	<u>408</u>	<u>336</u>	<u>744</u>

(c) At 31st December, 2000, the carrying value of motor vehicles includes an amount of HK\$1,812,000 (1999: HK\$3,006,000) in respect of assets held under finance leases.

16. PERMANENT QUOTAS

	THE GROUP HK\$'000
COST	
At 1st January, 2000 and at 31st December, 2000	85,511
AMORTISATION	
At 1st January, 2000 and at 31st December, 2000	<u>(85,511)</u>
NET BOOK VALUES	
At 31st December, 2000 and at 31st December, 1999	<u>–</u>

17. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2000 HK\$'000	1999 HK\$'000
Investments in unlisted shares at cost (less amounts written off)	259,461	259,461
Less: provision for impairment	(122,875)	–
	<u>136,586</u>	<u>259,461</u>

The directors are of the opinion that a complete list of the particulars of all subsidiaries of the Group will be of excessive length and therefore the following list contains only the particulars of subsidiaries which principally affect the results or net assets of the Group.

Details of the principal subsidiaries, all of which are companies with limited liability, at 31st December, 2000 are set out as below:

Direct subsidiaries	Place/country of incorporation/operation	Issued and paid up share capital	Effective percentage of issued share capital held by the Company	Principal activities
Chisel Limited	The British Virgin Islands/ Hong Kong	2 ordinary shares of US\$1 each	100	Investment holding
Modern Tender Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Investment holding
S E A Holdings (NZ) Limited	The British Virgin Islands/ New Zealand	1 ordinary share of US\$1	100	Investment holding
SEABO Pacific Limited	Bermuda	767,919 ordinary shares of HK\$1 each	100	Investment holding
South-East Asia Investment and Agency Company, Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Investment holding

17. INVESTMENTS IN SUBSIDIARIES (Continued)

Indirect subsidiaries	Place/country of incorporation or registration/operation	Issued and paid up share capital/ registered capital	Effective percentage of issued share capital/ registered capital held by the Company	Principal activities
AGP Management Pty Ltd.	Australia	AUD350,000	100	Property and asset management
Asia Pacific Investment and Management Services N.V.	Netherlands Antilles	US\$6,000	100	Consultancy and management services
Chengdu Huashang House Development Co., Ltd.	PRC (note)	RMB50,000,000	97	Property development
Guangzhou Yingfat House Property Development Co., Ltd.	PRC (note)	US\$20,110,000	100	Property development
Guangzhou Yingtat House Property Development Co., Ltd.	PRC (note)	US\$5,000,000	100	Property development
Handy View Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment and garment trading
Polyfull Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property development
Shinning Worldwide Limited	The British Virgin Islands/ Hong Kong	1,000 ordinary shares of US\$1 each	55	Property development
Top Greenery Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Fund management
Trans Tasman Properties Limited*	New Zealand	598,709,449 shares of no par value	54.8	Property investment and development
UniMilo's Knitwear Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	60	Garment manufacturing
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment

* The financial statements of Trans Tasman Properties Limited are not audited by Deloitte Touche Tohmatsu.

Note: These companies are incorporated in the form of Sino-foreign co-operative joint venture.

18. INTERESTS IN ASSOCIATES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Investments in associates		
Share of net assets		
– listed	–	82,960
– unlisted	48,912	–
	<u>48,912</u>	<u>82,960</u>
Market value:		
Listed shares in an associate	–	70,637
	<u>–</u>	<u>70,637</u>

Liquidation of the associate, Global Property Fund, formerly listed in Australia, with 12.5% effective equity interest owned by the Group, commenced on 28th June, 2000. The carrying value of HK\$25,788,000 is included above, being the estimated recoverable amount from this investment.

Details of the Group's interests in associates, all of which are companies with limited liability, at 31st December, 2000 are as follows:

Name of company	Place/ country of incorporation/ operation	Class of shares held	Effective percentage of nominal value of issued capital held by the Group	Principal activities
Athena Technologies (Hong Kong) Limited	Hong Kong	Ordinary	50	Provision of services
Athena Technologies Inc.	British Virgin Islands	Ordinary	50	Investment holding
Cybapolis Limited	Hong Kong	Ordinary	50	Software development
DFreedomZone Inc.	The United States of America	Common stock	50	Software development
e-commerce Logistics Limited	Hong Kong	Ordinary	35	e-fulfillment, warehousing and delivery services
GSB Supplynet Limited	New Zealand	Ordinary	44	Public sector procurement
Professional Service Brokers Limited	New Zealand	Ordinary Preference	44 44	Procurement management
Supplynet Limited	New Zealand	Ordinary	39	e-commerce marketplace
Wisdom Zone Limited	Hong Kong	Ordinary	50	Property investment

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Share of net liabilities	(13,701)	(13,723)
Loans to jointly controlled entities	53,380	53,231
	<u>39,679</u>	<u>39,508</u>

The loans are unsecured and interest free.

As at 31st December, 2000, the Group had interests in the following jointly controlled entities formed as Sino-foreign equity joint venture:

Name of entity	Country of registration/ operation	Registered capital	Effective percentage of registered capital held by the Group	Principal activities
Chengdu Mingqiang Real Estate Co., Ltd.	PRC	US\$6,000,000	50	Property development
Sichuan Jinhong Cement Co., Ltd.	PRC	US\$10,000,000	50	Cement manufacturing

20. OTHER INVESTMENTS

	Held to maturity securities		Investment in securities Non-trading securities		Trading securities		Total	
	2000	1999	2000	1999	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP								
Debt security:								
Listed – overseas	20,090	20,090	–	–	–	–	20,090	20,090
Unlisted	47	–	–	–	–	–	47	–
	<u>20,137</u>	<u>20,090</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>20,137</u>	<u>20,090</u>
Equity securities:								
Listed – Hong Kong	–	–	102,901	30,856	4,167	–	107,068	30,856
– overseas	–	–	22	–	–	–	22	–
Unlisted	–	–	628	684	–	–	628	684
	<u>–</u>	<u>–</u>	<u>103,551</u>	<u>31,540</u>	<u>4,167</u>	<u>–</u>	<u>107,718</u>	<u>31,540</u>
Club debentures/memberships								
Unlisted	–	–	10,674	10,674	–	–	10,674	10,674
	<u>20,137</u>	<u>20,090</u>	<u>114,225</u>	<u>42,214</u>	<u>4,167</u>	<u>–</u>	<u>138,529</u>	<u>62,304</u>
Market value of listed securities	<u>20,439</u>	<u>20,340</u>	<u>102,923</u>	<u>30,856</u>	<u>4,167</u>	<u>–</u>	<u>127,529</u>	<u>51,196</u>
Carrying amount analysed for reporting purposes as:								
Current	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,167</u>	<u>–</u>	<u>4,167</u>	<u>–</u>
Non-current	<u>20,137</u>	<u>20,090</u>	<u>114,225</u>	<u>42,214</u>	<u>–</u>	<u>–</u>	<u>134,362</u>	<u>62,304</u>

21. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts are unsecured and interest free.

22. OTHER LOANS RECEIVABLE

Included in the other loans receivable are advances secured by mortgages over leasehold properties in Hong Kong, amounting to HK\$722,000 (1999: HK\$12,772,000).

23. INVENTORIES

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Raw materials	664	642
Work-in-progress	2,723	2,099
	<u>3,387</u>	<u>2,741</u>

All inventories are stated at cost.

24. PROPERTIES FOR SALE

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Completed	68,774	78,917
Under development	235,262	295,721
	<u>304,036</u>	<u>374,638</u>

Included in the above are completed properties for sale and properties under development for sale of HK\$68,774,000 (1999: HK\$1,228,000) and HK\$235,262,000 (1999: HK\$295,721,000) respectively which are carried at net realisable values.

25. 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\$27,562,000 (1999: HK\$38,521,000), an aged analysis of which at the reporting date is as follows:

	2000	1999
	HK\$'000	HK\$'000
0 to 60 days	19,279	15,932
61 to 90 days	3,494	782
91 to 365 days	2,774	11,083
Over 365 days	2,015	10,724
	<u>27,562</u>	<u>38,521</u>

26. ADVANCES TO DIRECTORS OF AN INDIRECT SUBSIDIARY

	Mr. Donald I. Fletcher <i>HK\$'000</i>	Mr. R.J. Hodge <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at beginning of the year	<u>1,348</u>	<u>407</u>	<u>1,755</u>
Balance at end of the year	<u>1,192</u>	<u>114</u>	<u>1,306</u>
Maximum amount outstanding during the year	<u>1,415</u>	<u>407</u>	
Interest rate per annum	<u>Nil</u>	<u>4.3%</u>	

The above advances are unsecured and repayable on demand.

27. AMOUNTS DUE FROM (TO) AN ASSOCIATE

The amounts are unsecured, non-interest bearing and repayable on demand.

28. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in creditors, deposits and accrued charges are trade creditors of HK\$26,148,000 (1999: HK\$36,540,000), an aged analysis of which at the reporting date is as follows:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
0 to 60 days	18,981	18,886
61 to 90 days	3,982	1,323
91 to 365 days	2,525	8,603
Over 365 days	660	7,728
	<u>26,148</u>	<u>36,540</u>

29. BORROWINGS

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Bank loans and overdrafts		
– secured	4,019,136	5,026,792
– unsecured	–	211
Convertible capital notes	142,378	224,079
Obligations under finance leases	1,997	3,179
Other loans	628	1,186
	<u>4,164,139</u>	<u>5,255,447</u>
The borrowings are repayable as follows:		
Bank loans and overdrafts:		
Within one year	859,007	1,147,340
More than one year, but not exceeding two years	2,269,339	195,011
More than two years, but not exceeding five years	625,937	3,386,930
More than five years	264,853	297,722
	<u>4,019,136</u>	<u>5,027,003</u>
Convertible capital notes (<i>note</i>)	142,378	224,079
Obligations under finance leases:		
Within one year	259	697
More than one year, but not exceeding two years	283	1,781
More than two years, but not exceeding five years	1,455	701
	<u>1,997</u>	<u>3,179</u>
Other loans:		
More than one year, but not exceeding two years	354	419
More than two years, but not exceeding five years	274	767
	<u>628</u>	<u>1,186</u>
Total	4,164,139	5,255,447
Less: Amounts due within one year shown under current liabilities	<u>(859,266)</u>	<u>(1,148,037)</u>
Amount due after one year	<u>3,304,873</u>	<u>4,107,410</u>

29. BORROWINGS (Continued)

Notes: The convertible capital notes will mature on 27th June, 2004 and bear interest at 9.5% per annum. Upon maturity, the noteholders may elect to convert some or all of the notes into the shares of the issuer subsidiary, Trans Tasman Properties Limited ("TTP"), on a one for one basis and/or redeem some or all of the notes for NZ\$1 each. TTP reserves the right on maturity to override the noteholders' election to redeem their notes in cash and to allot shares instead. The notes are unsecured and subordinated to other debts of TTP until conversion.

TTP is a New Zealand public listed investment holding company and 54.8% of the shares in TTP is held by the Group as at 31st December, 2000.

30. OTHER PAYABLES

	THE GROUP	
	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
The other payables are payable as follows:		
Within one year	17,854	11,320
More than one year, but not exceeding two years	–	13,254
More than two years but not exceeding five years	<u>18,843</u>	<u>25,401</u>
	36,697	49,975
Less: Amounts due within one year shown under current liabilities	<u>(17,854)</u>	<u>(11,320)</u>
Amount due after one year	<u>18,843</u>	<u>38,655</u>

31. SHARE CAPITAL

Movements during the year in the share capital of the Company were as follows:

	Number of shares		Share capital	
	2000	1999	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning and end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:				
At beginning of year	504,901,413	545,910,703	50,490	54,591
Shares issued on exercise of share options	2,000,000	–	200	–
Shares issued on exercise of warrant subscription rights	392,173	3,496,085	39	350
Shares repurchased and cancelled	–	<u>(44,505,375)</u>	–	<u>(4,451)</u>
At end of year	<u>507,293,586</u>	<u>504,901,413</u>	<u>50,729</u>	<u>50,490</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

31. SHARE CAPITAL (Continued)

Notes:

- (a) During the year, certain holders of warrants exercised their rights to subscribe for 392,173 ordinary shares at an exercise price of HK\$1.38 per share.
- (b) During the year, certain option holders of the Company's Employee Share Option Scheme exercised their options to subscribe for 2,000,000 ordinary shares at an exercise price of HK\$1.85 per share.
- (c) Warrants

The Company had outstanding warrants expiring in 2008 and entitling the registered holders to subscribe in cash for fully paid shares of HK\$0.1 each of the Company at a subscription price of HK\$1.38 per share, subject to adjustment, until 3rd December, 2008. As at the balance sheet date, the aggregate par value of shares issuable against the outstanding warrants amounted to HK\$12,497,314 (1999: HK\$12,536,531) and the amount receivable by the Company upon full exercise of the warrants amounted to HK\$172,462,925 (1999: HK\$173,004,125).

Exercise in full of the rights attached to the 2008 warrants still outstanding at the balance sheet date would, under the present capital structure of the Company, result in the issue of 124,973,135 (1999: 125,365,308) additional shares of HK\$0.1 each.

- (d) Employee Share Option Scheme

The Company operates an Employee Share Option Scheme for the benefits of its eligible employees, including executive directors. The original scheme was adopted on 30th June, 1990, a new scheme was approved and adopted on 23rd June, 2000 and to be effective until 29th June, 2010.

Under the terms of the Employee Share Option Scheme, the board of directors of the Company may offer to any director or full time employee/chief executive of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares and 80% of the average of the closing prices of shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% or such other percentage limit as the Stock Exchange may from time to time prescribe, of the issued share capital of the Company from time to time.

Pursuant to the Company's Employee Share Option Scheme, options to purchase ordinary shares in the Company are granted to directors and employees. Particulars of movements of the options during the year are as follows:

Price per share to be paid on exercise of option HK\$	Number of options			
	Outstanding at beginning of year	Granted during the year	Exercised during the year	Outstanding at end of year
1.44	–	28,000,000	–	28,000,000
1.85	23,000,000	–	2,000,000	21,000,000
2.78	13,500,000	–	–	13,500,000
4.40	2,200,000	–	–	2,200,000
	<u>38,700,000</u>	<u>28,000,000</u>	<u>2,000,000</u>	<u>64,700,000</u>

Consideration received by the Company for options granted during the year amounted to HK\$30.

Notes to the Financial Statements

For the year ended 31st December, 2000

32. RESERVES

	Investment property revaluation reserve HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE GROUP									
At 1st January, 1999	632,059	226,611	(133,584)	(9,335)	253,363	-	277,707	1,940,811	3,187,632
Arising upon acquisition of additional interest in a subsidiary	-	-	-	-	(397)	-	-	-	(397)
Arising upon acquisition of associates	-	-	-	-	(16,197)	-	-	-	(16,197)
Released upon liquidation of subsidiaries	-	-	-	-	940	-	-	-	940
Revaluation surplus of investment properties	39,259	-	-	-	-	-	-	-	39,259
Released upon disposal of investment properties	(11,122)	-	-	-	-	-	-	-	(11,122)
Exchange movement during the year	-	-	41,488	-	-	-	-	-	41,488
Shares repurchased and cancelled	-	(84,560)	-	-	-	4,451	-	(4,451)	(84,560)
Premium on issue of shares upon exercise of 2008 warrant rights	-	4,475	-	-	-	-	-	-	4,475
Unrealised holding gain on investments in securities	-	-	-	2,323	-	-	-	-	2,323
Net profit for the year	-	-	-	-	-	-	-	150,136	150,136
Dividends	-	-	-	-	-	-	-	(81,004)	(81,004)
At 31st December, 1999	660,196	146,526	(92,096)	(7,012)	237,709	4,451	277,707	2,005,492	3,232,973
Arising upon acquisition of associates	-	-	-	-	(80,396)	-	-	-	(80,396)
Released upon liquidation of an associate	-	-	(395)	-	16,197	-	-	-	15,802
Revaluation surplus of investment properties	9,237	-	-	-	-	-	-	-	9,237
Released upon disposal of investment properties	23,684	-	-	-	-	-	-	-	23,684
Exchange movement during the year	-	-	(104,236)	-	-	-	-	-	(104,236)
Premium on issue of shares upon exercise of Employees' options	-	3,500	-	-	-	-	-	-	3,500
Premium on issue of shares upon exercise of 2008 warrant rights	-	502	-	-	-	-	-	-	502
Unrealised holding loss on investments in securities	-	-	-	(27,687)	-	-	-	-	(27,687)
Net profit for the year	-	-	-	-	-	-	-	102,725	102,725
Dividends	-	-	-	-	-	-	-	(81,086)	(81,086)
At 31st December, 2000	<u>693,117</u>	<u>150,528</u>	<u>(196,727)</u>	<u>(34,699)</u>	<u>173,510</u>	<u>4,451</u>	<u>277,707</u>	<u>2,027,131</u>	<u>3,095,018</u>

Notes to the Financial Statements
For the year ended 31st December, 2000

32. RESERVES (Continued)

	Investment property revaluation reserve HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY									
At 1st January, 1999	-	226,611	-	-	-	-	190,081	1,949,738	2,366,430
Shares repurchased and cancelled	-	(84,560)	-	-	-	4,451	-	(4,451)	(84,560)
Premium on issue of shares upon exercise of 2008 warrant rights	-	4,475	-	-	-	-	-	-	4,475
Net profit for the year	-	-	-	-	-	-	-	68,241	68,241
Dividends	-	-	-	-	-	-	-	(81,004)	(81,004)
At 31st December, 1999	-	146,526	-	-	-	4,451	190,081	1,932,524	2,273,582
Premium on issue of shares upon exercise of 2008 warrant rights	-	502	-	-	-	-	-	-	502
Premium on issue of shares upon exercise of Employees' option	-	3,500	-	-	-	-	-	-	3,500
Net profit for the year	-	-	-	-	-	-	-	15,732	15,732
Dividends	-	-	-	-	-	-	-	(81,086)	(81,086)
At 31st December, 2000	-	150,528	-	-	-	4,451	190,081	1,867,170	2,212,230

Included in the above is the Group's share of post-acquisition reserves of its associates, as follows:

	Investment property revaluation reserve HK\$'000	Translation reserve HK\$'000	Capital reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 1999	50,307	11,678	-	(37,730)	24,255
Movements during the year	(50,307)	(2,594)	(16,197)	-	(69,098)
Net profit for the year	-	-	-	17,968	17,968
At 31st December, 1999	-	9,084	(16,197)	(19,762)	(26,875)
Movements during the year	-	(6,640)	(64,199)	14,322	(56,517)
Net loss for the year	-	-	-	(3,644)	(3,644)
At 31st December, 2000	-	2,444	(80,396)	(9,084)	(87,036)

32. RESERVES (Continued)

Included in the above is the Group's share of the post-acquisition reserves of its jointly controlled entities as follows:

	Accumulated profits HK\$'000
At 1st January, 1999	(19,245)
Net loss for the year	<u>(371)</u>
At 31st December, 1999	(19,616)
Net profit for the year	<u>22</u>
At 31st December, 2000	<u><u>(19,594)</u></u>

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for their acquisition at the time of the Group reorganisation. According to the Bye-laws of the Company, the contributed surplus is distributable.

The Company's reserves available for distribution to shareholders as at 31st December, 2000 amounted to HK\$2,057,251,000 (1999: HK\$2,122,605,000).

33. DEFERRED TAXATION

Deferred taxation payable at the balance sheet date, represents the provision for taxation effect of timing differences due to deferred exchange gain.

The amount of the unprovided deferred tax asset (liability) for the year is as follows:

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Accelerated depreciation allowances	(41,835)	(49,879)	–	–
Tax losses	107,748	116,303	1,656	2,233
Other timing differences	(17,983)	24,606	–	–
	<u>47,930</u>	<u>91,030</u>	<u>1,656</u>	<u>2,233</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

33. DEFERRED TAXATION (Continued)

The amount of the unprovided deferred tax (charge) credit of the Group for the year is as follows:

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Accelerated depreciation allowances	8,044	(49,526)
Tax losses (utilised) arising	(8,555)	110,308
Other timing differences	(42,589)	24,606
	(43,100)	85,388

The net deferred tax asset has not been recognised in the financial statements as it is not certain that the net deferred tax benefit will be utilised in the foreseeable future.

Deferred tax has not been provided on the revaluation surplus arising on the valuation of investment properties situated in Hong Kong and investments in non-trading securities as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, such revaluation does not constitute a timing difference for tax purposes.

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of property in PRC as it is not expected that the potential deferred taxation liability will crystallise in the foreseeable future.

34. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000	1999
	HK\$'000	HK\$'000
Profit before taxation	159,188	206,472
Share of results of associates	(12,202)	(17,968)
Share of results of jointly controlled entities	(22)	371
Depreciation and amortisation	5,402	6,077
Interest income	(117,094)	(168,009)
Interest expenses	300,871	304,527
Bad debts written off	1,055	2,090
Loss (gain) on disposal of subsidiaries	26,277	(20,656)
Loss on disposal of investment properties	42,940	31,123
Loss on dilution of interest in subsidiaries	–	22,434
Goodwill written off upon liquidation of an associate	15,802	–
Provision for mortgage loans receivable	9,423	–
Provision for diminution in the value of properties under development	6,562	18,511
Loss on disposal of property, plant and equipment	657	143
(Increase) decrease in inventories	(646)	5,582
Decrease in amounts due from associates	–	527
Decrease (increase) in properties for sale	38,744	(120,423)
Increase in other investments	(4,167)	–
Decrease in debtors, deposits and prepayments	6,262	337,319
Increase in advances to directors of an indirect subsidiary	79	138
Increase (decrease) in creditors, deposits and accrued charges	38,511	(145,831)
Decrease in other payables	(13,266)	(14,064)
Exchange difference	(42,446)	137,189
Net cash inflow from operating activities	461,930	585,552

35. PURCHASES OF SUBSIDIARIES

	2000	1999
	HK\$'000	HK\$'000
NET ASSETS ACQUIRED		
Investment properties	–	4,187,287
Property, plant and equipment		
Properties under development	–	644,893
Other assets	–	11,841
Interest in an associate	–	82,407
Other loans receivable	–	20,902
Debtors, deposits and prepayments	–	385,607
Bank balances and cash	–	229,305
Creditors, deposits and accrued charges	–	(163,931)
Bank and other borrowings	–	(2,721,491)
Taxation payable	–	(7,308)
Deferred taxation	–	(3,191)
Minority interests	–	(1,541,774)
	<u>–</u>	<u>–</u>
Transfer from interests in associates	–	1,124,547
	<u>–</u>	<u>(507,521)</u>
	<u>–</u>	<u>617,026</u>
Satisfied by:		
Cash consideration	–	198,670
Conversion of mandatory convertible notes	–	407,785
Debtors, deposits and prepayments	–	10,571
	<u>–</u>	<u>617,026</u>

Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiaries:

	2000	1999
	HK\$'000	HK\$'000
Cash consideration paid	–	(198,670)
Cash and cash equivalents acquired	–	229,305
	<u>–</u>	<u>229,305</u>
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	<u>–</u>	<u>30,635</u>

The subsidiaries acquired in 1999 contributed HK\$158,226,000 to the Group's net operating cash flows, paid HK\$24,573,000 in respect of the net returns on investment and servicing of finance, utilised HK\$371,508,000 for investing activities and raised HK\$311,535,000 in respect of financing activities during that year.

The subsidiaries acquired in 1999 contributed HK\$141,378,000 to the Group's turnover, and HK\$20,677,000 to the Group's operating loss for that year.

Notes to the Financial Statements

For the year ended 31st December, 2000

36. DISPOSAL OF SUBSIDIARIES

	2000 HK\$'000	1999 HK\$'000
NET ASSETS DISPOSED OF		
Property, plant and equipment	–	289,967
Investment properties	129,162	–
Inventories	–	4
Debtors, deposits and prepayments	6,426	4,739
Taxation recoverable	–	195
Bank balances and cash	–	73,522
Creditors, deposits and accrual charges	(1,127)	(50,846)
Bank borrowings	–	(75,702)
Taxation payable	–	(6,540)
Deferred taxation	–	(3,181)
Minority interests	189	(153,030)
	<u>134,650</u>	<u>79,128</u>
(Loss) gain on disposal of subsidiaries	<u>(26,277)</u>	<u>20,656</u>
	<u>108,373</u>	<u>99,784</u>
Satisfied by:		
Cash consideration	108,869	202
Balance of consideration receivable included in debtors, deposits and prepayments	–	10,571
Balance of consideration offset by creditors and accrual charges	(496)	–
Shares repurchased	–	89,011
	<u>108,373</u>	<u>99,784</u>

Analysis of the net inflow (outflow) of cash and cash equivalents in respect of the sale of subsidiaries:

	2000 HK\$'000	1999 HK\$'000
Cash consideration	108,869	202
Cash and cash equivalents disposed of	–	(73,522)
	<u>108,869</u>	<u>(73,320)</u>

The subsidiary disposed of during the year had no significant contribution to the Group's cash flows, the Group's turnover or the Group's profit from operations.

37. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank and other borrowings HK\$'000	Minority interests HK\$'000	Amounts due to associates HK\$'000
Balance at 1st January, 1999	281,202	2,468,875	272,099	–
Dividends paid to minority shareholders	–	–	(48,773)	–
Net cash inflow (outflow) from financing	4,825	77,537	(3,375)	–
Shares repurchased and cancelled	(89,011)	–	–	–
Acquisition of subsidiaries	–	2,721,491	1,541,774	–
On disposal of subsidiaries	–	(75,702)	(153,030)	–
Minority's share of loss and reserves	–	–	113,007	–
Exchange difference	–	57,027	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December, 1999	197,016	5,249,228	1,721,702	–
Net cash (outflow) inflow from financing	4,241	(549,942)	(58,759)	18,570
Inception of finance lease	–	2,339	–	–
On disposal of subsidiaries	–	–	189	–
Minority's share of profit and reserves	–	–	(248,020)	–
Exchange differences	–	(538,429)	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December, 2000	<u>201,257</u>	<u>4,163,196</u>	<u>1,415,112</u>	<u>18,570</u>

Notes to the Financial Statements

For the year ended 31st December, 2000

38. COMMITMENTS

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

	2000 HK\$'000	1999 <i>HK\$'000</i>
Hong Kong		
Authorised but not contracted for	<u>288,200</u>	<u>288,200</u>
Contracted for but not provided for in the financial statements	<u>30,756</u>	<u>31,896</u>
Other regions of the PRC		
Authorised but not contracted for	<u>593,980</u>	<u>664,500</u>
Contracted for but not provided for in the financial statements	<u>76,670</u>	<u>11,100</u>
New Zealand and Australia		
Authorised but not contracted for	<u>39,332</u>	<u>–</u>
Contracted for but not provided for in the financial statements	<u>32,860</u>	<u>162,710</u>

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises. The portion of these commitments which is payable in the following year is as follows:

	2000 HK\$'000	1999 <i>HK\$'000</i>
Operating leases which expire:		
Within one year	172	3,004
In the second to fifth years inclusive	12,411	10,390
Over five years	<u>4,380</u>	<u>27,731</u>
	<u>16,963</u>	<u>41,125</u>

The Company did not have any capital commitments or operating lease commitments at the balance sheet date.

39. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company did not have any significant contingent liabilities.

40. RETIREMENT BENEFITS SCHEME

The Group provides a defined contribution provident fund scheme for the benefit of its eligible employees in Hong Kong. The assets of the scheme are held separately from those of the Group under a trust administered by an independent trustee. The Group's contributions to this scheme, calculated at rates specified in the rules of the scheme, are recognised as expenses as incurred and may be reduced by contributions forfeited for those employees who have joined the scheme but left it prior to their entitlements becoming fully vested.

Forfeited contributions for the year amounting to HK\$601,000 (1999: HK\$367,000) can be used to reduce the level of contributions. Total contributions to the provident fund scheme for the year charged to the income statement amounted to HK\$1,599,000 (1999: HK\$1,137,000).

This scheme has now been closed to new employees as a consequence of the new Mandatory Provident Fund Pension Legislation introduced by the Hong Kong Government. New staff in Hong Kong joining the Group are required to join Mandatory Provident Fund.

All Hong Kong staff employed by the Group before 1st December, 2000 are offered to join the Mandatory Provident Fund or remain under the Group's provident fund scheme. The Group contributes 5% to 15%, while the employees contribute 5% of the monthly remunerations or HK\$1,000 per month to the Mandatory Provident Fund.

41. PLEDGE OF ASSETS

At the balance sheet date, the Group had the following mortgages and/or pledges over its assets to secure banking facilities and other loans granted to the Group.

- (a) Fixed and floating charges on investment properties with aggregate book values of HK\$6,772,633,000 (1999: HK\$7,398,835,000).
- (b) Properties for sales with aggregate book values of HK\$215,179,000 (1999: HK\$179,559,000)
- (c) Bank deposits of HK\$823,871,000 (1999: HK\$1,238,932,000).
- (d) The listed shares in a subsidiary.
- (e) Unlisted shares in a subsidiary.

Notes to the Financial Statements

For the year ended 31st December, 2000

42. POST BALANCE SHEET EVENT

As announced by the Company on 20th February, 2001, the board of directors of Trans Tasman Properties Limited ("TTP"), resolved on 19th February, 2001 to put to its shareholders other than the Group and the independent holders of its listed convertible capital notes ("CCN") a proposal to convert their shares and CCN into redeemable secured property bonds. TTP was a New Zealand public listed investment holding company and 54.8% of the shares in TTP were held by the Group as at 31st December, 2000.

The proposal is conditional upon, inter alia, the approval of the High Court of New Zealand, the New Zealand Stock Exchange, the remaining shareholders of TTP and the CCN holders.

Formal notification to the shareholders of TTP and the CCN holders regarding the proposal is expected to be dispatched by mid-May 2001. Should the proposal being approved and implemented, TTP will become a wholly-owned subsidiary of the Group.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of S E A Holdings Limited (the “Company”) will be held at the principal office of the Company, 26/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, on Tuesday, 22nd May, 2001 at 11:30 a.m. for the following purposes:–

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 2000.
2. To declare a final dividend.
3. To re-elect retiring director, determine a maximum number of directors, authorize the board of directors to appoint additional directors up to the maximum number and fix the directors’ remuneration.
4. To re-appoint auditors for the ensuing year and to authorise directors to fix their remuneration.
5. As special business, to consider and, if thought fit, pass with or without modification the following resolutions as Ordinary Resolutions:–

(A) **“THAT** the granting of an unconditional general mandate to the directors of the Company to issue, allot and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which would or might require the exercise of such powers, subject to the following conditions, be and is hereby generally and unconditionally approved:–

- (a) such mandate shall not extend beyond the Relevant Period (defined below) save that the directors of the Company may during the Relevant Period make or grant offers, agreements and options which would or might require the exercise of such powers after the end of the Relevant Period;
- (b) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company otherwise than pursuant to (i) a Rights Issue (defined below); (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company, or any securities which are convertible into ordinary shares of the Company; and (iii) any employee share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution;
- (c) such mandate shall be additional to the authority given to the directors at any time to allot and issue additional shares of the Company arising from the exercise of subscription rights under any warrants or the exercise of any options under any employee share option scheme of the Company; and
- (d) for the purposes of this Resolution:–

“Relevant Period” means the period from the date of the passing of this Resolution until whichever is the earlier of:–

- (i) the conclusion of the next annual general meeting of the Company;

Notice of Annual General Meeting

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or
- (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company made to holders of shares and/or warrants, as the case may be, whose names appear on the Register of Members and the Register of Warrant holders of the Company on a fixed record date in proportion to their then holdings of such shares and/or warrants (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

- (B) **“THAT** the exercise by the directors of the Company during the Relevant Period (defined below) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company (the “Shares”) and to repurchase warrants (the “Warrants”) issued by the Company, and that the exercise by the directors of the Company of all powers of the Company to purchase the Shares and the Warrants subject to and in accordance with all applicable laws, rules and regulations, be and are hereby generally and unconditionally approved, subject to the following conditions:-
- (a) such mandate shall not extend beyond the Relevant Period;
 - (b) such mandate shall authorise the directors of the Company to procure the Company to repurchase the Shares and the Warrants at such prices as the directors of the Company may at their discretion determine;
 - (c) the aggregate nominal amount of the Shares and the Warrants to be repurchased by the Company pursuant to this Resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital in issue and 10 per cent. of the aggregate subscription rights attaching to the Warrants outstanding respectively, as at the date of passing of this Resolution; and
 - (d) for the purposes of this Resolution, “Relevant Period” means the period from the date of passing of this Resolution until whichever is the earlier of:-
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; or
 - (iii) the revocation or variation of this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) **“THAT** conditional upon the passing of Resolution nos. 5(A) and 5(B) as set out in the Notice convening this Meeting, the aggregate nominal amount of the Shares in the capital of the Company which are repurchased by the Company pursuant to and in accordance with Resolution no. 5(B) shall be added to the aggregate nominal amount of the share capital of the Company that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to and in accordance with Resolution no. 5(A).”

6. As special business, to consider and, if thought fit, pass the following resolution as a Special Resolution:–

“THAT the Bye-laws of the Company be and are hereby amended in the following manners:

- (A) Bye-law 1

By adding the following definition of “clearing house” after the definition of “Board” as shown in Bye-law 1:

“clearing house” shall mean a recognized clearing house within the meaning of section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or a clearing house recognized by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction.

- (B) Bye-law 63

By adding the words “Notwithstanding the foregoing, each of the proxies appointed by a Member which is a clearing house (or its nominee(s) and, in each case, being a corporation) shall have one vote on a show of hands and a proxy (or proxies) appointed by a Member (not being the clearing house or its nominee) shall not vote on a show of hands at any general meeting.” after the words “on a poll every Member present in person or by proxy shall have one vote for every share of which he is the holder”.

- (C) Bye-law 76

By repealing Bye-law 76 and substituting:

“76. (A) Any corporation which is a Member of the Company may by resolution of its directors or other governing body authorise one such person as it thinks fit to act as its representative at any meeting of the Company or any class of Members of the Company. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member of the Company and such corporation shall for the purposes of these Bye-Laws be deemed to be present in person at any such meeting if a person so authorised is present thereof.

Notice of Annual General Meeting

- (B) Without prejudice and in addition to the foregoing, where a Member is a clearing house (or its nominee (s) and, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members of the Company provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually on a show of hands.
- (C) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.””

By Order of the Board
Wong Leung Wai
Company Secretary

Hong Kong, 30th March, 2001

Notes:-

- (1) Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. To be valid, a proxy form, together with power of attorney or other authority, if any, under which it is signed or a notorially certified copy thereof must be lodged at the principal office of the Company at 26th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the Meeting.
- (2) The Register of Members of the Company will be closed from Wednesday, 16th May, 2001 to Tuesday, 22nd May, 2001, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final 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, 5/F., Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 15th May, 2001.
- (3) Subject to the approval at the General Meeting, the final dividend will be payable on Friday, 25th May, 2001 to shareholders recorded on the Register of Members on Tuesday, 22nd May, 2001.
- (4) Members are recommended to read the circular of the Company containing important information concerning Resolutions nos. 5(B) and 5(C), which will be despatched in due course.
- (5) With reference to Resolution no. 6 above, the proposed amendments to Bye-laws 1, 63 and 76 are made in line with the enactment of the Companies Amendment Act 1999 and for satisfaction of the continuing admission criteria for shares as eligible securities with CCASS.