



SEA HOLDINGS LIMITED

爪哇控股有限公司



Annual Report 年報

2002

Directory

DIRECTORS

Lu Wing Chi, *Chairman and 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

Bank of China (Hong Kong) Limited

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

28/F., BEA Harbour View Centre

56 Gloucester Road

Wanchai, Hong Kong

STOCKCODE

0251

WEBSITE

www.seaholdings.com.hk

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Financial Highlights

FIVE YEAR FINANCIAL SUMMARY

RESULTS

	For the year ended 31st December				
	1998	1999	2000	2001	2002
	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>
Turnover	635.8	833.1	775.7	602.4	741.5
Profit (loss) before minority interests	(339.9)	209.4	99.4	70.0	(325.4)
Minority interests	256.5	(47.0)	(48.6)	(34.1)	124.6
Net profit (loss) for the year	(83.4)	162.4	50.8	35.9	(200.8)

ASSETS AND LIABILITIES

	At 31st December				
	1998	1999	2000	2001	2002
	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>	<i>HK\$m</i>
Total assets	6,364.3	10,551.2	9,048.9	8,096.3	7,250.0
Total liabilities	(2,988.0)	(5,675.9)	(4,605.4)	(4,235.5)	(3,340.3)
Minority interests	(272.1)	(1,721.7)	(1,415.1)	(1,235.9)	(1,446.7)
Shareholders' funds	3,104.2	3,153.6	3,028.4	2,624.9	2,463.0

PERFORMANCE DATA

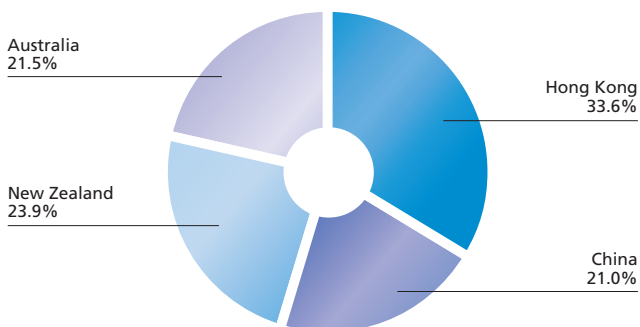
Earnings (Loss) per share (<i>HK\$</i>)	(0.15)	0.30	0.10	0.07	(0.39)
Dividends declared per share (<i>HK\$</i>)	0.16	0.16	0.16	0.16	–

Financial Highlights

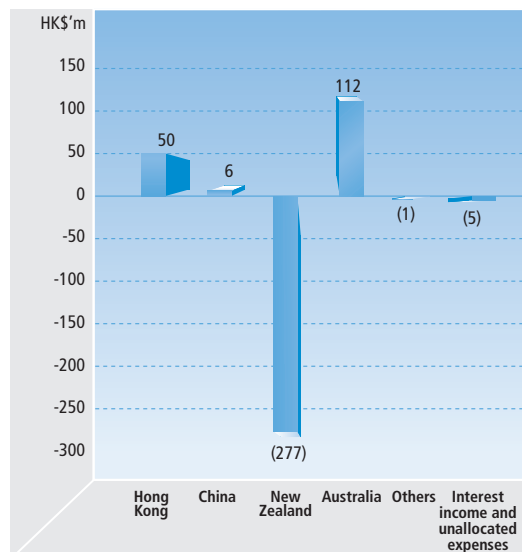
2002 RESULTS BY SEGMENT

GEOGRAPHICAL SEGMENTS

Revenue

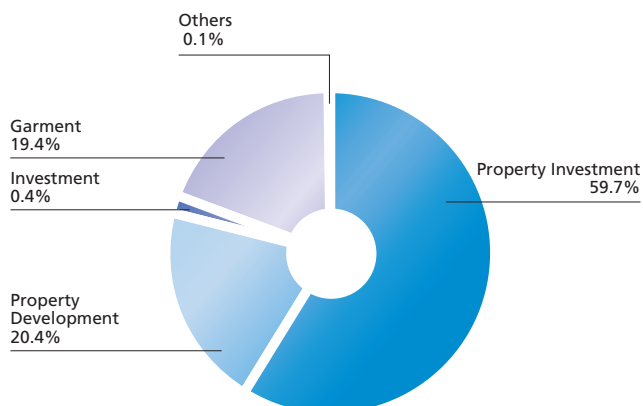


Profit/Loss from Operations*

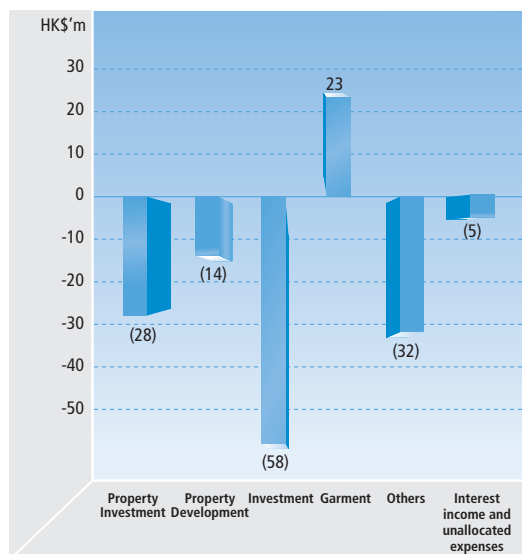


BUSINESS SEGMENTS

Revenue



Profit/Loss from Operations*



* Before finance cost, share of results of associates and joint ventures, taxation and minority interest.

Property Portfolio as at 31st December, 2002

SUMMARY

	New Zealand	Australia	Hong Kong	China
Total rental properties owned (number)	14	6	2	1
Office properties (number)	10	6	2	1
Average lease life (years)	4.2	8.5	3.0	3.0
Occupancy rate (%)	96	91	92	100
Net lettable area (sq.m.)	133,845	70,084	33,692	17,474
Development sites owned (number)	10	2	2	3
Gross building area when completed (sq.m.)	Planning	16,770	45,120	331,612

MAJOR INVESTMENT PROPERTIES

HONG KONG

Medium and long term leases

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

NEW ZEALAND

Freehold

Name and location	Use	Approximate lettable floor area (sq.m.)	Group's interest
Fletcher Challenge Complex 810 Great South Road, Penrose, Auckland	Industrial/ Office	48,527	55.16%
Finance Centre Qantas House 191 Queen Street, Auckland	Office	17,528	55.16%
Simpson Grierson Building 96-98 Albert Street, Auckland	Office	11,044	55.16%
Brookfields House 19 Victoria Street West, Auckland	Office	10,592	55.16%
Durham House 22 Durham Street West, Auckland	Office	1,683	55.16%
Finance Centre Carpark Durham Lane, Auckland	Carpark	–	55.16%
EDS House 12-14 Gilmer Terrace, Wellington	Office	10,088	55.16%
Colmar Brunton House 1-7 The Strand, Takapuna, Auckland	Office/Retail	10,059	55.16%

Property Portfolio as at 31st December, 2002

MAJOR INVESTMENT PROPERTIES (Continued)

NEW ZEALAND (Continued)

Freehold (Continued)

Name and location	Use	Approximate lettable floor area (sq.m.)	Group's interest
Citibank Centre 23-27 Customs Street East, Auckland	Office	9,784	55.16%
Auckland Club Tower 34 Shortland Street, Auckland	Office	8,283	55.16%
ASB Bank Building, 500 Victoria Street, Hamilton	Office	6,259	55.16%

AUSTRALIA

Freehold

Name and location	Use	Approximate lettable floor area (sq.m.)	Group's interest
363 George Street Complex 363 George Street, Sydney 24 York Street, Sydney	Office Office	27,716 4,700	27.65% 27.65%
The Landmark 345 George Street, Sydney	Office	21,021	27.65%
601 Bourke Street Melbourne	Office	8,065	27.65%

OTHER REGIONS OF THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Medium-term leases

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

MAJOR PROPERTIES UNDER DEVELOPMENT

AUSTRALIA

Freehold

Name and location	Approximate lettable floor area (sq.m.)	Use	Stage of Completion	Estimated completion date	Group's Interest
65 York Street, Sydney	8,508	Strata Office Development	Building services and finishing work for the first phase in progress	2nd quarter 2003	27.65%

Property Portfolio as at 31st December, 2002

MAJOR PROPERTIES UNDER DEVELOPMENT (Continued)

HONG KONG

Name and location	Approximate floor area (sq.m.)	Use	Stage of Completion	Estimated completion date	Group's Interest
14-20 Leighton Road Causeway Bay, Hong Kong	3,502	Residential	In the process of project design	Mid 2005	100%
Fanling Sheung Shui Town Lot No. 189, New Territories	29,779	Residential	Foundation work in progress	End 2004	55%

OTHER REGIONS OF THE PRC

Name and location	Approximate lettable floor area (sq.m.)	Use	Stage of Completion	Estimated completion date	Group's Interest
Overseas Exchange Square Yan Shi Kou, Chengdu City, Sichuan	89,000	Commercial/Office	Building service and finishing work in progress	1st quarter 2005	97%

MAJOR PROPERTIES UNDER DEVELOPMENT FOR SALE

NEW ZEALAND

Name and location	Approximate land area available for sale (sq.m.)	Use	Stage of Completion	Estimated completion date	Group's Interest
Airpark Business Centre Cnr Montgomerie Road & George Bolt Memorial Drive, Auckland	287,374	Commercial	Earthworks in progress	3rd quarter 2003	55%

OTHER REGIONS OF THE PRC

Name and location	Approximate floor area (sq.m.)	Use	Stage of Completion	Estimated completion date	Group's Interest
Westmin Plaza Zhongshan Road 7, Guangzhou, Guangdong	158,000	Residential/Commercial/Office	First Phase completed in Aug 2002. Second Phase design work in progress	First phase completed in Aug 2002. Second Phase to be completed in 4th quarter 2005	100%
New Century Plaza Xiyulong Street, Chengdu City Sichuan	79,000	Commercial/Office	Substantially completed	1st quarter 2003	50%

Chairman's Statement

Positive moves were taken during 2002 to downsize and rationalize the investment property portfolio in Australia and New Zealand. This continues a strategy of seeking a better composition of property assets held for rental, taking into account location, age and maintenance level capital spending.

The Group was also very active last year in ongoing property development in China and refurbishment of properties in Australia, thereby increasing both current and prospective cash flow from operations.

The initiatives referred to above, position S E A to achieve higher returns from its property portfolio in the medium and longer-term, despite the adverse impact on 2002 operating results from losses realised on the sale of investment properties.

CONSOLIDATED RESULTS, DIVIDENDS AND FINANCIAL CONDITION

Results

Group turnover for the year rose 23% to HK\$741 million from HK\$602 million for the previous year, principally due to the booking in 2002 of sales proceeds from a Guangzhou, China residential property development.

For the 2002 year, the Group recorded a net attributable loss of HK\$201 million compared with an attributable profit of HK\$36 million in 2001.

This net loss was after taking account the following significant abnormal items: an attributable loss of HK\$201 million upon disposal of office properties in New Zealand and an impairment provision of HK\$68 million against Hong Kong quoted securities held long-term.

On a group basis excluding the abnormal items referred to above, attributable net profit for the year was HK\$68 million.

Dividends

The prolonged weakness of the Hong Kong property market requires the Group to keep cash reserves at a high level, both as a prudent measure and to retain flexibility.

Accordingly the S E A board has not recommended a final dividend.

Financial Condition

The net loss incurred in 2002 had a lesser impact on the Group balance sheet at the end of the year. This was the direct result of substantial provisions against Group reserves having been made in earlier years for valuation declines in investment properties and securities held long-term.

The Group's overall financial condition improved during the course of 2002 with less interest-bearing debt carried relative to total assets at year-end. Disappointingly, shareholders' funds declined 6% year-on-year to HK\$2,463 million even as the balance sheet gearing ratio improved.

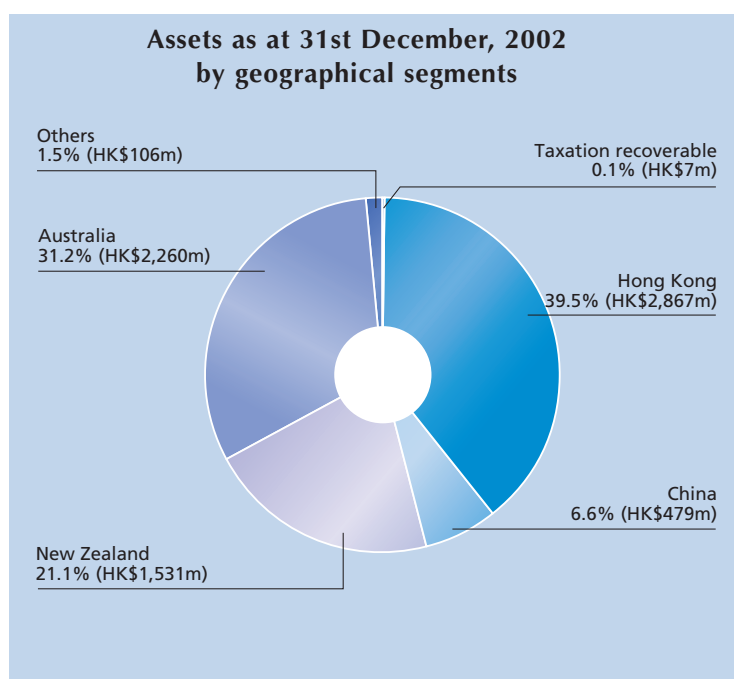
The main reason for this decline was a lower valuation placed on the Dah Sing Financial Centre in Hong Kong. Devaluation of our flagship property at the end of the year was not surprising in light of widespread deflation in Hong Kong and falling face rents throughout the entire Hong Kong office sector. The amount of the decline in shareholders' funds was fortunately, but not unexpectedly, reduced by a sizeable currency translation gain on our New Zealand and Australian property investment holdings.

Chairman's Statement

OPERATING REVIEW

For our core business as a Central Business District landlord, market rental conditions showed contrasting trends in the principal cities where our investment properties are located. In Hong Kong, effective rents declined sharply throughout 2002. In Sydney, there was evidence in the latter half of the year of increasing rental incentives being offered to tenants. By comparison the rental market was stable in Auckland.

In the Hong Kong residential development market, pre-completion prices during 2002 for middle-income residential units continued to undercut equivalent secondary market prices. Transaction volumes were also lower. In Guangzhou prices were stable as increasing demand and affordability were offset by adequate new supply.



The following is a review of significant Group activities and accomplishments during 2002.

Hong Kong

Major activities within the Hong Kong region during 2002 were as follows.

The 100% owned Dah Sing Financial Centre at 108 Gloucester Road, Wanchai having a total net lettable area of 37,000 square metres enjoyed high occupancy levels averaging 95% for most of the year. Rental income from our flagship property in 2002 was slightly lower than 2001 levels.

In the Sheung Shui district of the New Territories, we have a 55% interest in a mass residential development comprising two 38/39 storey towers of apartment units over a 2 storey car-park podium. Foundation, lift and fire service tenders have been awarded and foundation works are in progress with full project completion targeted for the end of 2004.

A wholly-owned small site of 438 square metres at 14-20 Leighton Road in the popular Causeway Bay retail area remains under study for alternative development options.

Outside the property area, we continued to derive significant income from the garment business. This contribution amounted to HK\$23 million in 2002 a 30% decrease from 2001.

The Group's holdings of both portfolio securities and liquid assets performed poorly with investment income totaling HK\$25 million, down 55% from the previous year. Lower interest rates and a third year of declining share prices in Hong Kong were the main causes.

Chairman's Statement

Mainland China

China region activities are principally conducted through interests held by our wholly-owned subsidiary, SEABO Pacific Limited ("SEABO"). The main developments last year were as follows.

In Guangzhou, Phase 1 of the residential/commercial development Westmin Plaza on Zhong Shan Road, Road 7, was finally completed in August 2002. 99% of the residential units have been sold. A profit was booked in 2002 from the sale of the Westmin Plaza Phase 1 residential units.



New Century Plaza, Chengdu City, Sichuan

Design work is progressing on Phase 2 of Westmin Plaza. This phase will comprise of more than 600 residential apartments and 24,000 square metres of commercial area. Foundation work will commence shortly.

In Chengdu, the 50% owned New Century Plaza on Xiyulong Street was substantially completed by December 2002 with final completion formalities taking place during the first half of this year. 24,000 square metres of office space has been sold to our joint venture partner under a pre-sales agreement and this sale will be booked in 2003. In addition, a 20 year lease has been signed with a furniture group for the 13,000 square metres of commercial podium space.

Also in Chengdu, SEABO owns a 97% interest in Overseas Exchange Square in Yan Shi Kou, a commercial/office development situated on a prime site providing some 89,000 square metres of gross floor area. We are actively seeking buyers for the whole or portions of this development.

Within the China region we also own a 17,000 square metres gross floor area warehouse in the Jiuting area of the Songjiang industrial district of Shanghai. This property remained fully let during the year to a multi-national logistics operator.

New Zealand

The New Zealand region property assets are held through our 55.16% owned and publicly listed subsidiary, Trans Tasman Properties Limited ("TTP").

Rental income from TTP's New Zealand operations declined 34% in 2002 compared with 2001, the result of substantial non-core property disposals over the past two years.

For 2002, TTP reported a net loss from its New Zealand operations, before property valuation changes and after property losses, of NZD4.7 million compared with a net loss of NZD11.0 million in 2001. This 2002 net loss increased to an adjusted NZD94.6 million upon inclusion of TTP's results into the Group consolidated results. The adjusted loss reflected the restating of TTP's property losses to conform to the Group's accounting policy of determining property losses based upon historical cost as opposed to last valuation, which is the accounting policy adopted by TTP.

A total of 11 investment properties were sold during the year out of a total investment portfolio of 24 properties held at the beginning of 2002. Most of the properties that were sold were of an age and type for which prospective buyers in recent years have been demanding a higher yield than TTP's original purchase yield. Net proceeds from property disposals, amounting to NZD214 million, were mostly applied to retire bank debt and otherwise added to cash resources pending re-investment. Market illiquidity had affected TTP's earlier efforts to dispose of these properties but last year there was a marked increase in buyer interest, especially from overseas.

Chairman's Statement

By the end of 2002, TTP had consolidated its property investment and development assets mainly within the Auckland metropolitan area, the principal business centre of New Zealand. For properties held in TTP's portfolio throughout 2002, there was a small devaluation adjustment at year end. By international standards, the relatively small pool of prime quality New Zealand office properties means investors continue to demand a high yield from this asset class.

In property development activity, TTP acquired in July 2002 a 35 hectare bare land site, adjoining the Auckland International Airport for NZD12 million. Currently the land is zoned for a wide range of industrial and commercial uses. TTP is sub-dividing the land, after allowances for road and green reserves, into sections suitable for large format users. Earthworks and subdivision are progressing on schedule. A number of sales contracts have been signed and a full sales campaign of the AirPark Business Centre is planned in the coming months.

Australia

The Australian region assets are held mainly through Australian Growth Properties Limited ("AGP"), a 50.13% publicly listed subsidiary of TTP.

AGP reported 2002 net income, before property valuation changes, rose 18% to AUD14.6 million from AUD12.4 million in 2001. The AGP core office property asset at 363 George Street, Sydney, was 98% let on long leases at the year end.

In AGP refurbishment activity, the fully vacated 65 York Street property was reclassified as a development property and is undergoing extensive renovation prior to resale. The refurbishment of the office property at 601 Bourke Street, Melbourne completed last year gave rise to a net valuation surplus of AUD3.1 million at the year end.

Penhryn House, a Canberra office building was sold in late 2002 for AUD38.6 million, a price above both original cost and latest valuation. As a result of the sale, AGP's investment property portfolio is now concentrated entirely in the principal business centres of Sydney and Melbourne.

The year end valuation of the George Street, Sydney complex (comprising the interconnected buildings at 24 York Street, 345 and 363 George Street) showed little change from the beginning of the year. In contrast to New Zealand, prime situated properties in the office sector command strong local and international institutional demand and are consequently valued as a lower yield asset class.

Associates

The Professional Service Brokers Group ("PSB Group") in which we own directly and indirectly a total 50% interest, has satisfactorily concluded a wide-ranging re-organisation of its operating subsidiaries.

During 2002 the PSB Group achieved positive operating cashflow. Growth in the e-marketsites and e-commerce business of SupplyNet was slower than anticipated. However, a strong customer base and sales pipeline now exists as a result of PSB Group's successful evolution into a tightly integrated procurement and supply chain manager.

For e-Commerce Logistics Limited ("ECL"), in which we own a 35% equity stake, the past year has been a difficult period of building a viable customer base throughout China after successfully obtaining logistics operator licences for Shanghai and Guangzhou. ECL operates as a third-party warehouse and logistics and supply chain manager in Hong Kong, Taiwan and mainland China and focuses on tailor-made customer solutions using proprietary I.T. based applications software and reporting. In 2002, ECL group revenues rose 96% compared with 2001.

Chairman's Statement

The Warehouse Management System for the Logistics Industry developed by ECL won the 1st place Application Gold Award in the Hong Kong IT Excellence Awards 2002 organised by the Hong Kong Computer Society and sponsored by the Government of the HKSAR.

FINANCIAL REVIEW

Key 2002 financial data, policies and capital events relating to the Group and its major subsidiaries were as follows.

Financial Resources and Borrowings

At 31st December, 2002, the Group had HK\$881 million cash and unutilised facilities of HK\$1,124 million to meet its commitments and to provide working capital. The current (working capital) ratio improved from 1.30 at 31st December, 2001 to 2.20 at 31st December, 2002 due mainly to the repayment of loans related to properties disposed in New Zealand.

Bank borrowings of TTP and its Australian subsidiary AGP are denominated in NZD and AUD respectively. At 31st December, 2002, the TTP group had drawn down bank loans equivalent to NZD336 million (HK\$1,387 million) secured mainly by properties valued at an equivalent of NZD776 million (HK\$3,129 million).

For the Group companies operating in Hong Kong and China, borrowings amounting to HK\$1,275 million had been drawn down at 31st December, 2002 secured by properties valued at HK\$2,253 million and pledged fixed deposits of HK\$116 million.

Refinancing and Gearing

In New Zealand, TTP concluded negotiations for renewing the term facility to fund the New Zealand property portfolio for a term of three and a half years on commercially favorable terms.

The renewal of major credit facilities on a medium and long term basis since the second half of 2001 provides the Group with capacity and flexibility to undertake development and investment opportunities consistent with its strategy to remain a long-term investor in property.

The Group's overall gearing, or net interest bearing debt minus cash, as a percentage of total property assets improved to 34% at the end of 2002 from 38% at the end of 2001.

Treasury policies

The Group adheres to prudent treasury policies. Its borrowings are principally on a floating rate basis but in certain circumstances, either pursuant to banking covenants or at times when interest rates are volatile, hedging instruments including swaps and forwards are used to manage floating rate risk.

Capital movements

During the year, the Company did not issue any additional shares or any type of capital instruments.

AGP made a bonus issue of 3,594,832 shares on 15th March, 2002 to the holders of ordinary shares to compensate them for any benefit that would otherwise have accrued to TTP as holder of dividend deferred ordinary shares resulting from AGP's on-market share buy-backs in 2000 and 2001.

Chairman's Statement

Loan maturity profile

As at 31st December, 2002, maturities of the Group's outstanding borrowings were as follows:

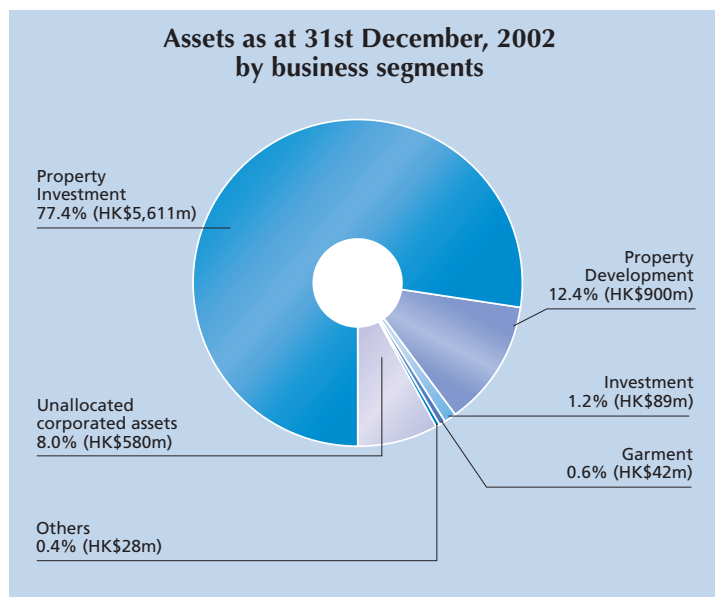
	HK\$m
Due within 1 year	429
1-2 years	155
3-5 years	1,686
Over 5 years	744
Total	3,014

At the end of 2002, the Group's long-term borrowings due after one year amounted to 77% of total liabilities compared with 60% at the end of 2001. Accordingly, there has been a significant improvement in the debt profile of the Group with an increased amount of debt structured long-term.

GROUP PROSPECTS

The Group anticipates, barring unforeseen circumstances, a positive earnings result in 2003 in line with the return to overall profitability in the 2nd half of last year.

General property market sentiment, supply and end user demand dictate property values and will largely determine the end of 2003 net asset value of the Group on a marked-to-market basis. A much improved business outlook than at present is therefore a pre-condition for avoiding a decline in valuations and hence shareholders funds at the end of this year.



The following is a summary of Group prospects for 2003 by type of activity.

Property leasing

The Group is faced with lower total rental income from its office property portfolio in the current year. This is partly the result of a smaller portfolio after the property sales in Australia and New Zealand in 2002. Additionally a number of leases expire or are renewable this year in the Dah Sing Financial Centre in Hong Kong and new rates are forecast to be lower than passing rent.

Across the remainder of the Group's portfolio in Australia, especially the Grade A 363 George Street Sydney building, and for our New Zealand office building assets we can generally expect stable rental income due to a strong profile of long leases and low vacancies. The Group's investment properties on average are expected to maintain an occupancy rate exceeding 93% throughout 2003.

Chairman's Statement

Property development and sales

On both the property development and sales fronts the Group will be active this year.

In Hong Kong, foundation works in Sheung Shui for two high-rise residential apartment blocks are scheduled to be finished in June 2003 and the entire project completed by the end of 2004. In mainland China, after a successful sale of Phase 1 of Westmin Plaza residential apartments in Guangzhou, foundation works have started on Phase 2 comprising 600 apartments and 24,000 square metres of commercial space.

TTP and AGP both plan sales offerings to the end user market during 2003. TTP has registered strong buyer interest for sub-divided lots at its AirPark Business Centre in Auckland. AGP in Sydney is preparing a sales launch of the refurbished office property at 65 York Street in the form of strata titles during the second quarter of 2003.

Garment trading

Revenues from the Group's garment export and textile quota division are expected to be similar to 2002 levels.

Supply chain management

Our two associates in this area, the PSB group based in Auckland and E-Commerce Logistics based in Hong Kong are both expected to show revenue growth and better earnings prospects in the current year after a period of major I.T. investment.

SUMMARY AND OUTLOOK

Overall, the past year was one of re-shaping our property portfolio to achieve a greater development weighting, a retention of higher quality investment assets and a reduced gearing level.

The general outlook in 2003 for property values in the Asia/Pacific region is not encouraging viewed in the light of new supply, a deflation trend and current major geo-political uncertainties. We shall adopt a cautious approach even as we seek new opportunities to invest.

Going forward, the Group is in a better overall position today than a year ago, allowing it to plan and allocate resources with greater flexibility.

MANAGEMENT AND STAFF

The Group had 200 employees at the end of 2002 compared with 230 at the end of 2001. Salaries and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances, and voluntary employer contributions to retirement schemes are offered to most employees. The Company operates an employee share option scheme with options granted to the Group employees on a discretionary basis by the Board.

I wish to express my appreciation to all employees for their efforts during this difficult year.

Chairman's Statement

OBITUARY

It is with deep sadness and regret that I record the passing away of Mr. Lu Ho on 21st February, 2003. Mr. Lu Ho was chairman of the Board of S E A Holdings Limited for the past ten years. During his tenure on the Board, Mr. Lu shared with fellow directors his broad knowledge and understanding of affairs vital to many of the Group's activities, particularly its garment manufacturing and related businesses. His counsel, experience and leadership will be greatly missed.

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 21st March, 2003

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lu Wing Chi, aged 56, joined the Group in 1969 and now is the Chairman and Managing Director of the Company. Mr. Lu has over 34 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 56, joined the Group and acted as Executive Director of the Company since 1992. Mr. Lu is also the Managing Director of Kian Nan Trading Company Limited. He has over 33 years of experience in the textile industry and international trading.

Mr. Lu Wing Lin, aged 51, joined the Group in 1976 and now is the Executive Director of the Company. Mr. Lu holds a Bachelor of Finance degree and has over 26 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 Yong Lee, aged 64, acted as non-executive Director of the Company since 1990 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 38 years of experience in property developments and international trading.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Walujo Santoso, Wally, aged 50, acted as independent non-executive Director of the Company since 1994 and also the Managing Director of Grand Ocean (International) Limited. Mr. Santoso holds a Diploma in Accounting and has over 26 years of experience in international trading and manufacturing.

Mr. Leung Hok Lim, FCPA(Aust.), CPA(Macau), FHKSA, CPA, aged 68, acted as independent non-executive Director of the Company since 1999 and is the founding and senior partner of PKF, 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 and a number of listed companies.

SENIOR EXECUTIVES

Mr. Lam Sing Tai, aged 56, 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 29 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 46, 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 19 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 49, Executive Chairman and Managing Director of the Group's property investment companies in New Zealand and Australia respectively. Mr. Fletcher joined the Group in 1993 and has extensive knowledge of Asian, Australian and New Zealand property markets.

Directors and Senior Management

SENIOR EXECUTIVES (Continued)

Mr. Hoon, Stanley Sum, *AHKSA, ACA(N.Z.)*, aged 57, joined the Group in September 1997 as Consultant of the Company and is now the Group Investment Manager. Prior to joining the Group, he held senior financial positions with a number of public companies.

Mr. Lee Bo Yuen, Tom, *BSc., FCCA, AHKSA, ACIS, ACS*, aged 39, 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. Mr. Lee has more than 17 years of auditing and corporate finance experience in professional and commercial firms.

Mrs. Sin Li Mei Wah, Jenifer, *MBA, LLB, FCIS*, aged 47, General Manager of the Company. Mrs. Sin joined the Group in July 1998. She has more than 25 years of experience in legal, company secretarial, general administration and management.

Mr. Wu Siu Tong, *MBA, CPA (Aust.), FCCA, AHKSA, MHKSI*, aged 48, joined the Group in November 1999 as Group Financial Controller. Mr. Wu has about 23 years experience as senior finance executive in various multi-national corporations.

Directors' Report and Financial Statements

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Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December, 2002.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 19 to the financial statements.

RESULTS

The results of the Group for the year ended 31st December, 2002 are set out in the consolidated income statement on page 22.

The directors do not recommend the payment of a dividend for the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 38 to the financial statements.

SHARE CAPITAL AND WARRANTS

Details of the share capital and outstanding warrants of the Company are set out in notes 36 and 37 to the financial statements respectively.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2002. The resulting net deficit arising on revaluation attributable to the Group has been debited directly to the investment property revaluation reserve amounting to HK\$279,865,000.

Details of this and other movements during the year in the investment properties of the Group are set out in note 15 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, properties under development with a total carrying value amounting to HK\$9,875,000 and HK\$51,692,000 were transferred from and to investment properties respectively.

Details of these and other movements during the year in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

MAJOR PROPERTIES

Details of the major properties of the Group at 31st December, 2002 are set out in the Property Portfolio on pages 3 to 5.

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' Report

DIRECTORS

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

Executive directors

Mr. Lu Wing Chi (*Chairman and Managing Director*) (appointed Chairman on 21st March, 2003)
Mr. Lu Wing Yuk, Andrew
Mr. Lu Wing Lin

Non-executive directors

Mr. Lu Ho (*Chairman*) (passed away on 21st February, 2003)
Mr. Lu Yong Lee

Independent non-executive directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

In accordance with Clause 88 of the Company's Bye-laws, Mr. Leung Hok Lim 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 share options 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, and neither the directors nor any of 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.

MANAGEMENT CONTRACTS

No contracts 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' Report

DIRECTORS' INTERESTS IN SHARES AND WARRANTS

At 31st December, 2002, the interests of the directors and their associates in the shares and warrants of the Company, within the meaning of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), 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:

Name of director	Number of ordinary shares held	Category of interest
Mr. Lu Wing Lin	94,000	Personal

Other than as disclosed above, none of the directors nor their associates had any interests in any securities of the Company or any of its associated corporations.

SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 46 to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Date of grant	Exercise price (HK\$)	Exercisable period	Number of share options		
				Outstanding at beginning of year	Expired during the year	Outstanding at end of year
Category 1						
Directors						
Mr. 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
Mr. 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
Mr. 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 – 3.12.2010	12,500,000	–	12,500,000
				54,700,000	(21,000,000)	33,700,000
Category 2						
Employees	18.11.1993	2.78	18.11.1993 - 17.11.2003	10,000,000	–	10,000,000
Total				64,700,000	(21,000,000)	43,700,000

No options were granted to or exercised by the directors and the employees of the Company during the year.

Directors' Report

SUBSTANTIAL SHAREHOLDERS

As at 31st December, 2002, 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")	249,279,811	–
JCS Limited ("JCS") (Note)	–	249,279,811

Note: JCS is deemed to have an interest in 249,279,811 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, 2002.

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

The aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 30% in aggregate of the Group's total purchases and sales respectively.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2002 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.

AUDIT COMMITTEE

The Audit Committee was established in 1999 and currently comprises Mr. Walujo Santoso, Wally and Mr. Leung Hok Lim, both of whom are independent non-executive directors. 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.

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 Wing Chi

Chairman and Managing Director

Hong Kong, 21st March, 2003

Auditors' Report

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 22 to 66 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, 2002 and of the loss 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, 21st March, 2003

Consolidated Income Statement

for the year ended 31st December, 2002

	NOTES	2002 HK\$'000	2001 HK\$'000
Turnover	4	741,459	602,366
Other operating income		35,477	63,210
Changes in inventories and properties held for sale	6	(227,153)	(79,201)
Staff costs		(66,608)	(66,765)
Depreciation and amortisation		(3,976)	(5,539)
Other operating expenses		(171,797)	(124,119)
Net loss on investments and properties	7	(438,259)	(38,770)
Release of negative goodwill		17,240	12,266
Impairment loss recognised in respect of goodwill on acquisition of subsidiaries		–	(823)
(Loss) profit from operations	8	(113,617)	362,625
Finance costs	9	(196,155)	(272,427)
Share of net losses of associates		(5,777)	(15,407)
Share of net losses of jointly controlled entities		(611)	(427)
(Loss) profit before taxation		(316,160)	74,364
Taxation	12	(9,200)	(4,348)
(Loss) profit before minority interests		(325,360)	70,016
Minority interests		124,609	(34,077)
Net (loss) profit for the year		(200,751)	35,939
Dividends	13	–	82,195
(Loss) Earnings per share	14		
Basic		HK(39.3) cents	HK7.0 cents
Diluted		N/A	HK6.6 cents

Balance Sheets

at 31st December, 2002

	NOTES	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Non-current Assets					
Investment properties	15	5,256,262	5,643,156	–	–
Property, plant and equipment	16	336,126	282,665	–	–
Permanent quotas	17	–	–	–	–
Negative goodwill	18	(143,507)	(155,773)	–	–
Investments in subsidiaries	19	–	–	136,586	136,586
Interests in associates	20	17,968	16,405	–	–
Interests in jointly controlled entities	21	–	39,248	–	–
Other investments	22	74,629	108,226	–	–
Amounts due from jointly controlled entities	23	2,856	2,794	–	–
Other loans receivable	24	71,757	17,187	–	–
		5,616,091	5,953,908	136,586	136,586
Current Assets					
Inventories	25	8,542	7,355	–	–
Properties held for sale	26	589,856	493,594	–	–
Other investments	22	19,300	40,717	–	–
Other loans receivable	24	48,288	6,329	–	–
Debtors, deposits and prepayments	27	78,775	193,545	150	75
Taxation recoverable		7,244	4,127	–	–
Advance to a director of an indirect subsidiary	28	1,302	1,074	–	–
Amounts due from subsidiaries	29	–	–	2,226,351	2,263,743
Amount due from an associate	30	–	796	–	–
Pledged bank deposits	45	157,744	1,038,946	2,041	40,072
Bank balances and deposits		722,825	355,971	346,271	202,209
		1,633,876	2,142,454	2,574,813	2,506,099
Current Liabilities					
Creditors, deposits received and accrued charges	31	210,525	217,688	818	652
Sales deposits on properties for sale received		1,613	72,464	–	–
Provisions	32	68,864	67,032	–	–
Taxation payable		27,678	22,280	–	–
Amounts due to subsidiaries	29	–	–	361,808	259,616
Amounts due to associates	30	2,824	10,601	–	–
Borrowings – due within one year	33	428,942	1,257,048	218,435	200,000
Obligations under finance leases					
– due within one year	34	911	475	–	–
Other payables – due within one year	35	–	4,715	–	–
		741,357	1,652,303	581,061	460,268
Net Current Assets					
		892,519	490,151	1,993,752	2,045,831
		6,508,610	6,444,059	2,130,338	2,182,417

Balance Sheets

at 31st December, 2002

	NOTES	THE GROUP		THE COMPANY	
		2002	2001	2002	2001
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital and Reserves					
Share capital	36	51,125	51,125	51,125	51,125
Reserves	38	2,411,915	2,573,815	2,079,213	2,131,292
		2,463,040	2,624,940	2,130,338	2,182,417
Minority Interests		1,446,675	1,235,879	–	–
Non-current Liabilities					
Borrowings - due after one year	33	2,578,629	2,562,166	–	–
Obligations under finance leases					
– due after one year	34	1,407	2,215	–	–
Other payables – due after one year	35	18,859	18,859	–	–
		2,598,895	2,583,240	–	–
		6,508,610	6,444,059	2,130,338	2,182,417

The financial statements on pages 22 to 66 were approved and authorised for issue by the Board of Directors on 21st March, 2003 and are signed on its behalf by:

Lu Wing Chi
CHAIRMAN AND
MANAGING DIRECTOR

Lu Wing Lin
DIRECTOR

Consolidated Statement of Changes in Equity

for the year ended 31st December, 2002

	Share capital	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2001	50,729	150,528	693,117	(196,727)	(34,699)	4,451	277,707	50,729	2,032,602	3,028,437
Revaluation deficit arising on investment properties	-	-	(214,511)	-	-	-	-	-	-	(214,511)
Exchange movement during the year	-	-	-	(111,323)	-	-	-	-	-	(111,323)
Unrealised holding loss on investments in securities	-	-	-	-	(28,503)	-	-	-	-	(28,503)
Net profit (loss) not recognised in the income statement	50,729	150,528	478,606	(308,050)	(63,202)	4,451	277,707	50,729	2,032,602	2,674,100
Released upon disposal of investment properties	-	-	(8,756)	-	-	-	-	-	-	(8,756)
Net profit for the year	-	-	-	-	-	-	-	-	35,939	35,939
Dividends for 2001	-	-	-	-	-	-	-	82,195	(82,195)	-
Dividends paid	-	-	-	-	-	-	-	(81,799)	-	(81,799)
Issue of shares upon exercise of warrants	396	5,060	-	-	-	-	-	-	-	5,456
At 31st December, 2001	51,125	155,588	469,850	(308,050)	(63,202)	4,451	277,707	51,125	1,986,346	2,624,940
Revaluation deficit arising on investment properties	-	-	(279,865)	-	-	-	-	-	-	(279,865)
Exchange movement during the year	-	-	-	138,281	-	-	-	-	-	138,281
Unrealised holding loss on investments in securities	-	-	-	-	(15,807)	-	-	-	-	(15,807)
Net profit (loss) not recognised in the income statement	51,125	155,588	189,985	(169,769)	(79,009)	4,451	277,707	51,125	1,986,346	2,467,549
Released upon disposal of investment properties	-	-	179,338	-	-	-	-	-	-	179,338
Impairment loss on investments in securities	-	-	-	-	68,017	-	-	-	-	68,017
Released upon disposal of investments in securities	-	-	-	-	12	-	-	-	-	12
Net loss for the year	-	-	-	-	-	-	-	-	(200,751)	(200,751)
Dividends paid	-	-	-	-	-	-	-	(51,125)	-	(51,125)
At 31st December, 2002	51,125	155,588	369,323	(169,769)	(10,980)	4,451	277,707	-	1,785,595	2,463,040

Consolidated Cash Flow Statement for the year ended 31st December, 2002

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING ACTIVITIES		
(Loss) Profit from operations	(113,617)	362,625
Adjustments for:		
Interest income	(23,404)	(54,135)
Impairment loss recognised in respect of goodwill on acquisition of subsidiaries	–	823
Impairment loss on investments in non-trading securities	68,017	–
Impairment loss reversed in respect of loan to a jointly controlled entity	(8,403)	–
Impairment loss (recognised) reversed in respect of properties held for sale	6,403	(6,548)
Release of negative goodwill	(17,240)	(12,266)
Gain on disposal of a subsidiary	(3,745)	–
Amortisation of transaction costs on bank loans	1,200	300
Depreciation and amortisation	3,976	5,539
Loss on disposal of investment properties	364,508	46,461
Bad debts written off	1,303	2,127
(Gain) loss on disposal of property, plant and equipment	(1,244)	4,690
Realised gain on disposal of investments in securities	(418)	(2,782)
Loss on dilution of interests in subsidiaries	6,348	1,354
Unrealised holding loss on investments in trading securities	5,549	2,275
Gain on deemed disposal of an associate	–	(1,990)
Provision for other loan receivables written back	–	(214)
Operating cash flows before movements in working capital	289,233	348,259
Increase in inventories	(1,187)	(3,968)
(Increase) decrease in properties held for sale	(86,662)	14,132
Decrease (increase) in other investments	17,613	(18,825)
Decrease (increase) in debtors, deposits and prepayments	78,936	(81,514)
Decrease in advance to a director of an indirect subsidiary	–	232
Decrease (increase) in amounts due from associates	796	(1,035)
Increase (decrease) in creditors, deposits received and accrued charges	16,278	(36,616)
(Decrease) increase in sales deposits on properties for sale received	(70,851)	72,464
Cash generated from operations	244,156	293,129
Interest received	21,284	54,135
Interest and facilities charges paid on bank and other borrowings	(205,915)	(324,523)
Interest paid on obligations under finance leases	(208)	(248)
Dividends paid	(51,125)	(81,799)
Hong Kong Profits Tax paid	(9,768)	(9,166)
Overseas tax refunded (paid)	2,709	(770)
CASH FROM (USED IN) OPERATING ACTIVITIES	1,133	(69,242)

Consolidated Cash Flow Statement for the year ended 31st December, 2002

	NOTES	2002	2001
		HK\$'000	HK\$'000
INVESTING ACTIVITIES			
Decrease (increase) in pledged bank deposits		881,202	(189,555)
Proceeds on disposal of investment properties		669,149	523,401
Repayment of loan from a jointly controlled entity		47,040	–
Purchase of subsidiaries (net of cash and cash equivalents acquired)	40	33,318	2,937
Proceeds on disposal of investments in securities		15,285	111
Proceeds on disposal of property, plant and equipment		11,023	27,505
Dividend received from an associate		2,495	–
Addition of other loans receivable		(87,147)	(14,033)
Purchase of investment properties		(75,104)	(52,517)
Purchase of investments in securities		(11,308)	(5,971)
Purchase of property, plant and equipment		(7,868)	(92,674)
Disposal of a subsidiary (net of cash and cash equivalents disposed)	41	(4,584)	–
(Advance to) repayment from jointly controlled entities		(62)	50
Acquisition of interests in associates		–	(5,226)
NET CASH FROM INVESTING ACTIVITIES		1,473,439	194,028
FINANCING ACTIVITIES			
Repayment of bank and other loans		(2,757,578)	(1,886,999)
Dividends paid to minority shareholders		(52,060)	–
Repayment to associates		(7,777)	(7,969)
Decrease in other payables		(4,715)	(13,155)
Repurchase of shares of a subsidiary		(4,171)	(17,886)
Repayment of obligations under finance leases		(1,367)	(395)
Funds received from bank and other loans		1,680,945	1,635,577
Advances from minority shareholders		50,576	870
Proceeds from issue of shares		–	5,456
Funds received from preference convertible promissory notes		–	23,400
NET CASH USED IN FINANCING ACTIVITIES		(1,096,147)	(261,101)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		378,425	(136,315)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		355,971	496,336
Effect of foreign exchange rate changes		(11,571)	(4,050)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		722,825	355,971
represented by bank balances and deposits			

Notes to the Financial Statements for the year ended 31st December, 2002

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 19.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the cash flow statement and the statement of changes in equity, and in the adoption of the following new and revised accounting policies but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Foreign Currencies

The revisions to SSAP 11 "Foreign Currency Translation" have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. This change in accounting policy has not had any material effect on the results for the current or prior accounting periods.

Cash Flow Statements

In the current year, the Group has adopted SSAP 15 (Revised) "Cash Flow Statements". Under SSAP 15 (Revised), cash flows are classified under three headings - operating, investing and financing, rather than the previous five headings. Interest and dividends, which were previously presented under a separate heading, are classified as operating cash flows. Cash flows arising from taxes on income are classified as operating activities, unless they can be separately identified with investing or financing activities. Cash flows of overseas operations have been re-translated at the rates prevailing at the dates of the cash flows rather than the rate of exchange ruling on the balance sheet date.

Employee Benefits

In the current year, the Group has adopted SSAP 34 "Employee Benefits", which introduces measurement rules for employee benefits, including retirement benefit plans. Because the Group's participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any material impact on the financial statements.

3. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Negative goodwill is presented as a deduction from assets. To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful lives of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the identifiable non-monetary assets acquired, it is recognised as income immediately.

Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying value of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Revenue recognition

Development properties

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

Others

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 provided.

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.

Securities trading income is recognised on a trade-date basis when contracts are executed.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 at the balance sheet date. They are revalued at intervals of not more than three years by independent professionally qualified valuers. In each of the intervening years, valuations are undertaken by professionally qualified executives of the Group. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on 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.

Property, plant and equipment

Property, plant and equipment other than properties under development are stated at cost less depreciation or amortisation and accumulated impairment losses.

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%

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.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the impairment loss is treated as revaluation decrease under that SSAP.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another SSAP, in which case the reversal of the impairment loss is treated as a revaluation increase under that other SSAP.

Notes to the Financial Statements for the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development held for investment purposes are classified under property, plant and equipment and are stated at cost less any identified impairment loss.

Properties under development held 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.

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.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Interests in associates

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 on acquisition less any identified impairment loss.

Joint ventures

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 on acquisition less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entities is included in the consolidated income statement.

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 previously recognised in equity is included in net profit or loss for the period.

Notes to the Financial Statements for the year ended 31st December, 2002

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost applicable, direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Transactions costs on bank borrowings

The transaction costs incurred in connection with the bank borrowings raised are deferred and charged to the income statement over the period of the bank borrowings from the date of bank borrowings withdrawn to the final repayment maturity date so as to produce a constant periodic rate of charge on the remaining balance of the bank borrowings for each accounting period.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense 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 foreign currencies 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. Income and expense items are translated at the average exchange rates for the period. 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 at the time of shipments or when the sale of the related goods is completed. Quotas allocated by the authorities in Hong Kong are not recognised in the financial statements. The cost of permanent quotas acquired is amortised over three years after the year of acquisition.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state managed retirement benefit scheme/the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

Notes to the Financial Statements for the year ended 31st December, 2002

4. TURNOVER

Turnover comprises:

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income	441,322	457,723
Gross proceeds from sale of properties	152,707	–
Gross invoiced sales	143,684	139,270
Agency and service fees income	1,343	2,437
Dividend income	1,739	2,272
Project management fee income	664	664
	741,459	602,366

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

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

	Year ended 31st December, 2002						
	New Zealand	Australia	PRC	Hong Kong	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	176,961	159,089	155,731	249,678	–	–	741,459
Inter-segment sales*	–	–	92	1,126	–	(1,218)	–
Total revenue	176,961	159,089	155,823	250,804	–	(1,218)	741,459
RESULT							
Segment profit (loss)	(276,525)	112,294	6,002	50,244	(670)	–	(108,655)
Interest income							23,404
Unallocated corporate expenses							(28,366)
Loss from operations							(113,617)
Finance costs							(196,155)
Share of net losses of associates	(465)	–	–	(5,312)	–	–	(5,777)
Share of net losses of jointly controlled entities	–	–	(611)	–	–	–	(611)
Loss before taxation							(316,160)
Taxation							(9,200)
Loss before minority interests							(325,360)
Minority interests							124,609
Net loss for the year							(200,751)

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

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

BALANCE SHEET AT 31ST DECEMBER, 2002

	New Zealand	Australia	PRC	Hong Kong	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS						
Segment assets	1,513,244	2,260,097	476,075	2,866,686	105,797	7,221,899
Interests in associates	17,968	–	–	–	–	17,968
Amounts due from jointly controlled entities	–	–	2,856	–	–	2,856
Taxation recoverable	–	–	–	–	–	7,244
Consolidated total assets						7,249,967
LIABILITIES						
Segment liabilities	907,295	853,022	201,887	1,304,261	46,109	3,312,574
Taxation payable	–	–	–	–	–	27,678
Consolidated total liabilities						3,340,252

OTHER INFORMATION FOR THE YEAR ENDED 31ST DECEMBER, 2002

	New Zealand	Australia	PRC	Hong Kong	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital additions	84,267	731	1,739	500	–	87,237
Depreciation and amortisation	1,109	681	307	1,851	28	3,976
Impairment loss on investments in non-trading securities	–	–	–	68,017	–	68,017
Other non-cash expenses	7,004	–	260	13,539	–	20,803

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

	Year ended 31st December, 2001						
	New Zealand	Australia	PRC	Hong Kong	Others	Eliminations	Consolidated
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE							
External sales	175,782	168,870	3,464	254,250	–	–	602,366
Inter-segment sales*	–	–	–	1,019	–	(1,019)	–
Total revenue	175,782	168,870	3,464	255,269	–	(1,019)	602,366
RESULT							
Segment profit (loss)	102,746	96,734	(8,247)	156,611	(438)	–	347,406
Interest income							54,135
Unallocated corporate expenses							(38,916)
Profit from operations							362,625
Finance costs							(272,427)
Share of net losses of associates	(3,336)	–	–	(12,071)	–	–	(15,407)
Share of net losses of jointly controlled entities	–	–	(427)	–	–	–	(427)
Profit before taxation							74,364
Taxation							(4,348)
Profit before minority interests							70,016
Minority interests							(34,077)
Net profit for the year							35,939

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

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

BALANCE SHEET AT 31ST DECEMBER, 2001

	New Zealand	Australia	PRC	Hong Kong	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS						
Segment assets	1,682,938	1,998,040	624,226	3,633,307	95,277	8,033,788
Interests in associates	11,093	–	–	5,312	–	16,405
Interests in jointly controlled entities	–	–	39,248	–	–	39,248
Amounts due from jointly controlled entities	–	–	2,794	–	–	2,794
Taxation recoverable	–	–	–	–	–	4,127
Consolidated total assets						8,096,362
LIABILITIES						
Segment liabilities	1,824,842	720,763	300,158	1,325,920	41,580	4,213,263
Taxation payable	–	–	–	–	–	22,280
Consolidated total liabilities						4,235,543

OTHER INFORMATION FOR THE YEAR ENDED 31ST DECEMBER, 2001

	New Zealand	Australia	PRC	Hong Kong	Others	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital additions	136,192	1,814	5,460	4,695	–	148,161
Depreciation and amortisation	2,110	613	440	2,353	23	5,539
Impairment losses recognised in income statement	–	–	–	823	–	823
Other non-cash expenses	2,933	–	–	2,823	–	5,756

Note: The location of assets is equivalent to the location of customers.

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Business segments

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

Principal activities are as follows:

Property investment	–	rental of properties
Garment manufacturing and trading	–	manufacturing and trading of garment products
Investment	–	investment in securities and treasury investments
Property development	–	development of properties

Other than the garment manufacturing and trading which location of its operations are mainly in Hong Kong, all the above divisions are operating in New Zealand, Australia, PRC and Hong Kong.

The following table provides an analysis of the Group's sales revenue and contribution to (loss) profit from operations by business segment:

	Sales revenue by business segment		Contribution to (loss) profit from operations	
	2002	2001	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property investment	442,433	456,685	(27,607)	352,370
Garment manufacturing and trading	143,684	139,270	22,983	32,663
Investment	3,260	3,119	(57,944)	(4,887)
Property development	151,598	1,333	(13,601)	(2,320)
Others	484	1,959	(32,486)	(30,420)
	741,459	602,366	(108,655)	347,406
Interest income			23,404	54,135
Unallocated corporate expenses			(28,366)	(38,916)
(Loss) profit from operations			(113,617)	362,625

Notes to the Financial Statements for the year ended 31st December, 2002

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Business segments (Continued)

The following is an analysis of the carrying amount of segment assets, and additions to investment properties and property, plant and equipment analysed by business segments:

	Carrying amount of segment assets		Additions to investment properties and property, plant and equipment	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property investment	5,610,479	6,272,295	84,267	139,844
Garment manufacturing and trading	42,227	26,652	200	2,220
Investment	88,767	157,636	17	–
Property development	900,063	977,463	1,739	4,027
Others	28,002	44,014	1,014	2,070
	6,669,538	7,478,060	87,237	148,161
Unallocated corporate assets	580,429	618,302		
Consolidated total assets	7,249,967	8,096,362		

6. CHANGES IN INVENTORIES AND PROPERTIES HELD FOR SALE

	2002	2001
	HK\$'000	HK\$'000
Changes in inventories of manufactured finished goods and work-in-progress	913	4,567
Raw materials and consumables used	(27,896)	(29,171)
Purchase of goods held for resale	(63,599)	(54,597)
Changes in inventories of properties held for sale	93,434	55,327
Costs incurred on properties held for sale	(230,005)	(55,327)
	(227,153)	(79,201)

Notes to the Financial Statements for the year ended 31st December, 2002

7. NET LOSS ON INVESTMENTS AND PROPERTIES

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on disposal of investment properties	(364,508)	(46,461)
Impairment loss on investments in non-trading securities	(68,017)	–
Impairment loss (recognised) reversed in respect of properties held for sale	(6,403)	6,548
Loss on dilution of interests in subsidiaries	(6,348)	(1,354)
Unrealised holding loss on investments in trading securities	(5,549)	(2,275)
Write back of allowance for loan to a joint controlled entity	8,403	–
Gain on disposal of a subsidiary	3,745	–
Realised gain on disposal of investments in securities	418	2,782
Gain on deemed disposal of an associate	–	1,990
	(438,259)	(38,770)

8. (LOSS) PROFIT FROM OPERATIONS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) profit from operations has been arrived at after charging:		
Amortisation of transaction costs on bank loans	1,200	300
Auditors' remuneration		
Current year	2,923	2,636
Under(over)provision for prior years	110	(365)
Depreciation and amortisation		
– owned assets	3,379	5,128
– assets held under finance leases	597	411
Bad debts written off	1,303	2,127
Directors' emoluments (<i>note 10</i>)	6,519	8,269
Loss on disposal of property, plant and equipment	–	4,690
Rental payments under operating leases	21,089	17,407
Net exchange loss	1,929	–
and crediting:		
Gross rental income from investment properties	440,266	456,538
Less: Outgoings	(44,248)	(68,904)
Net rental income from investment properties	396,018	387,634
Net rental income from other properties	1,056	1,185
	397,074	388,819
Interest earned on bank deposits	23,203	51,696
Other interest income	201	2,439
	23,404	54,135
Dividend income from listed investments	1,739	2,111
Dividend income from unlisted investments	–	161
Gain on disposal of property, plant and equipment	1,244	–
Net exchange gain	–	301

Notes to the Financial Statements for the year ended 31st December, 2002

9. FINANCE COSTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within 5 years	139,255	183,295
Other loan wholly repayable within 5 years	–	8,036
Bank loans not wholly repayable within 5 years	38,786	68,163
Obligations under finance leases	208	248
Convertible capital notes/bonds	15,120	12,750
Total borrowing costs	193,369	272,492
Less: Amounts capitalised to property development projects	(4,965)	(1,728)
	188,404	270,764
Facilities charges	7,751	1,663
	196,155	272,427

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 7% (2001: 7%) to expenditure on qualifying assets.

10. DIRECTORS' EMOLUMENTS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' fees:		
Executive	70	70
Non-executive	50	50
Independent non-executive	40	40
	160	160
Management remuneration:		
Executive		
Salaries and other benefits	5,525	5,525
Discretionary payments	–	500
Performance based bonus	–	1,260
Contributions to pension scheme	754	744
Independent non-executive		
Other remuneration	80	80
	6,359	8,109
	6,519	8,269

Notes to the Financial Statements for the year ended 31st December, 2002

10. DIRECTORS' EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2002	2001
	Number of directors	Number of directors
Nil to HK\$500,000	4	4
HK\$500,001 to HK\$1,000,000	1	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	1	–
HK\$4,500,001 to HK\$5,000,000	–	1
	7	7

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2001: two) were directors of the Company whose emoluments are included in the disclosures in note 10. The emoluments of the remaining three (2001: three) individuals were as follows:

	2002	2001
	HK\$'000	HK\$'000
Salaries and other remuneration	5,773	5,269
Contributions to pension scheme	123	103
Compensation for loss of office	693	–
	6,589	5,372

Their emoluments were within the following bands:

	2002	2001
	Number of employees	Number of employees
HK\$1,000,001 to HK\$1,500,000	–	2
HK\$1,500,001 to HK\$2,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	1
	3	3

Notes to the Financial Statements for the year ended 31st December, 2002

12. TAXATION

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Company and subsidiaries		
Hong Kong Profits Tax	5,048	6,446
Income tax outside Hong Kong	4,152	165
	9,200	6,611
Deferred taxation credit	–	(2,263)
	9,200	4,348

Hong Kong Profits Tax is calculated at 16% (2001: 16%) of the estimated assessable profit for the year. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of the unrecognised deferred taxation are set out in note 39.

13. DIVIDENDS

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
2001 final – HK10 cents	–	51,125
2001 interim – HK6 cents per share	–	30,675
Additional prior year's final dividend paid on exercise of share options and warrants subsequent to the issue of the annual report	–	395
	–	82,195

No dividend was proposed during the year ended 31st December, 2002 nor has any dividend been proposed since the balance sheet date.

Notes to the Financial Statements for the year ended 31st December, 2002

14. (LOSS) EARNINGS PER SHARE

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

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss) earnings for the year and (loss) earnings for the purposes of basic and diluted (loss) earnings per share	(200,751)	35,939
	Number of shares	
	2002	2001
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	511,246,868	509,885,312
Effect of dilutive potential ordinary shares:		
Options	N/A	5,600,000
Warrants	N/A	28,572,775
Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share	511,246,868	544,058,087

No diluted loss per share has been calculated for the year ended 31st December, 2002 as the exercise of the Company's share options and warrants and the conversion of the convertible promissory note of a subsidiary would result in a decrease in the loss per share.

Notes to the Financial Statements for the year ended 31st December, 2002

15. INVESTMENT PROPERTIES

	New Zealand and Australia held freehold	Hong Kong held under long leases	Hong Kong held under medium- term leases	PRC held under medium- term leases	Australia held under long leases	New Zealand held under short leases	New Zealand held under medium- term leases	New Zealand held under long leases	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP									
VALUATION									
At 1st January, 2002	3,045,717	99,000	2,150,000	36,400	91,563	6,478	-	220,262	5,649,420
Exchange adjustments	491,246	-	-	-	10,352	822	-	30,930	533,350
Additions	74,493	-	-	-	-	-	611	-	75,104
Disposals	(547,022)	-	-	-	-	(7,300)	-	(158,601)	(712,923)
Transfer (to) from properties under development	(51,692)	-	-	-	-	-	9,875	-	(41,817)
Surplus (deficit) on valuation	6,860	(16,000)	(250,000)	-	6,375	-	2,686	3,207	(246,872)
At 31st December, 2002	3,019,602	83,000	1,900,000	36,400	108,290	-	13,172	95,798	5,256,262
DEPRECIATION									
At 1st January, 2002	-	-	-	-	-	6,264	-	-	6,264
Exchange adjustments	-	-	-	-	-	795	-	-	795
Provided for the year	-	-	-	-	-	241	-	-	241
Eliminated on disposals	-	-	-	-	-	(7,300)	-	-	(7,300)
At 31st December, 2002	-	-	-	-	-	-	-	-	-
NET BOOK VALUES									
At 31st December, 2002	3,019,602	83,000	1,900,000	36,400	108,290	-	13,172	95,798	5,256,262
At 31st December, 2001	3,045,717	99,000	2,150,000	36,400	91,563	214	-	220,262	5,643,156

The Group's investment properties have been revalued as at 31st December, 2002 on an open market value basis by independent professional valuers as follows:

Properties situated in	Name of independent professional valuers
New Zealand and Australia held freehold	CB Richard Ellis Limited, DTZ New Zealand Limited, Jones Lang LaSalle Limited, Colliers International New Zealand Limited, Independent Professional Valuers
Hong Kong held under medium-term and long leases	Chesterton Petty Limited, Independent Professional Valuer
PRC held under medium-term leases	CB Richard Ellis Limited, Independent Professional Valuer
Australia held under long leases	Colliers International Consultancy and Valuation Pty Limited, Independent Professional Valuer
New Zealand held under medium-term and long leases	Colliers Jardine Consultancy and Valuation Pty Limited, Independent Professional Valuer

The above-mentioned valuations have been adopted by the directors in these financial statements and the net deficit arising on revaluation, amounting to HK\$279,865,000 (2001: HK\$214,511,000), has been debited to the investment properties revaluation reserve.

All the Group's investment properties are rented out under operating leases.

Notes to the Financial Statements for the year ended 31st December, 2002

16. PROPERTY, PLANT AND EQUIPMENT

	Properties under development held for investment	Land and buildings	Furniture, fixtures and equipment	Motor vehicles	Plant and machinery	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
COST							
At 1st January, 2002	268,722	441	23,005	9,862	3,039	2,497	307,566
Exchange adjustments	12,141	61	1,716	624	–	–	14,542
Additions	9,827	–	791	1,490	25	–	12,133
Disposals	(7,455)	–	(3,935)	(1,505)	(150)	(32)	(13,077)
Transfer from investment properties – net	41,817	–	–	–	–	–	41,817
At 31st December, 2002	325,052	502	21,577	10,471	2,914	2,465	362,981
DEPRECIATION AND AMORTISATION/IMPAIRMENT							
At 1st January, 2002	–	98	15,368	5,719	1,387	2,329	24,901
Exchange adjustments	–	14	1,267	236	–	–	1,517
Provided for the year	–	18	2,064	1,389	168	96	3,735
Eliminated on disposals	–	–	(2,630)	(556)	(107)	(5)	(3,298)
At 31st December, 2002	–	130	16,069	6,788	1,448	2,420	26,855
NET BOOK VALUES							
At 31st December, 2002	325,052	372	5,508	3,683	1,466	45	336,126
At 31st December, 2001	268,722	343	7,637	4,143	1,652	168	282,665

The net book values of properties shown above comprises:

	Properties under development held for investment		Land and buildings	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In PRC under long leases	188,478	187,128	104	108
In New Zealand and Australia under long lease	–	81,594	–	–
In Australia held freehold	136,574	–	–	–
In Indonesia under long leases	–	–	268	235
	325,052	268,722	372	343

At 31st December, 2002, the total borrowing costs capitalised to properties under development held for investment were HK\$4,207,000 (2001: nil).

At 31st December, 2002, the carrying value of furniture, fixtures and equipment and motor vehicles include an amount of HK\$1,151,000 (2001: HK\$1,152,000) and HK\$1,150,000 (2001: HK\$1,419,000), respectively in respect of assets held under finance leases.

Notes to the Financial Statements for the year ended 31st December, 2002

17. PERMANENT QUOTAS

	THE GROUP
	<i>HK\$'000</i>
COST	
At 1st January, 2002 and at 31st December, 2002	85,511
AMORTISATION	
At 1st January, 2002 and at 31st December, 2002	(85,511)
CARRYING AMOUNT	
At 31st December, 2002 and at 31st December, 2001	–

18. NEGATIVE GOODWILL

	THE GROUP
	<i>HK\$'000</i>
GROSS AMOUNT	
At 1st January, 2002	253,906
Arising on acquisition of a subsidiary	4,974
At 31st December, 2002	258,880
RELEASED TO INCOME	
At 1st January, 2002	98,133
Released in the year	17,240
At 31st December, 2002	115,373
CARRYING AMOUNT	
At 31st December, 2002	143,507
At 31st December, 2001	155,773

The negative goodwill arose on the acquisition in current year was released to income for the year. The remaining negative goodwill is released to income on a straight-line basis over 20 years, being the estimated remaining weighted average useful life of the assets acquired.

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, at cost (net of amounts written off)	259,461	259,461
Less: Impairment losses recognised	(122,875)	(122,875)
	136,586	136,586

Notes to the Financial Statements for the year ended 31st December, 2002

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the principal subsidiaries, all of which are companies with limited liability, at 31st December, 2002 are set out as below:

Name of subsidiary	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective percentage of issued equity share capital/registered capital held by the Company	Principal activities
Direct subsidiary				
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
Indirect subsidiary				
AGP Management Pty Ltd.	Australia	AUD350,000 350,000 shares of no par value	100	Property and asset management
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB133,420,000 registered capital	97	Property development
Guangzhou Yingfat House Property Development Co., Ltd. ("Yingfat")*	PRC	US\$20,110,000 registered capital	100	Property development
Handy View Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment and garment trading
SEA Group Treasury Limited (formerly known as Polyfull Company Limited)	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Property development and financing

Notes to the Financial Statements for the year ended 31st December, 2002

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective percentage of issued equity share capital/registered capital held by the Company	Principal activities
Indirect subsidiary (Continued)				
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	594,824,424 shares of no par value	55	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

* These companies are incorporated in the form of Sino-foreign co-operative joint ventures. According to the shareholders' agreement of Yingfat, the PRC partner is entitled to the higher of a fixed sum of return or 5% of the profit generated from the related property development project as defined in the agreement, then, the Group has the full entitlement to the rest of the profit generated.

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 above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

Except for the above, none of the subsidiaries had issued any debt securities at the end of the year.

20. INTERESTS IN ASSOCIATES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Share of net assets – unlisted	17,968	16,405
Goodwill on acquisition of associates	80,396	80,396
Impairment loss recognised	(80,396)	(80,396)
	17,968	16,405

Notes to the Financial Statements for the year ended 31st December, 2002

20. INTERESTS IN ASSOCIATES (Continued)

The goodwill arose from acquisition of the associates in 2000. As the results of these associates after the acquisition were significantly below the original expectation, the directors were of the opinion that future positive returns from these investments were uncertain and the excess of the purchase consideration over the fair value of the underlying net assets representing goodwill of HK\$80,396,000 was therefore considered as impaired and charged to the income statement for the year ended 31st December, 2000.

Details of the Group's associates at 31st December, 2002, all of which are companies with limited liability, are as follows:

Name of associate	Place/ country of incorporation/ operation	Class of shares held	Effective percentage of nominal value of issued equity capital indirectly held by the Company	Principal activities
e-commerce Logistics Limited	Hong Kong	Ordinary	35	e-fulfillment, warehousing and delivery services
GSB Supplycorp Limited	New Zealand	Ordinary	42	Public sector e-procurement
Professional Service Brokers Limited	New Zealand	Ordinary Preference	42 42	e-procurement management
Supplynet Limited	New Zealand	Ordinary	40	e-commerce marketplace

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Share of net assets	–	–
Loan to a jointly controlled entity	–	53,376
Impairment loss recognised	–	(14,128)
	–	39,248

The loans in 2001 were unsecured, interest free and fully settled during the year.

As at 31st December, 2002, the Group had interests in the following principal jointly controlled entity formed as a Sino-foreign equity joint venture:

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

The directors are of the opinion that a complete list of the particulars of all jointly controlled entities of the Group will be of excessive length and therefore the above list contains only the particulars of a jointly controlled entity which principally affect the results or assets of the Group.

Notes to the Financial Statements for the year ended 31st December, 2002

22. OTHER INVESTMENTS

	Held to maturity securities		Non-trading securities		Trading securities		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP								
Investments in securities:								
Debt security:								
Listed – overseas	–	20,000	–	–	–	–	–	20,000
Unlisted	–	11	–	–	–	–	–	11
	–	20,011	–	–	–	–	–	20,011
Equity securities:								
Listed – Hong Kong	–	–	49,906	78,398	1,069	1,892	50,975	80,290
– overseas	–	–	16,149	3,897	–	–	16,149	3,897
Unlisted	–	–	–	16,246	18,231	18,825	18,231	35,071
	–	–	66,055	98,541	19,300	20,717	85,355	119,258
	–	20,011	66,055	98,541	19,300	20,717	85,355	139,269
Market value of listed securities	–	20,518	66,078	82,295	1,069	1,892	67,147	104,705
Club debentures/ memberships:								
Unlisted	–	–	8,574	9,674	–	–	8,574	9,674
	–	20,011	74,629	108,215	19,300	20,717	93,929	148,943
Carrying amount analysed for reporting purposes as:								
Current	–	20,000	–	–	19,300	20,717	19,300	40,717
Non-current	–	11	74,629	108,215	–	–	74,629	108,226

23. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

THE GROUP

The amounts are unsecured and interest-free. The directors will not demand for repayment within the next twelve months from the balance sheet date and accordingly, the amounts are shown as non-current.

24. OTHER LOANS RECEIVABLE

THE GROUP

The other loans receivable are secured by mortgages over certain leasehold properties, carry interest at commercial rate and are repayable in accordance with their respective repayment terms. Accordingly, the amount repayable within one year is classified as current asset.

Notes to the Financial Statements for the year ended 31st December, 2002

25. INVENTORIES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Raw materials	339	65
Work-in-progress	7,857	6,387
Finished goods	346	903
	8,542	7,355

Included above are finished goods of HK\$252,000 (2001: HK\$753,000) carried at net realisable value.

26. PROPERTIES HELD FOR SALE

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Completed	13,794	3,489
Under development	576,062	490,105
	589,856	493,594

At 31st December, 2002, the total borrowing costs capitalised to properties held for sale were HK\$20,797,000 (2001: HK\$17,232,000).

Included in the above are completed properties held for sale and properties under development of HK\$8,857,000 (2001: HK\$3,489,000) and HK\$523,021,000 (2001: HK\$490,105,000) respectively which are carried at net realisable value.

27. 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 the Group's debtors, deposits and prepayments are trade debtors of HK\$41,380,000 (2001: HK\$29,644,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
0 to 60 days	32,673	20,273
61 to 90 days	1,892	2,060
91 to 365 days	2,575	6,750
Over 365 days	4,240	561
	41,380	29,644

Notes to the Financial Statements for the year ended 31st December, 2002

28. ADVANCE TO A DIRECTOR OF AN INDIRECT SUBSIDIARY

	THE GROUP
	<i>HK\$'000</i>
Mr. Donald I. Fletcher	
Balance at beginning of the year	1,074
Balance at end of the year	1,302
Maximum amount outstanding during the year	1,363

The above advance is denominated in NZD317,000, equivalent to HK\$1,302,000 (2001: NZD332,000, equivalent to HK\$1,074,000), unsecured, non-interest bearing and repayable on demand.

29. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

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

30. AMOUNTS DUE FROM (TO) ASSOCIATES

THE GROUP

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

31. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in the Group's creditors, deposits received and accrued charges are trade creditors of HK\$50,303,000 (2001: HK\$39,827,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	36,493	29,815
61 to 90 days	9,341	3,200
91 to 365 days	441	787
Over 365 days	4,028	6,025
	50,303	39,827

Notes to the Financial Statements for the year ended 31st December, 2002

32. PROVISIONS

	THE GROUP 2002
	<i>HK\$'000</i>
At beginning of the year	67,032
Additional provision in the year	1,881
Exchange adjustment	(49)
At end of the year	68,864

The provisions are the compensation for the delay in handover of rehousing properties to the former commercial unit owners ("Affected Owners") whose properties have been demolished due to the construction of a property developed for sale in the PRC and the estimated cost for the permanent relocation of certain of the Affected Owners who will not have rehousing properties allocated under management's plan. Such provisions are estimated based on management's best estimate by reference to the PRC statutory requirements and other relevant signed agreements. In the opinion of the directors, the compensation is expected to be paid within one year, depending on the progress of negotiation with Affected Owners.

33. BORROWINGS

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		
– secured	2,598,305	3,457,602
– unsecured	222,611	200,000
2007 bonds (<i>note a</i>)	170,257	134,176
Preference convertible promissory notes (<i>note b</i>)	15,600	23,400
Other loans		
– secured	–	12,136
– unsecured	7,698	–
Total borrowings	3,014,471	3,827,314
Less: Unamortised transactions costs on bank loans raised	(6,900)	(8,100)
Total net borrowings	3,007,571	3,819,214

Notes to the Financial Statements for the year ended 31st December, 2002

33. BORROWINGS (Continued)

The borrowings are repayable as follows:

	THE GROUP	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans:		
Within one year	425,507	1,251,900
More than one year, but not exceeding two years	136,463	41,493
More than two years, but not exceeding five years	1,514,472	1,492,104
More than five years	744,474	872,105
	2,820,916	3,657,602
2007 bonds	170,257	134,176
Preference convertible promissory notes	15,600	23,400
Other loans:		
Within one year	3,435	5,148
More than one year, but not exceeding two years	3,131	3,419
More than two years, but not exceeding five years	1,132	3,569
	7,698	12,136
Unamortised transaction costs on bank loans raised	(6,900)	(8,100)
Total	3,007,571	3,819,214
Less: Amounts due within one year shown under current liabilities	(428,942)	(1,257,048)
Amount due after one year	2,578,629	2,562,166

	THE COMPANY	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		
unsecured, due within one year	218,435	200,000

Notes:

(a) **2007 bonds**

The 2007 bonds which were issued by Trans Tasman Properties Limited ("TTP"), a subsidiary of the Company, on 21st May, 2001 have a face value of NZ\$1, carry a 10% per annum interest return and will mature on 27th June, 2007.

The 2007 bonds are secured by a floating charge over all the assets of TTP. TTP has the option to redeem the 2007 bonds, in full or on a pro-rata basis, with effect from 27th June, 2003 and thereafter on any interest payment date while the holders of the 2007 bonds have the option to require TTP to redeem 50% of the 2007 bonds with effect from 27th December, 2005. At 31st December, 2002, the outstanding 2007 bonds amounted to NZ\$41,425,000 (2001: NZ\$41,425,000).

TTP is a New Zealand public listed investment holding company and 55.2% of the shares in TTP is held by the Group as at 31st December, 2002.

Notes to the Financial Statements for the year ended 31st December, 2002

33. BORROWINGS (Continued)

Notes: (Continued)

(b) Preference convertible promissory notes

Two indirect subsidiaries of the Company issued preference convertible promissory notes (the "Notes") with an aggregate principal of US\$3,000,000 to an independent third party on 1st August, 2001.

The notesholders also have voting rights in the subsidiaries as specified in the respective subsidiaries' Memorandum and Articles of Association. The Notes bear zero interest rate and will mature on 6th July, 2004. The Notes will be converted into Series B preferences shares/stocks of the subsidiaries upon maturity in accordance with the terms of the Agreements. At the option of the holders of the Notes and at any time during the term of the Notes, the holders of the Notes may convert some or all the principal into the convertible preferred shares/stocks of the subsidiaries.

At 31st December, 2002, the outstanding Notes amounted to US\$2,000,000 (2001: US\$3,000,000).

34. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts payable under finance leases:				
Within one year	1,108	692	911	475
In the second to fifth year inclusive	1,438	2,457	1,407	2,215
	2,546	3,149	2,318	2,690
Less: Future finance charges	(228)	(459)	N/A	N/A
Present value of lease obligations	2,318	2,690	2,318	2,690
Less: Amount due for settlement within 12 months			(911)	(475)
Amount due for settlement after 12 months			1,407	2,215

It is the Group's policy to lease certain of its motor vehicles, furniture, fixtures and equipment under finance leases. The average lease term is 3 years. For the year ended 31st December, 2002, the average effective borrowing rate was 8% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

35. OTHER PAYABLES

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
The maturity of other payables is as follows:		
Within one year	–	4,715
More than two years, but not exceeding five years	18,859	18,859
	18,859	23,574
Less: Amounts due within one year shown under current liabilities	–	(4,715)
Amount due after one year	18,859	18,859

Notes to the Financial Statements for the year ended 31st December, 2002

36. SHARE CAPITAL

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

	Number of shares		Nominal value	
	2002	2001	2002	2001
			HK\$'000	HK\$'000
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning and end of year	1,000,000,000	1,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of year	511,246,868	507,293,586	51,125	50,729
Shares issued on exercise of warrants	–	3,953,282	–	396
At end of year	511,246,868	511,246,868	51,125	51,125

37. WARRANTS

The Company had outstanding warrants expiring in 2008 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. At 31st December, 2002, the aggregate par value of shares issuable against the outstanding warrants amounted to HK\$12,101,985 (2001: HK\$12,101,985) and the amount receivable by the Company upon full exercise of the warrants amounted to HK\$167,007,394 (2001: HK\$167,007,394).

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 121,019,850 (2001: 121,019,850) additional shares of HK\$0.1 each.

Notes to the Financial Statements for the year ended 31st December, 2002

38. RESERVES

	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP									
At 1st January, 2001	150,528	693,117	(196,727)	(34,699)	4,451	277,707	50,729	2,032,602	2,977,708
Revaluation deficit arising on investment properties	-	(214,511)	-	-	-	-	-	-	(214,511)
Exchange movement during the year	-	-	(111,323)	-	-	-	-	-	(111,323)
Issue of shares	5,060	-	-	-	-	-	-	-	5,060
Unrealised holding loss on investments in securities	-	-	-	(28,503)	-	-	-	-	(28,503)
Released upon disposal of investment properties	-	(8,756)	-	-	-	-	-	-	(8,756)
Net profit for the year	-	-	-	-	-	-	-	35,939	35,939
Dividends for 2001	-	-	-	-	-	-	82,195	(82,195)	-
Dividends paid	-	-	-	-	-	-	(81,799)	-	(81,799)
At 31st December, 2001	155,588	469,850	(308,050)	(63,202)	4,451	277,707	51,125	1,986,346	2,573,815
Revaluation deficit arising on investment properties	-	(279,865)	-	-	-	-	-	-	(279,865)
Exchange movement during the year	-	-	138,281	-	-	-	-	-	138,281
Unrealised holding loss on investments in securities	-	-	-	(15,807)	-	-	-	-	(15,807)
Released upon disposal of investment properties	-	179,338	-	-	-	-	-	-	179,338
Impairment loss on investments in securities	-	-	-	68,017	-	-	-	-	68,017
Released upon disposal of investments in securities	-	-	-	12	-	-	-	-	12
Net loss for the year	-	-	-	-	-	-	-	(200,751)	(200,751)
Dividends paid	-	-	-	-	-	-	(51,125)	-	(51,125)
At 31st December, 2002	155,588	369,323	(169,769)	(10,980)	4,451	277,707	-	1,785,595	2,411,915
Attributable to:									
The Company and subsidiaries	155,588	369,323	(169,769)	(10,980)	4,451	277,707	-	1,807,981	2,434,301
Associates	-	-	-	-	-	-	-	(22,386)	(22,386)
	155,588	369,323	(169,769)	(10,980)	4,451	277,707	-	1,785,595	2,411,915

Notes to the Financial Statements for the year ended 31st December, 2002

38. RESERVES (Continued)

	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE COMPANY									
At 1st January, 2001	150,528	-	-	-	4,451	190,081	50,729	1,867,170	2,262,959
Issue of shares	5,060	-	-	-	-	-	-	-	5,060
Net loss for the year	-	-	-	-	-	-	-	(54,928)	(54,928)
Dividends for 2001	-	-	-	-	-	-	82,195	(82,195)	-
Dividends paid	-	-	-	-	-	-	(81,799)	-	(81,799)
At 31st December, 2001	155,588	-	-	-	4,451	190,081	51,125	1,730,047	2,131,292
Net loss for the year	-	-	-	-	-	-	-	(954)	(954)
Dividends paid	-	-	-	-	-	-	(51,125)	-	(51,125)
At 31st December, 2002	155,588	-	-	-	4,451	190,081	-	1,729,093	2,079,213

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.

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

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- it is, or would after the payment be, unable to pay its liabilities as they become due; or
- the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31st December, 2002 were as follows:

	2002	2001
	HK\$'000	HK\$'000
Contributed surplus	190,081	190,081
Accumulated profits	1,729,093	1,730,047
Dividend reserve	-	51,125
	1,919,174	1,971,253

Notes to the Financial Statements for the year ended 31st December, 2002

39. UNRECOGNISED DEFERRED TAXATION

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

	THE GROUP		THE COMPANY	
	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accelerated depreciation allowances	(47,870)	(32,392)	–	–
Tax losses	180,906	125,815	2,201	1,874
Other timing differences	(10,683)	(6,052)	–	–
	122,353	87,371	2,201	1,874

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

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(15,478)	9,443
Tax losses (utilised) arising	55,091	18,067
Other timing differences	(4,631)	11,931
	34,982	39,441

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 properties in PRC as it is not expected that the potential deferred taxation liability will crystallise in the foreseeable future.

Notes to the Financial Statements for the year ended 31st December, 2002

40. PURCHASES OF SUBSIDIARIES

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET ASSETS ACQUIRED		
Property, plant and equipment	–	727
Properties for sale	–	4,445
Debtors, deposits and prepayments	2,007	290
Bank balances and cash	33,318	3,937
Creditors, deposits and accrued charges	(2,263)	(1,216)
Amounts due to group companies	–	(7,787)
Minority interests	(10,486)	(127)
	22,576	269
Carrying value of other investments/associates prior to becoming subsidiaries on acquisition	(17,602)	(92)
Goodwill arising from acquisition of subsidiaries	(4,974)	823
	–	1,000
Satisfied by:		
Cash consideration	–	1,000

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

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration paid	–	(1,000)
Cash and cash equivalents acquired	33,318	3,937
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	33,318	2,937

The subsidiary acquired during the year had no significant contribution to the Group's cash flows, turnover or loss from operations for the year.

The subsidiaries acquired in 2001 utilised HK\$10,469,000 to the Group's net operating cash flows, raised HK\$2,000,000 for investing activities and raised HK\$23,400,000 in respect of financing activities during that year.

The subsidiaries acquired in 2001 contributed HK\$64,000 to the Group's turnover and HK\$11,793,000 to the Group's loss for that year.

Notes to the Financial Statements for the year ended 31st December, 2002

41. DISPOSAL OF A SUBSIDIARY

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET LIABILITIES DISPOSED OF		
Debtors, deposits and prepayments	766	–
Bank balances and cash	4,584	–
Creditors, deposits received and accrued charges	(1,058)	–
Preference convertible promissory note	(7,800)	–
Minority interests	1,121	–
	(2,387)	–
Gain on disposal of a subsidiary	3,745	–
	1,358	–
Satisfied by:		
Other investments	1,358	–

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

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalent disposed of	4,584	–

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

42. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$733,000 (2001: HK\$1,242,000).

Notes to the Financial Statements for the year ended 31st December, 2002

43. COMMITMENTS

At the balance sheet date, the Group had capital commitments in respect of expenditure to be incurred on properties as follows:

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong		
Authorised but not contracted for	318,060	328,100
Contracted for but not provided for in the financial statements	55,359	31,031
PRC		
Authorised but not contracted for	354,000	389,614
Contracted for but not provided for in the financial statements	73,000	110,470
New Zealand and Australia		
Authorised but not contracted for	1,945	870
Contracted for but not provided for in the financial statements	51,345	11,525

The Group as lessee

At 31st December, 2002, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	THE GROUP	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Within one year	5,915	10,832
In the second to fifth year inclusive	18,695	9,288
Over five years	47,097	21,624
	71,707	41,744

Leases are negotiated for the range of 3 to 15 years with fixed monthly rentals.

The Group as lessor

Certain of the Group's properties held for rental purposes, with a carrying amount of approximately HK\$713 million, have been disposed of during the year. The remaining properties are expected to generate rental yields of 7% on an ongoing basis. All of the properties held have committed tenants for the range of 3 to 7 years.

Notes to the Financial Statements for the year ended 31st December, 2002

43. COMMITMENTS (Continued)

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2002	2001
	HK\$'000	HK\$'000
Within one year	353,042	418,140
In the second to fifth year inclusive	870,494	902,671
Over five years	371,528	520,319
	1,595,064	1,841,130

In addition, one of the leases entered with tenants is subject to additional rental based on specified percentage of revenue recognised by the tenant in accordance with lease agreement over the annual minimum lease payments.

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

44. CONTINGENT LIABILITIES

At 31st December, 2002, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to HK\$57,739,000 (2001: HK\$22,802,000). The guarantee will be released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

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

45. PLEDGE OF ASSETS

At 31st December, 2002, the Group had the following mortgages and/or pledges over its assets to secure banking facilities and other loans granted to the Group.

- Fixed and floating charges on investment properties with an aggregate book value of HK\$4,383,298,000 (2001: HK\$5,606,756,000).
- Properties held for sale with an aggregate book value of HK\$346,062,000 (2001: HK\$140,411,000).
- Properties under development held for investment with an aggregate book value of nil (2001: HK\$58,538,000).
- Bank deposits of HK\$157,744,000 (2001: HK\$1,038,946,000).
- Listed shares of subsidiaries.
- Unlisted shares of certain subsidiaries.

46. SHARE OPTION SCHEME

The Company operates an employee share option scheme (the "Scheme") for the primary purpose of providing incentive to directors and eligible employee. The original scheme was approved and adopted on 30th June, 1990. A new scheme was approved and adopted on 23rd June, 2000, which will be effective until 29th June, 2010. At 31st December, 2002, the number of shares in respect of which options had been granted and remained outstanding under the original and new Scheme was 15,700,000 and 28,000,000, representing approximately 3% and 5% respectively of the shares of the Company in issue at that date.

Notes to the Financial Statements for the year ended 31st December, 2002

46. SHARE OPTION SCHEME (Continued)

Under the 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 the average of the closing prices of shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on each of the five business days immediately preceding the date of the grant of the options and the minimum price as the Stock Exchange may from time to time prescribe, 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. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted must be taken up within 28 days from the date of grant or such period as the directors determine, upon payment of HK\$10 per each grant of options. Options may be exercised at any time after the date of grant to the tenth anniversary of the date of grant.

The following table discloses details of the Company's share options held by employees and movements on such holdings during the year:

Date of grant	Exercisable period	Exercise price	Number of share options		
			Outstanding at 1.1.2001 and 31.12.2001	Expired during the year	Outstanding at 31.12.2002
		<i>HK\$</i>			
11.8.1992	11.8.1992 – 10.8.2002	1.85	21,000,000	(21,000,000)	–
18.11.1993	18.11.1993 – 17.11.2003	2.78	13,500,000	–	13,500,000
21.2.1994	21.2.1994 – 20.2.2004	4.40	2,200,000	–	2,200,000
4.12.2000	4.12.2000 – 3.12.2010	1.44	28,000,000	–	28,000,000
			64,700,000	(21,000,000)	43,700,000

Details of the share options held by the directors included in the above table are as follows:

Date of grant	Exercisable period	Exercise price	Number of share options		
			Outstanding at 1.1.2001 and 31.12.2001	Expired during the year	Outstanding at 31.12.2002
		<i>HK\$</i>			
11.8.1992	11.8.1992 – 10.8.2002	1.85	21,000,000	(21,000,000)	–
18.11.1993	18.11.1993 – 17.11.2003	2.78	3,500,000	–	3,500,000
21.2.1994	21.2.1994 – 20.2.2004	4.40	2,200,000	–	2,200,000
4.12.2000	4.12.2000 – 3.12.2010	1.44	28,000,000	–	28,000,000
			54,700,000	(21,000,000)	33,700,000

No options were granted or exercised during the year.

47. RETIREMENT BENEFITS PLANS

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000 for eligible employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Schemes prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

For members of the MPF Scheme, the Group contributes 5% to 15% of relevant payroll costs or HK\$1,000 per month to the Scheme which contribution is matched by the employee, depending on the length of service with the Group.

The Group also operates a defined contribution plan (the "Plan") for eligible employees in the United States of America ("USA"). All employees in USA are eligible to participate in the Plan. Participants may contribute a percentage of compensation up to the maximum permitted by the relevant rules in USA. The Group may make discretionary matching contributions.

The employees of the Group's subsidiaries in the PRC and Australia are members of state-managed retirement benefit schemes operated by the government of the PRC and Australia respectively. The subsidiaries are required to contribute 9% to 20% of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions.

Forfeited contributions for the year amounting to HK\$119,000 (2001: HK\$37,000) can be used to reduce the level of contributions. The total cost charged to income of HK\$2,851,000 (2001: HK\$2,974,000) represents contribution payable to these schemes by the Group in respect of the current year.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of S E A Holdings Limited (the “Company”) will be held at the principal office of the Company at 26/F., Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong, on Wednesday, 7th May, 2003 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, 2002.
2. 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.
3. To re-appoint auditors for the ensuing year and to authorize the board of directors to fix their remuneration.
4. 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 (the “Directors”) to allot, issue and otherwise 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 (as defined below) save that the Directors 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 otherwise than pursuant to (i) a Rights Issue (as defined below); (ii) the exercise of rights of subscription or conversion under terms of any warrants issued by the Company, or any securities which are convertible into ordinary shares of the Company; (iii) any employee share option scheme or similar arrangements 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; and (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the bye-laws 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, and the said approval shall be limited accordingly;
 - (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

Notice of Annual General Meeting

(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;
- (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 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 Warranholders of the Company on a fixed record date in proportion to their then holdings of such shares and/or warrants thereof (subject to such exclusions or other arrangements as the Directors 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 recognized regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

(B) **“THAT** the exercise by the directors of the Company (the “Directors”) during the Relevant Period (as 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 on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized for this purpose by the Securities and Futures Commission and the Stock Exchange under the Hong Kong Code on Share Repurchases, and that the exercise by the Directors 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 authorize the Directors to procure the Company to repurchase the Shares and the Warrants at such prices as the Directors 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 the said approval shall be limited accordingly; and

Notice of Annual General Meeting

- (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 Resolutions nos. 4(A) and 4(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. 4(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. 4(A).”

By Order of the Board

Wong Leung Wai

Company Secretary

Hong Kong, 21st March, 2003

Notes:

- (1) Any member of the Company entitled to attend and vote at the AGM 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 a power of attorney or other authority, if any, under which it is signed or a notarially 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 AGM or any adjournment thereof.
- (2) The Register of Members of the Company will be closed from Wednesday, 30th April, 2003 to Wednesday, 7th May, 2003 both days inclusive, during which period no transfer of shares can be registered.
- (3) Members are recommended to read the circular of the Company containing important information concerning Resolutions nos. 4(B) and 4(C), which will be despatched in due course.



SEA HOLDINGS LIMITED

爪哇控股有限公司

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