



SEA HOLDINGS LIMITED
爪哇控股有限公司

2004
ANNUAL REPORT 年報

DIRECTORY

Directors

Executive Directors

Lu Wing Chi, *Chairman and Managing Director*

Tse Man Bun

Lu Wing Yuk, Andrew

Lu Wing Lin

Lincoln Lu

Lambert Lu

Non-executive Director

Lu Yong Lee

Independent non-executive Directors

Walujo Santoso, Wally

Leung Hok Lim

Chung Pui Lam

Secretary

Sin Li Mei Wah, Jenifer

Solicitors

Stephenson Harwood & Lo

Auditors

Deloitte Touche Tohmatsu

Bankers

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

Dah Sing 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

251

Website

www.seaholdings.com.hk

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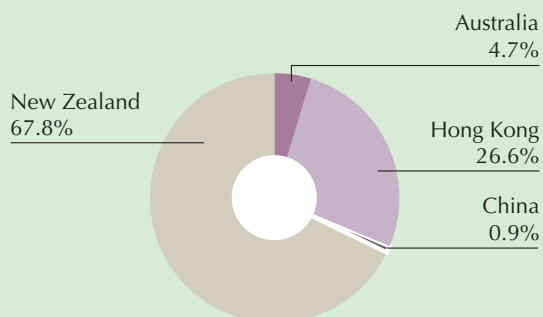
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Financial Highlights

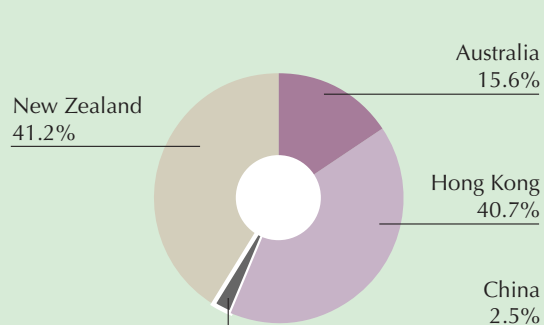
FIVE YEAR FINANCIAL SUMMARY

RESULTS					
	2000	For the year ended 31st December			2004
	(restated) HK\$m	(restated) HK\$m	(restated) HK\$m	HK\$m	HK\$m
		2001	2002	2003	
Turnover	775.7	602.4	741.5	592.9	474.7
Profit (loss) before minority interests	98.0	68.2	(327.2)	297.8	143.6
Minority interests	(48.6)	(34.1)	124.6	(110.6)	(23.1)
Net profit (loss) for the year	49.4	34.1	(202.6)	187.2	120.5
ASSETS AND LIABILITIES					
	2000	At 31st December			2004
	(restated) HK\$m	(restated) HK\$m	(restated) HK\$m	HK\$m	HK\$m
		2001	2002	2003	
Total assets	9,048.9	8,096.3	7,250.0	6,881.5	7,747.7
Total liabilities	(4,618.6)	(4,254.5)	(3,363.1)	(3,329.8)	(3,635.3)
Minority interests	(1,415.1)	(1,235.9)	(1,446.7)	(875.0)	(914.1)
Shareholders' funds	3,015.2	2,605.9	2,440.2	2,676.7	3,198.3
PERFORMANCE DATA					
Earnings (Loss) per share (HK\$)	0.10	0.07	(0.39)	0.37	0.24
Dividends declared per share (HK\$)	0.16	0.16	0.00	0.10	0.10

2004 Turnover by Geographical Segments



2003 Turnover by Geographical Segments

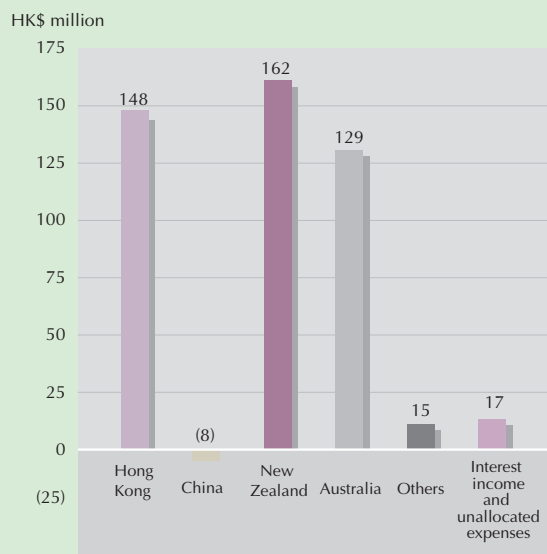


Financial Highlights

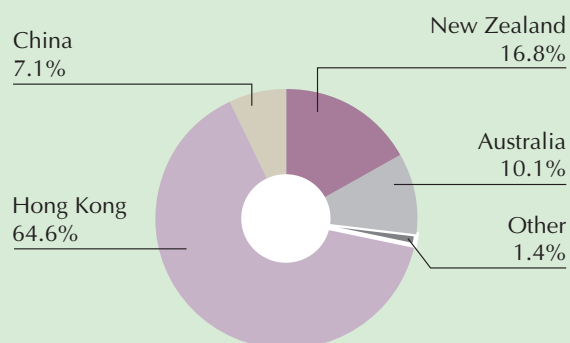
2004 Profit/Loss from Operations



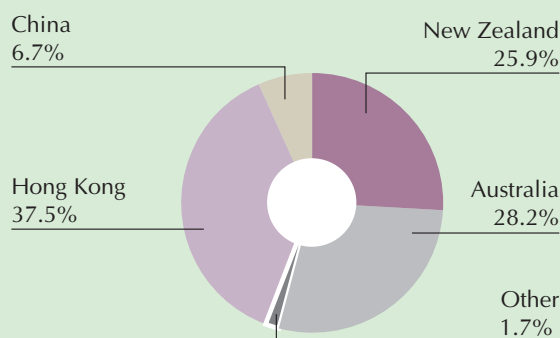
2003 Profit/Loss from Operations



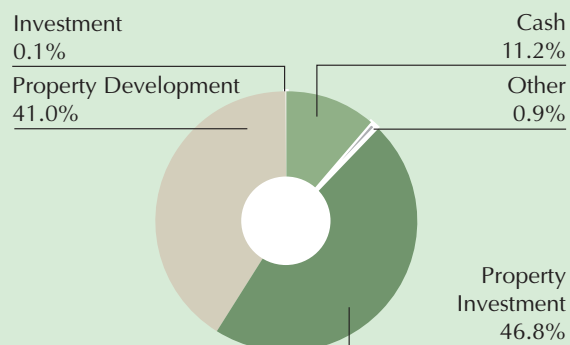
2004 Total Assets by Geographical Segments



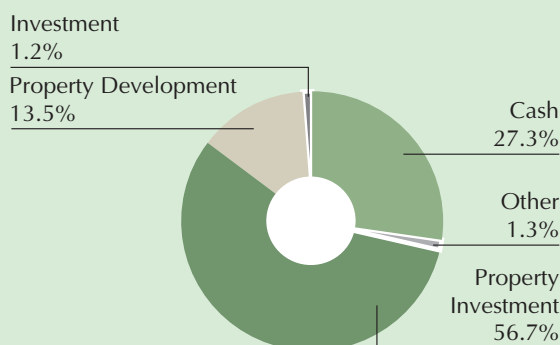
2003 Total Assets by Geographical Segments



2004 Total Assets by Nature



2003 Total Assets by Nature



Property Portfolio

as at 31st December, 2004

A. MAJOR INVESTMENT PROPERTIES

Name and location	Lease Expiry	Use	Attributable Gross Floor Area (sq.m.)	Group's Interest
Hong Kong				
Dah Sing Financial Centre 108 Gloucester Road, Wanchai	30th June, 2047	Commercial	37,171 and 154 carparks	100.00%
28/F., 9 Queen's Road, Central	16th November, 2854	Commercial	1,279	100.00%
Shop No.22 Excelsior Plaza Ground Floor, No.24 East Point Road, Causeway Bay	23th June, 2841/ 23rd December, 2863	Retail	39	61.31%
The People's Republic of China				
18 Ban Ting Road, Song Jiang District, Shanghai	24th March, 2046	Office/ Warehouse	17,474	100.00%

Name and location	Lease Expiry	Use	Net Lettable Area (sq.m.)	Group's Interest
New Zealand				
132 Halsey Street, Auckland	20th March, 2015	Retail/Office/ Warehouse	3,465	61.31%
Finance Centre Qantas House ¹ , 191 Queen Street, Auckland	Freehold	Office	15,103	61.31%
Simpson Grierson Building ² , 96-98 Albert Street, Auckland	Freehold	Office	11,044	61.31%
Brookfields House ² , 19 Victoria Street West, Auckland	Freehold	Office	9,183	61.31%
Durham House ² , 22 Durham Street West, Auckland	Freehold	Office	5,549	61.31%
Finance Centre Carpark ² , Durham Lane, Auckland	Freehold	Carpark	496 carparks	61.31%
EDS House ³ , 12-14 Gilmer Terrace, Wellington	Freehold	Office	10,088	61.31%
Australia				
65 York Street Strata Units ⁴ , 65 York Street, Sydney	Freehold	Office	8,344	61.31%

Property Portfolio

as at 31st December, 2004

B. MAJOR PROPERTIES UNDER DEVELOPMENT

Name and location	Attributable Gross Floor Area (sq.m.)	Use	Stage of Completion	Estimated Completion Date	Group's Interest
Hong Kong					
6-20 Leighton Road, Causeway Bay	13,210	Hotel	Project design work in progress	End 2007	100.00%
The People's Republic of China					
Overseas Exchange Square Yan Shi Kou, Chengdu City, Sichuan	89,306	Commercial/ Office	Finishing work in progress	3rd quarter 2005	97.00%
New Zealand					
Air New Zealand Cnr Fanshawe & Beaumont Street	15,831	Office/ Carpark	Superstructure work in progress	1st quarter 2006	61.31%
Clearwater Resort Clearwater Avenue, Harewood	27,778 (site area)	Residential	Finalising development consents	End 2007	20.91%

C. MAJOR PROPERTIES UNDER DEVELOPMENT FOR SALE

Name and location	Attributable Gross Floor Area (sq.m.)	Use	Stage of Completion	Estimated Completion Date	Group's Interest
Hong Kong					
Fanling Sheung Shui Town Lot No. 189, New Territories	45,120	Residential	Phase 1 – finishing work Phase 2 – finishing work	Phase 1 – 3rd quarter 2005 Phase 2 – 2nd quarter 2006	55.00%
223-227 Wan Chai Road, Wanchai	3,826	Residential/ Commercial	Hoarding work in progress	End 2006	61.31%
97 Po Kong Village Road, Diamond Hill, Kowloon	18,825	Residential/ Commercial	Foundation work in progress	Mid-2007	61.31%
Sha Tin Lot No. 75 & 744RP, Fo Tan Industrial Zone	100,460	Residential/ Commercial	Planning stage	Beyond 2007	61.31%
The People's Republic of China					
Westmin Plaza Phase 2 Zhongshan Road 7, Guangzhou, Guangdong	118,211	Residential/ Commercial/ Office	Superstructure work in progress	End 2006	100.00%

Note :

- 1 Unconditionally sold 1/12/04 and settled on 28/1/05.
- 2 Unconditionally sold 1/12/04 and due to settle on 1/4/05.
- 3 Unconditionally sold 10/2/05 and due to settle on or before 24/5/05.
- 4 Approximately 37% of the lettable floor area unconditionally sold 31/12/04 and due to settle on or before April 2005.

Chairman's Statement

OVERVIEW

During 2004 the Group had been actively executing its strategic plan and successfully sold a number of investment properties in New Zealand and Australia which were perceived to be of lower growth potential. On the other hand the Group had made several property acquisitions in Hong Kong during the year, and will continue to seek new investment opportunities in Asia Pacific region to replenish its property portfolio.

For the year under review, twelve properties were sold for HK\$1,520.4 million and new property investments for HK\$1,900.9 million were made. Another property was sold for HK\$125.2 million subsequent to close of the year end. The repositioning of the Group's investment strategy takes advantage of the counter-cyclical effect in various geographical locations where the Group has expertise on. Despite the fact that the mentioned property disposals had resulted in a short term negative impact on the Group's profit, the actions taken have now placed the Group in a stronger financial position to meet new challenges.

It should be noted that the adopted strategic plan of a greater emphasis on property development than property investment would mean a less stable income stream for the Group, and efforts are being made by the management to broaden and strengthen its source of income.



97 Po Kong Village Road, Diamond Hill

Attributable gross floor area of 18,825 sq.m. for construction of a 48-storey residential and retail composite building. Development is expected to be completed by mid-2007.

RESULTS

The Group's audited consolidated profit attributed to the shareholders for the financial year ended 31st December, 2004 was HK\$120.5 million which, compared to HK\$187.3 million in the previous year, represented a drop of 35.7%. The drop in profit was mainly due to decrease in rental receipts, and losses realized on disposal of certain investment properties. Such losses however were partially offset by profits generated from sale of a percentage of interest in a subsidiary, as well as the contribution from liquidation of an investment in a subsidiary.

DIVIDEND

The Board of Directors recommends a final dividend of HK6 cents per share for the year ended 31st December, 2004 payable on 18th May, 2005 to the shareholders of the Company whose names appear on the Register of Members on 12th May, 2005. Together with the interim dividend of HK4 cents per share paid on 4th October, 2004, the total dividend for the year is HK10 cents per share. An interim dividend and a final dividend of HK4 cents and HK6 cents per share respectively were paid in the preceding year. Total dividends payable are HK\$30,692,000 which will be increased by HK\$8,924,000 as a result of additional ordinary shares issued upon the exercise of all the outstanding warrants and share option subscription rights.

Chairman's Statement

BUSINESS REVIEW

Property Investments and Developments

Hong Kong

Market sentiment had improved during the year under review and the Group benefited from the leases that were signed in the year. The vacancy rate also recorded marked improvement towards the end of the year. With the general increased confidence in the local economy, the Group expects a better rental return for the new tenancies negotiated.

The Sheung Shui project in which the Group has a 55% interest, is near completion. Pre-sale consent has been obtained from the Government Authority, and the Group plans to launch sale of the units in stages in around mid-2005. With the present favourable market sentiment, the Group expects to yield a satisfactory return on this development. Booking of the Phase 1 profit is expected to be made in the 2005 financial year.

The purchase of the adjoining site to 14-20 Leighton Road in March 2004 enabled the Group to maximize the benefits on this property through repositioning of the development potential on the combined sites, which would offer greater flexibility in the design and efficiency use of the development. Ground investigation work was completed at beginning of this year. At present, it is intended that this 884 sq.m. site will be developed into a hotel.

The Group, through its 61.31% owned subsidiary, Trans Tasman Properties Limited ("TTP"), made the following acquisitions in 2004:

- A retail shop in Causeway Bay for investment purpose.
- A 20,092 sq.m. development site in Shatin, near Fo Tan KCR Railway Station, and development plan for the site is being formulated.
- A 2,250 sq.m. development site in Po Kong Village Road, Diamond Hill for construction of a 48-storey residential and retail composite building. Foundation work has commenced and the development is expected to be completed by mid-2007.
- A 414 sq.m. development site in Wan Chai Road, Wanchai for construction of a 21-storey composite building with three levels of shop podium and eighteen levels of residential apartments. Construction is due to commence in mid-2005 and completion is expected by end of 2006.



Royal Green, Sheung Shui

Attributable gross floor area of 45,120 sq.m. for construction of three 40-storey residential towers. Pre-sale consent has been obtained from the Government Authority.

Chairman's Statement



Phase II, Westmin Plaza, Guangzhou

Adjoining to phase I, phase II Westmin Plaza comprised of four towers of residential blocks and one office block. Development is expected to be completed by end of 2006.



Overseas Exchange Square, Chengdu

Gross floor area of 89,306 sq.m. comprising of two 29-storeys office blocks and a seven-level retail podium. Construction will be completed by the third quarter of 2005.

China

Guangzhou

The Westmin Plaza, Phase II development which has a gross floor area of 118,211 sq.m., comprised of four towers of residential blocks and one office block on top of the commercial podium, has been in progress. Construction of the superstructure has already commenced and the development is expected to be completed by end of 2006. Pre-sale of the units is being planned.

Chengdu

The construction of Overseas Exchange Square with a gross floor area of 89,306 sq.m. comprising of two 29-storeys office blocks and a seven-level retail podium, will be completed by the third quarter of 2005. The Group intends to hold the property for long term investment and leasing marketing plan is being actively pursued.

As for the New Century Plaza sale and lease of the development are being marketed. Its retail podium has been successfully leased to a furniture operator.

New Zealand and Australia

The Group's 60% interest in Jacks Point land in Queenstown, New Zealand was sold down to 26.1%. The disposal resulted in a gain to the Group of approximately HK\$61.2 million, of which HK\$34.9 million was recognized in 2004 with the remaining HK\$26.3 million to be booked as and when the units of the development are sold. The land will be developed into a resort consisting of a golf course, hotel and residential units.

Chairman's Statement

In the second half of 2004, the Group entered into a joint venture for acquisition of sites with good redevelopment potential. The Group directly holds a 24.9% interest in the joint venture, and it has since identified a piece of land of 616 hectare in Northland, Auckland called Te Arai. The land will be rezoned for residential, commercial, retail and resort development. Total advances from the Group to the joint venture upto the balance sheet date was NZD0.4 million.

The Group's 61.31% subsidiary, TTP, announced its combined profits of NZD30.7 million for the financial year under review, compared to NZD40.6 million in the previous year. Net Assets Value per share as at 31st December, 2004 was NZ64.3 cents compared to NZ63.4 cents as at 31st December, 2003.

TTP sold eleven investment properties in Auckland and one investment property in Melbourne. At the date of the report, all the sales proceeds except three disposals have been received. The only remaining property held in Australia is being marketed for sale and so far 50% of the development was sold.

On the Airpark Business Centre Stage 1 development ("Airpark 1"), five industrial sites were sold in 2004 at a profit and the remaining two Airpark 1 sites are currently being marketed. Also, a 52 hectare site adjoining Airpark 1 was bought, partially developed and sold at a profit during the financial year.

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

- One investment property and three development properties in Hong Kong, as mentioned under "*Hong Kong*" section.
- Three adjoining development properties in Viaduct Harbour, Auckland, New Zealand with a total lettable area of 9,585 sq.m.
- A controlling interest in the Clearwater residential and resort development in Christchurch, New Zealand with a total site area of 27,778 sq.m.
- A controlling interest in a 500 carparks development in Queenstown, New Zealand.

In addition, the design and build project on the Viaduct Harbour site for a 19,745 sq.m. commercial office complex for Air New Zealand's new head office, is underway. The development is expected to be completed in April 2006.

Global Property Fund, in which TTP has a 64% interest, finally settled all litigations against the former Trustee and Manager of the fund. Winding up of the fund has commenced. TTP booked a net gain of NZD8.2 million from the settlement.

Garment Operation

Turnover generated from the garment business for the year under review amounted to HK\$57 million which, compared to HK\$147 million in 2003, represented a drop of 61.2%, while its profit was maintained at the same level of previous year. The drop in turnover was mainly due to a significant decrease in the quota-related business activities. It should be noted that with the abolition of textile quotas requirement in 2005, the Group's profit from this segment will be significantly affected.

Chairman's Statement

Supply Chain Management

The performance of Professional Service Brokers Limited, in which the Group owns 43.3%, was satisfactory and the operation contributed a positive return to the Group. The volume of business being transacted expanded significantly in 2004 and growth of this business is anticipated in 2005, particularly in Australia.

CORPORATE CHANGES IN TTP

Increase in shares in TTP

An offer for the remaining 40.0% interest in shares of TTP not owned by the Group was made in March 2004. The offer price was NZD0.40 as compared to net assets value per share of NZD0.63 as at 31st December, 2003. As a result of this offer, the Group succeeded in increasing its interest in TTP from 59.97% to 61.31%. As the acquisition cost of NZD3.9 million was below the net asset value of the shares acquired, a negative goodwill of NZD1.2 million had resulted, which will be amortized in future years. Subsequent to the year end, the Group acquired further shares in TTP from the market and its interest in the Company increased to 62.14% at the date of this report.

Relocation of head office

The head office of TTP was relocated from Auckland to Singapore with effect from 1st January, 2005. Having its senior management based in Singapore, TTP benefits from being able to keep abreast of market conditions in the region, respond to opportunities quicker and maintain closer monitoring on projects in the region.

FINANCIAL REVIEW

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

Financial Resources and Liquidity

As at 31st December, 2004, the Group continued to maintain a strong capital base, with shareholders' funds totaling HK\$3,198.3 million (2003: HK\$2,676.7 million). The increase was mainly attributable to the upward revaluation of the Group's investment property portfolio amounted to HK\$345.3 million.

As at 31st December, 2004, the Group maintained HK\$871.2 million (2003: HK\$1,880.9 million) cash balances and unutilized facilities of HK\$1,383.8 million (2003: HK\$963.7 million) to meet its commitments and working capital requirements. The current (working capital) ratio decreased from 4.46 at 31st December, 2003 to 1.84 at 31st December, 2004. The decreases was mainly due to the repayment of loans after the disposals of properties and the acquisitions of development properties in Hong Kong and New Zealand.

Bank borrowings of New Zealand group including TTP and its Australia subsidiary Australian Growth Properties Limited are denominated in NZD and AUD respectively. At 31st December, 2004, the bank and other borrowings drawn down amounted to NZD220.1 million (HK\$1,230.2 million) which were mainly secured by properties valued at NZD350.5 million (HK\$1,959.3 million) and fixed deposits of NZD5.1 million (HK\$28.5 million).

For the Group companies operating in Hong Kong and China, the bank borrowings amounted to HK\$1,857.3 million had been drawn down at 31st December, 2004. These borrowings were secured by properties valued at HK\$3,391.5 million and fixed deposits of HK\$67.6 million.

Chairman's Statement

Refinancing and Gearing

Major credit facilities have been renewed on a medium and long-term basis, which have provided the Group with the capacity and flexibility to undertake further investment opportunities consistent with the Group's policy to remain a long-term investor in properties.

Gearing ratio as at 31st December, 2004, calculated on the basis of net interest bearing debts minus cash, as a percentage of total property assets, increased from 21% to 34%. However, although the gearing ratio has risen the Group's financial position remains strong with substantial cash on hand and undrawn secured banking facilities available.

Treasury policies

The Group adheres to prudent treasury policies. As at 31st December, 2004 about 88% of the Group's borrowings were raised through its wholly-owned or majority owned subsidiaries. Its borrowings are principally based on floating rate terms but for loans of sizeable amount, interest rate hedging mechanisms have been arranged to guard against any interest rate volatility. The use of hedging instruments including swaps and forwards are strictly controlled and solely for management of the Group's interest rate and forex exposures in connection with its borrowings.

Capital movements

During the year, certain holders of warrants exercised their rights to subscribe for 291,739 ordinary shares at an exercise price of HK\$1.38 per share. Saved as aforesaid, the Company did not issue any additional shares or any type of capital instruments during the year.

Loan maturity profile

As at 31st December, 2004, maturities of the Group's outstanding borrowings were as follows:

	As at 31st December,	
	2004	2003
	HK\$ million	HK\$ million
Due within 1 year	1,432.1	205.5
1-2 years	253.4	1,512.3
3-5 years	736.9	1,020.8
Over 5 years	774.9	139.4
	3,197.3	2,878.0

At the end of 2004, the Group's long-term borrowings due after one year amounted to 49% (2003: 80%) of total liabilities.

Chairman's Statement

OUTLOOK

With an improved job market, a comparatively low interest rates environment, and a higher level of affordability, greater demand for housing in Hong Kong is anticipated. Also, in the light of the planned opening of Walt Disneyland Park later this year, and the continued influx of Mainland visitors to Hong Kong, coupled with the continued recovery in the economy demand for office and hotel space is expected to increase. The Group is of the view that these factors should benefit its operations and new business initiatives being undertaken.

In China, the Group's investments are beginning to bear fruit, and a reasonable income contribution to the Group is expected in the coming years.

The Group will continue to look for investment opportunities in the Asian Pacific region to further strengthen its asset base and broaden its income streams with a view to maximizing return to the Shareholders.

ADDITIONAL BOARD MEMBERS

The Group welcomes the joining of Mr. Tse Man Bun as executive director and Mr. Chung Pui Lam as independent non-executive director. Mr. Tse's extensive experience in the financial and banking industry and Mr. Chung's broad experience and knowledge in business should benefit the future business development of the Group.

MANAGEMENT AND STAFF

The Group had 200 employees at 31st December, 2004 compared with 170 in the previous year. Salary and benefits are reviewed at least annually both in response to market conditions and trends in conjunction with individual performance. Fringe benefits including study and training allowances, and voluntary employer contributions to retirement schemes are offered to most employees. The Company operates an employee share option scheme with options granted to the Group employees on a discretionary basis by the Board.

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

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 1st April, 2005

Directors' Biographical Information

EXECUTIVE DIRECTORS

Mr. Lu Wing Chi, aged 58, joined the Group in 1969 and is the Chairman and Managing Director of the Company. Mr. Lu has over 36 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, brother of Mr. Lu Wing Lin and father of Messrs. Lincoln Lu and Lambert Lu.

Mr. Tse Man Bun, aged 62, joined the Group in December 2004, and is now Executive Director of the Company. Mr. Tse has over 40 years of working experience in the banking and finance industry. Mr. Tse is presently an independent non-executive director of HSBC Insurance (Asia) Limited, HSBC Medical Insurance (Asia) Limited, Tysan Holdings Limited and Crystal International Limited.

Mr. Lu Wing Yuk, Andrew, aged 58, 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 35 years of experience in the textile industry and international trading.

Mr. Lu Wing Lin, aged 53, joined the Group in 1976 and is now Executive Director of the Company. Mr. Lu holds a Bachelor of Finance degree and has over 28 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.

Mr. Lincoln Lu, aged 30, joined the Group in 1998 and was appointed as Executive Director of the Company in 2003. Mr. Lu holds a Bachelor of Arts degree from the University of British Columbia. Mr. Lu is primarily responsible for the Group's project management operations. He is the son of Mr. Lu Wing Chi and brother of Mr. Lambert Lu.

Mr. Lambert Lu, aged 28, joined the Group in 1999 and was appointed as Executive Director of the Company in 2003. Mr. Lu holds a Bachelor of Science degree from the University of British Columbia. Mr. Lu is in charge of the finance and investment of the Group. He is the son of Mr. Lu Wing Chi and brother of Mr. Lincoln Lu.

NON-EXECUTIVE DIRECTOR

Mr. Lu Yong Lee, aged 66, 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 40 years of experience in property developments and international trading.

Directors' Biographical Information

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Walujo Santoso, Wally, aged 52, acted as independent non-executive Director of the Company since 1994 and is also the Managing Director of Grand Ocean (International) Limited. Mr. Santoso holds a Diploma in Accounting and has over 28 years of experience in international trading and manufacturing.

Mr. Leung Hok Lim, *F CPA (Aust.), CPA (Macau), F CPA (Practising)*, aged 70, acted as independent non-executive Director of the Company since February 1999 and is the founding and senior partner of PKF, Certified Public Accountants. Mr. Leung obtained his fellowship with Hong Kong Institute of Certified Public Accountants (formerly Hong Kong Society of Accountants) in 1973. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited and a number of listed companies.

Mr. Chung Pui Lam, *OBE, JP*, aged 64, joined the Group in 2004 and is a practising solicitor in Hong Kong. Mr. Chung is serving as a member on several advisory committees of the Government of the HKSAR. Mr. Chung is also a director of the listed Chow Sang Sang Holdings International Limited and Datronix Holdings Limited.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December, 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are investment holding, property and asset management, garment manufacturing and trading and property investment and development.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2004 are set out in the consolidated income statement on page 25.

An interim dividend of HK4 cents per share amounting to HK\$20,466,000 was paid to the shareholders during the year. The directors now recommend the payment of a final dividend of HK6 cents per share to the shareholders on the register of members on 12th May, 2005, amounting to HK\$30,692,000, and the retention of the remaining profit for the year.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 28 and note 37, to the financial statements respectively.

SHARE CAPITAL AND WARRANTS

Details of the share capital and outstanding warrants of the Company are set out in notes 35 and 36 to the financial statements respectively.

INVESTMENT PROPERTIES

All the investment properties of the Group were revalued at 31st December, 2004. The net surplus arising on revaluation amounting to HK\$345,289,000 of which HK\$351,588,000 attributable to the Group has been credited directly to the investment property revaluation reserve.

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\$145,788,000 were transferred from investment properties and properties under development with a total carrying value amounting to HK\$222,006,000 were transferred to properties for sale. Additions for the year amounted to HK\$469,536,000 of which HK\$97,697,000 was made through the acquisition of subsidiaries.

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, 2004 are set out in the Property Portfolio on pages 4 to 5.

Directors' Report

PRE-EMPTIVE RIGHTS

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

DIRECTORS

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

Executive directors

Mr. Lu Wing Chi (*Chairman and Managing Director*)

Mr. Tse Man Bun

(*appointed on 1st December, 2004*)

Mr. Lu Wing Yuk, Andrew

Mr. Lu Wing Lin

Mr. Lincoln Lu

Mr. Lambert Lu

Non-executive director

Mr. Lu Yong Lee

Independent non-executive directors

Mr. Walujo Santoso, Wally

Mr. Leung Hok Lim

Mr. Chung Pui Lam

(*appointed on 27th September, 2004*)

In accordance with Clause 88 of the Company's Bye-laws, Messrs. Lu Yong Lee and Walujo Santoso, Wally, retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Clause 95 of the Company's Bye-Laws, Messrs. Chung Pui Lam and Tse Man Bun, retire and, being eligible, offer themselves for re-election.

In accordance with Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), Messrs. Lu Wing Chi and Lu Wing Yuk, Andrew, retire and, being eligible, offer themselves 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, any of its holding companies or 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' Report

CONNECTED TRANSACTIONS

On 30th October, 2003, SEA Holdings New Zealand Limited ("SHNZ"), an indirect wholly-owned subsidiary of the Company, advanced a loan of NZ\$812,000 to New Zealand Land Trust Limited, a company owned as to 50% by a company associated with Mr. John Darby. Mr. John Darby is a director of and has a 25% interest in Jacks Point Limited ("JPL"). As at the balance sheet date, the amount was fully repaid.

JPL was a non-wholly owned subsidiary of the Company previously. On 6th May, 2004, SHNZ entered into an agreement with the other shareholders of JPL to restructure its direct interest in JPL. After the restructuring, SHNZ and Mr. John Darby holds effectively 26.1% and 30% interest in JPL respectively.

On 2nd November, 2004, an indirect wholly-owned subsidiary of the Company, Mr. Mike Coburn, Mr. John Darby and Mr. Don Fletcher established a joint venture in the proportion of 24.0%, 15.0%, 31.1% and 29.9% respectively. Under an arrangement between the Group and Mr. Don Fletcher, the Group holds another 1% interest in the said joint venture through the company controlled by Don Fletcher. The new joint venture will engage in the investment of unconverted land in New Zealand for the purposes of re-zoning and development. The maximum commitment of the Group to the joint venture is NZ\$4,492,000 (approximately HK\$25,110,000). Mr. Mike Coburn and Mr. John Darby are associates with the Company's subsidiary and Mr. Don Fletcher is the Executive Chairman and Managing Director of the Group's property investment companies in New Zealand and Australia. As at balance sheet date, NZ\$373,000 (approximately HK\$2,085,000) had been funded by the Group to the said joint venture.

Details of these transactions are set out in the announcements dated 14th January, 2004, 6th May, 2004 and 2nd November, 2004 respectively issued to the shareholders of the Company.

The directors believe that the transactions are fair and reasonable insofar as the Company and the shareholders of the Company are concerned and are in the interests of the Company and the shareholders of the Company as a whole.

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, any of its holding companies or 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 securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the following Directors are considered to have interests in business which compete with, or might compete with, either directly or indirectly, the business of the Group:

- (i) Messrs. Lu Wing Chi and Lu Wing Lin also hold shareholdings (on behalf of themselves and their associates) and directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment, textile manufacturing and trading. In this regard, Messrs. Lu Wing Chi and Lu Wing Lin are considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.

Directors' Report

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(Continued)*

- (ii) Mr. Tse Man Bun is also an independent non-executive director of HSBC Insurance (Asia) Limited, HSBC Medical Insurance (Asia) Limited and Tysan Holdings Limited and Crystal International Limited. The principal business of Tysan Holdings Limited includes building construction, property development, investment and management. In this regard, he is considered to have interests in businesses which compete with or might compete with, either directly or indirectly, the businesses of the Group. The principal business of Crystal International Limited includes garment trading and manufacturing. However, in view of the scale of the Group's garment business in comparison with its other businesses and Mr. Tse's non-executive directorship in Crystal International Limited, Mr. Tse is not considered by the Group to have interests in businesses which compete with or might compete with, either directly or indirectly, the businesses of the Group. In addition, Mr. Tse and his associates also invest from time to time in real estate investments. However, the scale and nature of such investments do not fit the investment profile of the Group. Hence, Mr. Tse is not considered by the Group to have interests which compete with, or might compete with, the businesses of the Group as a result of such investments.
- (iii) Mr. Lu Wing Yuk, Andrew is also the managing director of Kian Nan Trading Company Limited whose businesses includes textile manufacturing and trading and holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.
- (iv) Messrs. Lincoln Lu and Lambert Lu are sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also hold shareholdings (on behalf of themselves and their associates) and directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment, textile manufacturing and trading. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.
- (v) Mr. Lu Yong Lee holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.
- (vi) Mr. Walujo Santoso, Wally and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Santoso is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.
- (vii) Mr. Leung Hok Lim is also director of a number of private and listed companies. Some of these companies and their associates are involved in property development and investment. In addition, Mr. Leung and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Leung is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.

Directors' Report

DIRECTORS' INTERESTS IN COMPETING BUSINESS (Continued)

(viii) Mr. Chung Pui Lam is also director of the listed Chow Sang Sang Holdings International Limited and Datronix Holdings Limited. Mr. Chung and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Chung is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group.

MANAGEMENT CONTRACTS

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

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

At 31st December, 2004, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code"), were as follows:

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

Name of Director	No. of Shares		Number of underlying shares (warrants)		Number of underlying shares (share option)	Total	% of shares in issue
	Personal interests	Corporate interests	Personal interests	Corporate interests			
Tse Man Bun	100,000	-	-	-	-	100,000	0.02
Lu Wing Yuk, Andrew	-	-	-	-	3,000,000	3,000,000	0.59
Lu Wing Chi	-	-	-	-	12,500,000	12,500,000	2.44
Lu Wing Lin	94,000	-	-	-	12,500,000	12,594,000	2.46
Lincoln Lu	618,000	261,737,811	572,717	73,897,812	-	336,826,340 ^(Note)	65.85
Lambert Lu	610,000	261,737,811	572,717	73,897,812	-	336,818,340 ^(Note)	65.84

Note: Of these shares and warrants of the Company, 261,737,811 shares and warrants carrying 73,897,812 underlying shares deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of SFO. 261,737,811 shares and warrants carrying 71,786,743 underlying shares out of such shares were held by Nan Luen International Limited, which was 62.77% owned by JCS Limited ("JCS"), and warrants carrying 2,111,069 underlying shares were held directly by JCS. JCS was 26.09% owned by a discretionary trust, of which both directors are beneficiaries. In addition, Messrs. Lincoln Lu and Lambert Lu were each interested in 10.87% in JCS directly. JCS is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS *(Continued)*

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

(a) JCS

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

(b) Nan Luen International Limited

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

Notes:

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

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

Saved as disclosed above, as at 31st December, 2004, none of the directors and chief executives nor their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SHARE OPTIONS

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

A summary of the Company's share options are disclosed in accordance with the Listing Rules as follows:

Name of directors	Date of grant	Exercise price HK\$	Exercisable period	Number of share options		
				Balance as at 1.1.2004	Lapsed during the year	Balance as at 31.12.2004
Lu Wing Chi	21.2.1994	4.40	21.2.1994 – 20.2.2004	2,200,000	(2,200,000)	–
	4.12.2000	1.44	4.12.2000 – 3.12.2010	12,500,000	–	12,500,000
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 – 3.12.2010	3,000,000	–	3,000,000
Lu Wing Lin	4.12.2000	1.44	4.12.2000 – 3.12.2010	12,500,000	–	12,500,000
Total				30,200,000	(2,200,000)	28,000,000

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

Directors' Report

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

So far as is known to any director or chief executive of the Company, as at 31st December, 2004, person other than a director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO, were as follow:

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Number of underlying shares (warrants)	Total	% of shares in issue
JCS	Direct interest	–	2,111,069	2,111,069	
	Held by controlled corporation	261,737,811	71,786,743	333,524,554 ^(Note)	
		261,737,811	73,897,812	335,635,623	65.61
Eaver Company Limited	Direct interest	608,000	–	608,000	
	Held by controlled corporation	261,737,811	71,786,743	333,524,554 ^(Note)	
		262,345,811	71,786,743	334,132,554	65.32
Nan Luen International Limited	Direct interest	261,737,811	71,786,743	333,524,554 ^(Note)	65.20
Pacific Rose Enterprises Limited	Direct interest	31,955,873	3,581,257	35,537,130	6.95
Cypress Gold Limited	Direct interest	20,013,043	7,711,957	27,725,000	5.42

Note: 261,737,811 shares and warrants carrying 71,786,743 underlying shares deemed to be interested by JCS, Eaver Company Limited and Nan Luen International Limited represented the same interests and were therefore duplicated amongst these three shareholders for the purpose of the SFO. JCS and Eaver Company Limited were respectively interested in 62.77% and 37.23% in Nan Luen International Limited, which in turn was interested in these shares and warrants.

Saved as disclosed above, directors are not aware of any other person who, as at 31st December, 2004, had an interests or short positions in the share or underlying shares of the Company recorded in the register required to be kept under Section 336 of the SFO.

DEALINGS IN THE COMPANY'S SHARES AND WARRANTS

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

MAJOR SUPPLIERS AND MAJOR CUSTOMERS

For the year ended 31st December, 2004, the aggregate amount of turnover attributable to the Group's five largest customers accounted for approximately 47% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 33% of the Group's total turnover.

Directors' Report

MAJOR SUPPLIERS AND MAJOR CUSTOMERS *(Continued)*

The aggregate amount of purchases attributable to the Group's five largest suppliers accounted for approximately 67% of the Group's total purchasers and the purchases attributable to the Group's largest supplier accounted for approximately 29% of the Group's total purchases.

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

CORPORATE GOVERNANCE

The Company has complied throughout the year ended 31st December, 2004 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules 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, Mr. Leung Hok Lim and Mr. Chung Pui Lam, all of whom are independent non-executive directors. The Audit Committee met twice during the year. During these meetings, the committee members met with representative 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.

CHARITABLE DONATIONS

During the year, the Group made charitable donations amounting to HK\$122,000.

POST BALANCE SHEET EVENT

Details of a post balance sheet event are set out in note 48 to the financial statements.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five years is set out in Financial Highlights on page 2.

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, 1st April, 2005

Auditors' Report

Deloitte.

德勤

TO THE MEMBERS OF S E A HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the financial statements on pages 25 to 74 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 financial statements and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public 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, 2004 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong
1st April, 2005

Consolidated Income Statement

For the year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
Turnover	4	474,722	592,853
Other operating income		79,923	77,964
Changes in inventories and properties held for sale	6	(158,585)	(195,082)
Staff costs		(61,567)	(61,945)
Depreciation and amortisation		(4,065)	(3,750)
Other operating expenses		(85,457)	(102,134)
Net (loss) gain on investments and properties	7	(94,703)	98,836
Gain on disposal of subsidiaries engaging in property investment and development		77,430	–
Release of negative goodwill		39,428	56,510
Profit from operations	8	267,126	463,252
Finance costs	9	(121,060)	(158,679)
Share of results of associates		3,354	(2,071)
Share of results of jointly controlled entities		(3,689)	6,105
Profit before taxation		145,731	308,607
Taxation	12	(2,156)	(10,775)
Profit before minority interests		143,575	297,832
Minority interests		(23,083)	(110,571)
Net profit for the year		120,492	187,261
Dividends	13	51,158	51,125
Earnings per share	14		
Basic		HK23.6 cents	HK36.6 cents
Diluted		HK21.6 cents	HK36.2 cents

Balance Sheets

At 31st December, 2004

	Notes	THE GROUP		THE COMPANY	
		2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Non-current Assets					
Investment properties	15	3,624,804	3,901,487	–	–
Property, plant and equipment	16	795,237	396,954	–	–
Permanent quotas	17	–	–	–	–
Negative goodwill	18	(225,164)	(247,125)	–	–
Investments in subsidiaries	19	–	–	136,586	136,586
Interests in associates	20	18,340	16,484	–	–
Interests in jointly controlled entities	21	290	3,979	–	–
Other investments	22	95,467	80,277	–	–
Amounts due from jointly controlled entities	23	2,790	2,790	–	–
Other loans receivable	24	74,996	7,409	–	–
Amount due from an associate	25	31,863	–	–	–
		4,418,623	4,162,255	136,586	136,586
Current Assets					
Inventories	26	3,397	1,901	–	–
Properties held for sale	27	2,391,716	540,456	–	–
Other investments	22	796	19,145	–	–
Other loans receivable	24	8,244	60,867	–	–
Debtors, deposits and prepayments	28	50,131	204,696	245	223
Taxation recoverable		1,593	7,726	–	–
Advance to a director of an indirect subsidiary	29	–	1,606	–	–
Amounts due from subsidiaries	30	–	–	2,070,122	1,928,222
Amount due from an associate	25	2,087	2,020	–	–
Pledged bank deposits	45(d)	138,869	69,655	–	20,650
Bank balances and deposits		732,316	1,811,232	137,771	115,417
		3,329,149	2,719,304	2,208,138	2,064,512
Current Liabilities					
Creditors, deposits received and accrued charges	31	201,323	207,161	2,654	2,327
Sales deposits on properties for sale received		49,195	73,515	–	–
Provisions	32	109,361	104,672	–	–
Taxation payable		19,818	19,433	–	–
Amounts due to subsidiaries	30	–	–	78,940	71,044
Borrowings – due within one year	33	1,432,057	205,543	210,000	20,549
		1,811,754	610,324	291,594	93,920
Net Current Assets		1,517,395	2,108,980	1,916,544	1,970,592
		5,936,018	6,271,235	2,053,130	2,107,178

Balance Sheets

At 31st December, 2004

	Notes	THE GROUP		THE COMPANY	
		2004	2003	2004	2003
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital and Reserves					
Share capital	35	51,154	51,125	51,154	51,125
Reserves	37	3,147,151	2,625,609	2,001,976	2,056,053
		3,198,305	2,676,734	2,053,130	2,107,178
Minority Interests					
	39	914,082	875,015	–	–
Non-current Liabilities					
Borrowings – due after one year	33	1,765,218	2,672,522	–	–
Other payables – due after one year	34	18,800	18,800	–	–
Deferred taxation	38	39,613	28,164	–	–
		1,823,631	2,719,486	–	–
		5,936,018	6,271,235	2,053,130	2,107,178

The financial statements on pages 25 to 74 were approved and authorised for issue by the Board of Directors on 1st April, 2005 and are signed on its behalf by:

Lu Wing Chi
Chairman and Managing Director

Tse Man Bun
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2004

	Share capital HK\$'000	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 2003	51,125	155,588	354,266	(169,769)	(10,980)	4,451	277,707	-	1,777,816	2,440,204
Revaluation deficit arising on investment properties	-	-	(93,501)	-	-	-	-	-	-	(93,501)
Deferred tax liability arising on revaluation of properties	-	-	(2,582)	-	-	-	-	-	-	(2,582)
Exchange movement during the year	-	-	-	211,723	-	-	-	-	-	211,723
Unrealised holding gain on investments in securities	-	-	-	-	4,849	-	-	-	-	4,849
Net (loss) profit not recognised in the income statement	-	-	(96,083)	211,723	4,849	-	-	-	-	120,489
Released upon disposal of investment properties	-	-	(50,770)	-	-	-	-	-	-	(50,770)
Net profit for the year	-	-	-	-	-	-	-	-	187,261	187,261
Dividend proposed	-	-	-	-	-	-	-	30,675	(30,675)	-
Dividend paid	-	-	-	-	-	-	-	-	(20,450)	(20,450)
At 31st December, 2003	51,125	155,588	207,413	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,676,734
Revaluation surplus arising on investment properties	-	-	351,588	-	-	-	-	-	-	351,588
Deferred tax liability arising on revaluation of properties	-	-	(10,602)	-	-	-	-	-	-	(10,602)
Exchange movement during the year	-	-	-	29,889	-	-	-	-	-	29,889
Unrealised holding gain on investments in securities	-	-	-	-	15,739	-	-	-	-	15,739
Net profit not recognised in the income statement	-	-	340,986	29,889	15,739	-	-	-	-	386,614
Shares issued upon exercise of warrants	29	373	-	-	-	-	-	-	-	402
Released upon disposal of investment properties	-	-	65,204	-	-	-	-	-	-	65,204
Net profit for the year	-	-	-	-	-	-	-	-	120,492	120,492
Dividend proposed	-	-	-	-	-	-	-	30,692	(30,692)	-
Dividend paid	-	-	-	-	-	-	-	(30,675)	(20,453)	(51,128)
Additional dividend paid on the exercise of warrants subsequent to the issue of financial statements	-	-	-	-	-	-	-	-	(13)	(13)
At 31st December, 2004	51,154	155,961	613,603	71,843	9,608	4,451	277,707	30,692	1,983,286	3,198,305
Attributed to:										
The Company and subsidiaries	51,154	155,961	613,603	70,354	9,608	4,451	277,707	30,692	1,883,221	3,096,751
Associates	-	-	-	1,489	-	-	-	-	99,775	101,264
Jointly controlled entities	-	-	-	-	-	-	-	-	290	290
	51,154	155,961	613,603	71,843	9,608	4,451	277,707	30,692	1,983,286	3,198,305

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.

Consolidated Cash Flow Statement

For the year ended 31st December, 2004

	2004 HK\$'000	2003 HK\$'000
OPERATING ACTIVITIES		
Profit from operations	267,126	463,252
Adjustments for:		
Gain on disposal of subsidiaries engaging in property investment and development	(77,430)	–
Depreciation and amortisation	4,065	3,750
Unrealised holding (gain) loss on investments in trading securities	(3,344)	155
Realised gain on disposal of investments in securities	(2,778)	(2,300)
Loss (gain) on disposal of investment properties	100,803	(72,857)
Write back of allowance for properties held for sale	–	(21,659)
Gain on deemed disposal of an associate	–	(2,175)
Bad debts written off/allowance for doubtful debts	5,449	376
Interest income	(67,710)	(54,419)
Loss on disposal of property, plant and equipment	–	967
Gain on repurchase of preference convertible promissory notes	–	(15,600)
Release of negative goodwill	(39,428)	(56,510)
Amortisation of transaction costs on bank loans	1,535	1,200
Increase in provision for rental guarantee resulting from re-measurement	14,045	–
Operating cash flows before movements in working capital	202,333	244,180
(Increase) decrease in inventories	(846)	6,641
Increase in properties held for sale	(1,620,767)	(16,582)
Decrease (increase) in debtors, deposits and prepayments	186,065	(98,426)
Decrease in creditors, deposits received and accrued charges	(29,312)	(556)
(Decrease) increase in sales deposits on properties for sale received	(24,320)	71,902
Cash (used in) generated from operations	(1,286,847)	207,159
Interest received	78,546	50,809
Interest and facilities charges paid on bank and other borrowings	(145,910)	(177,109)
Dividends paid	(51,141)	(20,450)
Hong Kong Profits Tax refunded (paid)	627	(9,016)
Overseas tax refunded (paid)	4,556	(5,989)
CASH (USED IN) FROM OPERATING ACTIVITIES	(1,400,169)	45,404

Consolidated Cash Flow Statement

For the year ended 31st December, 2004

	Notes	2004 HK\$'000	2003 HK\$'000
INVESTING ACTIVITIES			
Purchase of investment properties		(164,276)	(15,229)
Proceeds on disposal of investment properties		830,275	2,169,815
Purchase of property, plant and equipment		(371,839)	(131,730)
Proceeds on disposal of property, plant and equipment		991	2,369
Dividend received from an associate		2,987	5,226
Purchase of investments in securities		(12,428)	(7)
Proceeds on disposal of investments in securities		37,338	4,968
Repayment from jointly controlled entities		–	66
Loans to associates		(537)	(2,020)
Addition of other loans receivable		(74,502)	(480)
Repayment of other loans receivable		65,439	79,646
Repayment of loan to a director of an indirect subsidiary		1,638	–
(Increase) decrease in pledged bank deposits		(69,214)	88,089
Payment of compensation for rental guarantees		(38,801)	(9,912)
Purchase of further interests in subsidiaries		(28,716)	(707,049)
Purchase of subsidiaries (net of cash and cash equivalents acquired)	40	36	–
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	41	53,436	–
NET CASH FROM INVESTING ACTIVITIES		231,827	1,483,752
FINANCING ACTIVITIES			
Repayment of bank and other loans		(3,870,495)	(1,854,191)
Payment of transaction costs		(7,987)	–
Funds received from bank and other loans		3,994,212	1,331,836
Advances from (repayment to) minority shareholders		2,581	(45,893)
Proceeds on issuance of shares		402	–
Dividends paid to minority shareholders		–	(27,170)
Repayment to associates		–	(3,272)
Repayment of obligations under finance leases		–	(2,683)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		118,713	(601,373)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(1,049,629)	927,783
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,811,232	722,825
Effect of foreign exchange rate changes		(29,287)	160,624
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and deposits		732,316	1,811,232

Notes to the Financial Statements

For the year ended 31st December, 2004

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 "Stock Exchange"). The directors consider that the Company's ultimate holding company is JCS Limited, a company also incorporated in Bermuda as an exempted company with limited liability.

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

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards and Hong Kong Financial Reporting Standards (collectively referred as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

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.

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 an associate 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 is included within the carrying amount of the associate.

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 at the date of acquisition over the cost of acquisition.

Notes to the Financial Statements

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Negative goodwill (Continued)

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 acquired identifiable non-monetary assets acquired, it is recognised as income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated 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 Group's rights to receive payment have been established.

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

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 valued 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.

Notes to the Financial Statements

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

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 and accumulated impairment losses.

Depreciation 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.

Properties under development

Properties under development held for investment 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.

Operating leases

Rental payable under operating leases are charged to the income statement on a straight-line basis over the relevant lease term.

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.

Investments in subsidiaries

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

Notes to the Financial Statements

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 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.

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.

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 loss is recognised as an expense immediately.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

Notes to the Financial Statements

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Transaction 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

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements

For the year ended 31st December, 2004

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Transactions in foreign currencies are translated at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the assets and liabilities 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 prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

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.

4. TURNOVER

Turnover comprises:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Gross rental income	214,056	317,111
Gross proceeds from sale of properties	196,362	125,170
Gross invoiced sales	61,053	147,487
Agency and service fees income	582	718
Dividend income	2,005	1,678
Project management fee income	664	689
	474,722	592,853

Notes to the Financial Statements

For the year ended 31st December, 2004

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, 2004						Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	
REVENUE							
External sales	321,572	22,519	4,276	126,355	-	-	474,722
Inter-segment sales*	-	-	-	39,223	-	(39,223)	-
Total revenue	321,572	22,519	4,276	165,578	-	(39,223)	474,722
RESULT							
Segment profit (loss)	139,682	9,758	(7,425)	97,939	(906)	-	239,048
Interest income							67,710
Unallocated corporate expenses							(39,632)
Profit from operations							267,126
Finance costs							(121,060)
Share of results of associates	3,354	-	-	-	-	-	3,354
Share of results of jointly controlled entities	-	-	(3,689)	-	-	-	(3,689)
Profit before taxation							145,731
Taxation							(2,156)
Profit before minority interests							143,575
Minority interests							(23,083)
Net profit for the year							120,492

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

Notes to the Financial Statements

For the year ended 31st December, 2004

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

Balance Sheet at 31st December, 2004

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	1,247,190	784,113	550,479	5,001,995	107,032	7,690,809
Interests in associates	18,340	-	-	-	-	18,340
Amounts due from associates	33,950	-	-	-	-	33,950
Interests in jointly controlled entities	-	-	290	-	-	290
Amounts due from jointly controlled entities	-	-	2,790	-	-	2,790
Taxation recoverable						1,593
Consolidated total assets						7,747,772
LIABILITIES						
Segment liabilities	118,383	49,241	113,014	97,477	564	378,679
Borrowings	747,631	70,869	110,088	2,217,616	51,071	3,197,275
Taxation payable						19,818
Deferred taxation						39,613
Consolidated total liabilities						3,635,385

Other Information for the year ended 31st December, 2004

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	334,576	-	40,692	281,499	-	656,767
Depreciation and amortisation	1,488	365	290	1,905	17	4,065
Net (loss) gain on investments and properties	(80,680)	(14,045)	-	22	-	(94,703)
Gain on disposal of subsidiaries engaging in property investment and development	34,922	42,508	-	-	-	77,430
Release of negative goodwill	25,959	1,203	-	12,266	-	39,428
Bad debts written off/allowance for doubtful debts	179	90	-	5,180	-	5,449

Notes to the Financial Statements

For the year ended 31st December, 2004

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

	Year ended 31st December, 2003						Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	
REVENUE							
External sales	244,037	92,763	14,861	241,192	–	–	592,853
Inter-segment sales*	–	–	31	543	–	(574)	–
Total revenue	244,037	92,763	14,892	241,735	–	(574)	592,853
RESULT							
Segment profit (loss)	162,068	129,479	(8,056)	148,373	14,802	–	446,666
Interest income							54,419
Unallocated corporate expenses							(37,833)
Profit from operations							463,252
Finance costs							(158,679)
Share of results of associates	104	–	–	(2,175)	–	–	(2,071)
Share of results of jointly controlled entities	–	–	6,105	–	–	–	6,105
Profit before taxation							308,607
Taxation							(10,775)
Profit before minority interests							297,832
Minority interests							(110,571)
Net profit for the year							187,261

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

Notes to the Financial Statements

For the year ended 31st December, 2004

5. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

Balance Sheet at 31st December, 2003

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	1,764,111	1,937,936	457,296	2,581,104	110,133	6,850,580
Interests in associates	16,484	–	–	–	–	16,484
Interests in jointly controlled entities	–	–	3,979	–	–	3,979
Amounts due from jointly controlled entities	–	–	2,790	–	–	2,790
Taxation recoverable						7,726
Consolidated total assets						6,881,559
LIABILITIES						
Segment liabilities	110,040	75,693	120,396	97,571	448	404,148
Borrowings	1,007,981	672,343	56,762	1,092,217	48,762	2,878,065
Taxation payable						19,433
Deferred taxation						28,164
Consolidated total liabilities						3,329,810

Other Information for the year ended 31st December, 2003

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	145,840	491	491	1,357	–	148,179
Depreciation and amortisation	905	646	247	1,921	31	3,750
Net gain (loss) on investments and properties	(2,694)	76,787	–	24,743	–	98,836
Release of negative goodwill	–	44,244	–	12,266	–	56,510
Gain (loss) on disposal of property, plant and equipment	(1,048)	(11)	–	92	–	(967)
Bad debts written off	376	–	–	–	–	376

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

Notes to the Financial Statements

For the year ended 31st December, 2004

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 with location of its operations 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 profit (loss) from operations by business segment:

	Sales revenue by business segment		Contribution to profit (loss) from operations	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Property investment	214,056	316,094	92,452	387,300
Garment manufacturing and trading	57,049	147,488	12,629	4,535
Investment	2,005	2,705	20,683	18,918
Property development	196,362	126,202	112,770	37,697
Others	5,250	364	514	(1,784)
	474,722	592,853	239,048	446,666
Interest income			67,710	54,419
Unallocated corporate expenses			(39,632)	(37,833)
Profit from operations			267,126	463,252

Notes to the Financial Statements

For the year ended 31st December, 2004

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	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property investment	4,183,739	5,458,130	616,694	145,840
Garment manufacturing and trading	16,351	40,881	9	1,180
Investment	164,990	79,013	454	177
Property development	2,851,761	941,531	39,610	491
Others	58,205	18,112	–	491
	7,275,046	6,537,667	656,767	148,179
Unallocated corporate assets	472,726	343,892		
Consolidated total assets	7,747,772	6,881,559		

6. CHANGES IN INVENTORIES AND PROPERTIES HELD FOR SALE

	2004	2003
	HK\$'000	HK\$'000
Changes in inventories of manufactured finished goods and work-in-progress	1,480	(6,423)
Raw materials and consumables used	(17,860)	(29,856)
Purchase of goods held for resale	(1,278)	(61,778)
Changes in inventories of properties held for sale	1,853,735	14,346
Costs incurred on properties held for sale	(1,994,662)	(111,371)
	(158,585)	(195,082)

Notes to the Financial Statements

For the year ended 31st December, 2004

7. NET (LOSS) GAIN ON INVESTMENTS AND PROPERTIES

	2004 HK\$'000	2003 HK\$'000
(Loss) gain on disposal of investment properties	(100,803)	72,857
Unrealised holding gain (loss) on investments in trading securities	3,344	(155)
Realised gain on disposal of investments in securities	2,778	2,300
Others	(22)	–
Write back of allowance for properties held for sale	–	21,659
Gain on deemed disposal of an associate	–	2,175
	(94,703)	98,836

8. PROFIT FROM OPERATIONS

	2004 HK\$'000	2003 HK\$'000
Profit from operations has been arrived at after charging:		
Auditors' remuneration		
Current year	2,720	3,056
Under(over)provision for prior years	288	(75)
Bad debts written off/allowance for doubtful debts	5,449	376
Directors' emoluments (note 10)	13,658	12,865
Loss on disposal of property, plant and equipment	–	967
Rental payments under operating leases	8,076	7,451
and crediting:		
Gross rental income from investment properties	212,740	316,079
Less: Outgoings	(20,039)	(29,513)
Net rental income from investment properties	192,701	286,566
Net rental income from other properties	1,316	1,032
	194,017	287,598
Interest earned on bank deposits	58,796	40,780
Other interest income	8,914	13,639
	67,710	54,419
Dividend income from listed investments	2,005	1,666
Dividend income from unlisted investments	–	12
Gain on repurchase of preference convertible promissory notes	–	15,600
Net exchange gain	7,278	904

Notes to the Financial Statements

For the year ended 31st December, 2004

9. FINANCE COSTS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within 5 years	110,332	123,226
Other loans wholly repayable within 5 years	822	–
Bank loans not wholly repayable within 5 years	6,464	21,654
Obligations under finance leases	–	57
Bonds	7,241	18,860
	<hr/>	<hr/>
Total interest	124,859	163,797
Less: Amounts capitalised to property development projects	(10,272)	(7,147)
	<hr/>	<hr/>
	114,587	156,650
Facilities charges	6,473	2,029
	<hr/>	<hr/>
	121,060	158,679

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6% (2003: 7%) to expenditure on qualifying assets.

10. DIRECTORS' EMOLUMENTS

The Directors' emoluments for the year are analysed as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fees to:		
Executive Directors	102	70
Non-executive Directors	20	20
Independent non-executive Directors	272	40
	<hr/>	<hr/>
	394	130
Management remuneration:		
Executive Directors		
Salaries and other benefits	7,818	5,300
Performance based bonus	3,721	5,940
Contributions to pension scheme	995	775
Discretionary payments	700	600
Independent non-executive Directors		
Other remuneration	30	120
	<hr/>	<hr/>
	13,264	12,735
	<hr/>	<hr/>
	13,658	12,865

Notes to the Financial Statements

For the year ended 31st December, 2004

10. DIRECTORS' EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2004 Number of directors	2003 Number of directors
Nil to HK\$500,000	5	7
HK\$500,001 to HK\$1,000,000	1	–
HK\$1,500,001 to HK\$2,000,000	2	–
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$6,500,001 to HK\$7,000,000	1	–
HK\$9,000,001 to HK\$9,500,000	–	1
	10	9

No directors waived their emoluments during the year.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2003: two) were directors of the Company whose emoluments are included in the disclosures in note 10. The emoluments of the remaining three (2003: three) individuals were as follows:

	2004 HK\$'000	2003 HK\$'000
Salaries and other remuneration	6,800	5,769
Performance based bonus	1,034	914
Contributions to pension scheme	–	45
	7,834	6,728

Their emoluments were within the following bands:

	2004 Number of employees	2003 Number of employees
HK\$1,500,001 to HK\$2,000,000	2	2
HK\$3,500,001 to HK\$4,000,000	–	1
HK\$4,000,001 to HK\$4,500,000	1	–
	3	3

Notes to the Financial Statements

For the year ended 31st December, 2004

12. TAXATION

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
The charge (credit) comprises:		
Current year		
Hong Kong	654	3,833
Other regions in the PRC	626	–
Other jurisdictions	164	1,887
	1,444	5,720
(Over)underprovision in prior years		
Hong Kong	(135)	(480)
Other regions in the PRC	–	663
	(135)	183
	1,309	5,903
Deferred tax		
Current year	847	2,101
Attributable to a change in tax rate	–	645
	847	2,746
Taxation attributable to the Company and its subsidiaries	2,156	8,649
Share of taxation attributable to jointly controlled entities	–	2,126
	2,156	10,775

Hong Kong Profits Tax is calculated at 17.5% 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 deferred taxation are set out in note 38.

Notes to the Financial Statements

For the year ended 31st December, 2004

12. TAXATION (Continued)

The taxation for the year can be reconciled from taxation based on profit per the income statement as follows:

	Hong Kong and PRC		New Zealand, Australia and others		Total	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation	30,021	88,962	115,710	219,645	145,731	308,607
Applicable income tax rate	17.5%	17.5%	33%	33%		
Tax at the applicable income tax rate	5,254	15,568	38,184	72,483	43,438	88,051
Tax effect of expenses not deductible for tax purpose	1,766	2,154	20,400	20,574	22,166	22,728
Tax effect of income not taxable for tax purpose	(3,359)	(7,645)	(37,411)	(20,997)	(40,770)	(28,642)
(Over)underprovision in prior years	(135)	183	–	–	(135)	183
Tax effect of (utilisation of losses previously not recognised) losses not recognised, net	(2,257)	9,199	(22,584)	(72,060)	(24,841)	(62,861)
Tax effect of decrease in deferred tax assets on deductible temporary differences not recognised	(680)	(13,322)	–	–	(680)	(13,322)
Withholding tax on dividend income	–	–	–	1,887	–	1,887
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	–	645	–	–	–	645
Tax effect of share of loss of associates not recognised	–	381	–	–	–	381
Effect of different tax rates of subsidiaries and jointly controlled entities operated in other jurisdictions	457	1,725	(278)	–	179	1,725
Others	651	–	2,148	–	2,799	–
Taxation for the year	1,697	8,888	459	1,887	2,156	10,775

Notes to the Financial Statements

For the year ended 31st December, 2004

13. DIVIDENDS

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Final – HK6 cents per share (2003: HK6 cents)	30,692	30,675
Interim – HK4 cents per share (2003: HK4 cents)	20,466	20,450
	51,158	51,125

A final dividend of HK6 cents (2003: HK6 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

14. EARNINGS PER SHARE

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Earnings for the purposes of basic and diluted earnings per share	120,492	187,261
	Number of shares	
	2004	2003
Number of ordinary shares for the purposes of basic earnings per share	511,353,614	511,246,868
Effect of dilutive potential ordinary shares		
Options	8,301,278	886,484
Warrants	39,386,622	5,352,693
Weighted average number of ordinary shares for the purposes of diluted earnings per share	559,041,514	517,486,045

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

Notes to the Financial Statements

For the year ended 31st December, 2004

15. INVESTMENT PROPERTIES

	New Zealand and Australia held under freehold HK\$'000	Hong Kong held under long leases HK\$'000	Hong Kong held under medium- term leases HK\$'000	PRC held under medium- term leases HK\$'000	Australia held under long leases HK\$'000	New Zealand held under medium- term leases HK\$'000	New Zealand held under long leases HK\$'000	Total HK\$'000
THE GROUP								
VALUATION								
At 1st January, 2004	1,695,338	81,000	1,800,000	39,300	147,066	19,575	119,208	3,901,487
Exchange adjustments	96,802	-	-	-	7,782	1,994	15,783	122,361
Additions	42,479	43,619	-	1,083	-	135	76,960	164,276
Acquired on acquisition of subsidiaries	22,955	-	-	-	-	-	-	22,955
Disposals	(785,776)	-	-	-	-	-	-	(785,776)
Transfer to properties under development	(105,693)	-	-	-	-	-	(40,095)	(145,788)
(Deficit) surplus on valuation	(36,987)	53,731	300,000	129	21,812	(308)	6,912	345,289
At 31st December, 2004	929,118	178,350	2,100,000	40,512	176,660	21,396	178,768	3,624,804

The Group's investment properties have been revalued as at 31st December, 2004 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 under freehold	CB Richard Ellis Limited, Colliers International New Zealand Limited
Hong Kong held under medium-term and long leases	Chesterton Petty Limited
PRC held under medium-term leases	Chesterton Petty Limited
Australia held under long leases	Colliers International Consultancy and Valuation Pty Limited
New Zealand held under medium-term and long leases	CB Richard Ellis Limited

The above-mentioned valuations have been adopted by the directors in these financial statements. The net surplus arising on revaluation amounting to HK\$345,289,000 of which HK\$351,588,000 attributable to the Group has been credited to the investment property 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, 2004

16. PROPERTY, PLANT AND EQUIPMENT

	Properties under development held for investment HK\$'000	Land and buildings HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Plant and machinery HK\$'000	Leasehold improvements HK\$'000	Total HK\$'000
THE GROUP							
COST							
At 1st January, 2004	387,616	523	20,171	10,488	3,007	2,635	424,440
Exchange adjustments	17,732	(34)	1,158	353	–	–	19,209
Additions	365,670	–	3,417	2,752	–	–	371,839
Acquired on acquisition of subsidiaries	95,475	–	1,788	434	–	–	97,697
Disposals	–	–	(925)	(2,057)	–	–	(2,982)
Disposed on disposal of subsidiaries	(8,373)	–	–	–	–	–	(8,373)
Transfer to properties held for sale	(222,006)	–	–	–	–	–	(222,006)
Transfer from investment properties	145,788	–	–	–	–	–	145,788
At 31st December, 2004	781,902	489	25,609	11,970	3,007	2,635	825,612
DEPRECIATION AND IMPAIRMENT							
At 1st January, 2004	–	155	17,166	6,096	1,618	2,451	27,486
Exchange adjustments	–	(12)	727	100	–	–	815
Provided for the year	–	19	1,905	1,949	139	53	4,065
Eliminated on disposals	–	–	(772)	(1,219)	–	–	(1,991)
At 31st December, 2004	–	162	19,026	6,926	1,757	2,504	30,375
NET BOOK VALUES							
At 31st December, 2004	781,902	327	6,583	5,044	1,250	131	795,237
At 31st December, 2003	387,616	368	3,005	4,392	1,389	184	396,954

Notes to the Financial Statements

For the year ended 31st December, 2004

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book values of properties shown above comprises:

	Properties under development held for investment		Land and buildings	
	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In PRC held under long leases	227,705	188,005	97	101
In Hong Kong held under medium-term leases	342,802	106,015	–	–
In New Zealand held under freehold	211,395	93,596	–	–
In Indonesia under long leases	–	–	230	267
	781,902	387,616	327	368

At 31st December, 2004, the total borrowing costs capitalised to properties under development held for investment were HK\$12,794,000 (2003: HK\$10,730,000).

17. PERMANENT QUOTAS

	THE GROUP HK\$'000
COST	
At 1st January, 2004	85,511
Disposals	(85,511)
At 31st December, 2004	–
AMORTISATION	
At 1st January, 2004	85,511
Eliminated on disposal	(85,511)
At 31st December, 2004	–
CARRYING AMOUNT	
At 31st December, 2004 and 31st December, 2003	–

Notes to the Financial Statements

For the year ended 31st December, 2004

18. NEGATIVE GOODWILL

	THE GROUP
	<i>HK\$'000</i>
GROSS AMOUNT	
At 1st January, 2004	423,849
Exchange adjustments	17,513
Arising on acquisition of further interests in subsidiaries	7,260
	<hr/>
At 31st December, 2004	448,622
RELEASED TO INCOME	
At 1st January, 2004	176,724
Exchange adjustments	7,306
Released in the year	39,428
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At 31st December, 2004	223,458
CARRYING AMOUNT	
At 31st December, 2004	225,164
	<hr/>
At 31st December, 2003	247,125
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The negative goodwill is released to income on a straight-line basis over 20 years, being the estimated remaining weighted average useful life of the depreciable assets acquired.

During the year, HK\$20,790,000 was released to income upon disposal of certain depreciable assets of the subsidiaries.

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2004	2003
	<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)
	<hr/>	<hr/>
	136,586	136,586
	<hr/>	<hr/>

Notes to the Financial Statements

For the year ended 31st December, 2004

19. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the principal subsidiaries, all of which are companies with limited liability, at 31st December, 2004 are set out 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/ Republic of Indonesia	2 ordinary shares of US\$1 each	100	Investment holding
SEABO Pacific Limited	Bermuda/ PRC	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				
Australian Growth Properties Limited	Australia	191,038,051 ordinary shares of A\$1 each	61	Property investment and development
AGP Management Limited	Australia	350,000 shares of no par value	100	Property and asset management
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB136,000,000 registered capital	97	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK\$1 each	100	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

Notes to the Financial Statements

For the year ended 31st December, 2004

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)				
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Property development and financing
Shinning Worldwide Limited	The British Virgin Islands/ Hong Kong	1,000 ordinary shares of US\$1 each	55	Property development
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property development
Trans Tasman Properties Limited	New Zealand	594,824,424 shares of no par value	61	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. The Group has the full entitlement to the remaining 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.

Notes to the Financial Statements

For the year ended 31st December, 2004

20. INTERESTS IN ASSOCIATES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Share of net assets – unlisted	18,340	16,484
Goodwill on acquisition of associates	80,396	80,396
Impairment loss recognised	(80,396)	(80,396)
	18,340	16,484

The goodwill arose from acquisition of the associates in 2000. As the results of these associates after 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 in the year ended 31st December, 2000.

Details of the Group's principal associates at 31st December, 2004, 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	28	e-fulfillment, warehousing and delivery services
GSB Supplycorp Limited	New Zealand	Ordinary	43	Public sector e-procurement
Jacks Point Limited	New Zealand	Ordinary	26	Property development
New Zealand Land Trust Holdings Limited	New Zealand	Ordinary	25	Property development
Professional Service Brokers Limited	New Zealand	Ordinary Preference	43 43	e-procurement management
Supplynet Limited	New Zealand	Ordinary	41	e-commerce marketplace

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

Notes to the Financial Statements

For the year ended 31st December, 2004

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Share of net assets	290	3,979

As at 31st December, 2004, 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, 2004

22. OTHER INVESTMENTS

	Non-trading securities		Trading securities		Total	
	2004	2003	2004	2003	2004	2003
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Investments in securities						
Equity securities:						
Listed – Hong Kong	82,964	54,755	796	914	83,760	55,669
– overseas	3,929	16,940	–	–	3,929	16,940
	86,893	71,695	796	914	87,689	72,609
Unlisted	–	8	–	18,231	–	18,239
	86,893	71,703	796	19,145	87,689	90,848
Club debentures/memberships:						
Unlisted	8,574	8,574	–	–	8,574	8,574
	95,467	80,277	796	19,145	96,263	99,422
Market value of listed securities	86,893	71,695	796	914	87,689	72,609
Carrying amount analysed for reporting purposes as:						
Non-current	95,467	80,277	–	–	95,467	80,277
Current	–	–	796	19,145	796	19,145
	95,467	80,277	796	19,145	96,263	99,422

23. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

THE GROUP

The amounts are unsecured and interest-free. The Group 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 certain leasehold properties, carry interest at commercial rate and are repayable in accordance with their respective repayment terms.

Included in other loans receivable last year was a loan of NZ\$812,000 (equivalent to approximately HK\$4,119,000) advanced to New Zealand Land Trust Limited, a company owned as to 50% by a company associated with Mr. John Darby.

Mr. John Darby is a director of and has 25% interest in a former non-wholly owned subsidiary of the Company. The loan was fully repaid during the year.

Notes to the Financial Statements

For the year ended 31st December, 2004

25. AMOUNT DUE FROM AN ASSOCIATE

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Non-current	31,863	–
Current	2,087	2,020
	33,950	2,020

The non-current portion represents the deferred consideration arising from the disposal of a subsidiary. The amount is unsecured, bears interest at market rate and repayable within two years from May 2004 but extendable for an additional year.

The current portion is unsecured, interest free and has no fixed repayment term.

The amount in last year was secured by a floating charge over certain assets of the associate, bore interest at commercial rate and was fully repaid during the year.

26. INVENTORIES

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Raw materials	82	122
Work-in-progress	1,741	1,527
Finished goods	1,574	252
	3,397	1,901

Included above are finished goods of nil (2003: HK\$252,000) carried at net realisable value.

27. PROPERTIES HELD FOR SALE

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Completed	1,538,427	16,384
Under development	853,289	524,072
	2,391,716	540,456

At 31st December, 2004, the total borrowing costs capitalised to properties held for sale were HK\$14,723,000 (2003: HK\$6,515,000).

Included in the above are completed properties held for sale and properties under development of HK\$2,172,976 (2003: nil) and HK\$845,308,000 (2003: HK\$326,644,000) respectively which are carried at net realisable value.

Notes to the Financial Statements

For the year ended 31st December, 2004

28. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

Included in the Group's debtors, deposits and prepayments are trade debtors of HK\$14,295,000 (2003: HK\$36,081,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
0 to 60 days	12,541	17,588
61 to 90 days	194	15,899
91 to 365 days	1,184	972
Over 365 days	376	1,622
	14,295	36,081

29. ADVANCE TO A DIRECTOR OF AN INDIRECT SUBSIDIARY

THE GROUP
HK\$'000

Mr. Donald I. Fletcher

Balance at 1st January, 2004	1,606
Balance at 31st December, 2004	–
Maximum amount outstanding during the year	1,606

The above advance last year was unsecured, non-interest bearing and fully repaid during the year.

30. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

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

Notes to the Financial Statements

For the year ended 31st December, 2004

31. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in the Group's creditors, deposits received and accrued charges are trade creditors of HK\$67,483,000 (2003: HK\$50,942,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
0 to 60 days	62,369	31,256
61 to 90 days	1,233	15,087
91 to 365 days	690	573
Over 365 days	3,191	4,026
	67,483	50,942

32. PROVISIONS

	THE GROUP		
	Rehousing compensation HK\$'000	Rental guarantee HK\$'000	Total HK\$'000
At 1st January, 2003	68,864	–	68,864
Exchange adjustments	(168)	5,111	4,943
Provision in the year	1,717	48,940	50,657
Reversal of provision in the year	(9,880)	–	(9,880)
Payment for the year	–	(9,912)	(9,912)
At 31st December, 2003	60,533	44,139	104,672
Exchange adjustments	–	5,087	5,087
Increase resulting from re-measurement	–	14,045	14,045
Additional provisions recognised	440	24,859	25,299
Reversal of provision in the year	(941)	–	(941)
Payment for the year	–	(38,801)	(38,801)
At 31st December, 2004	60,032	49,329	109,361

The provisions for rehousing compensation represent 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.

Notes to the Financial Statements

For the year ended 31st December, 2004

32. PROVISIONS (Continued)

The provision for rental guarantee represents the estimated rental compensation to be paid to purchasers of the disposed investment properties until the time the properties were being leased out by the purchasers up to a maximum period of 36 months from the date of disposal of the properties in accordance with the sales and purchases agreements signed with the purchasers.

33. BORROWINGS

	THE GROUP	
	2004 HK\$'000	2003 HK\$'000
Bank loans		
– secured	2,897,699	2,779,599
– unsecured	250,024	27,173
2007 bonds (note)	–	71,409
Other loans – unsecured	61,704	5,584
Total borrowings	3,209,427	2,883,765
Less: Unamortised transaction costs on bank loans raised	(12,152)	(5,700)
Total net borrowings	3,197,275	2,878,065

The borrowings are repayable as follows:

Bank loans:

Within one year	1,432,057	201,442
More than one year, but not exceeding two years	255,318	1,510,843
More than two years, but not exceeding five years	742,480	955,101
More than five years	717,868	139,386
	3,147,723	2,806,772

2007 bonds	–	71,409
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Other loans:

Within one year	–	4,101
More than one year, but not exceeding two years	–	1,483
More than two years, but not exceeding five years	61,704	–
	61,704	5,584

Unamortised transaction costs on bank loans raised	(12,152)	(5,700)
----------------------------------------------------	----------	---------

Total	3,197,275	2,878,065
Less: Amounts due within one year shown under current liabilities	(1,432,057)	(205,543)

Amount due after one year	1,765,218	2,672,522
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Notes to the Financial Statements

For the year ended 31st December, 2004

33. BORROWINGS (Continued)

	THE COMPANY	
	2004	2003
	HK\$'000	HK\$'000
Bank loans		
– unsecured, due within one year	210,000	20,549

Note:

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 at 10% per annum interest return and will mature on 27th June, 2007.

The 2007 bonds were 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. The bonds were fully redeemed during the year.

TTP is a New Zealand public listed investment holding company and 61.3% (2003: 60.0%) of the shares in TTP is held by the Group as at 31st December, 2004.

34. OTHER PAYABLES

THE GROUP

The other payables are unsecured, repayable by the end of a property development project which is expected to be completed after two years, but not exceeding five years from the balance sheet date. Accordingly, the amounts are shown as non-current.

35. SHARE CAPITAL

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

	Number of shares		Nominal value	
	2004	2003	2004	2003
			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 the year	511,246,868	511,246,868	51,125	51,125
Shares issued upon exercise of warrants	291,739	–	29	–
At end of the year	511,538,607	511,246,868	51,154	51,125

All the new shares issued during the year rank pari passu in all respects with the existing shares.

Notes to the Financial Statements

For the year ended 31st December, 2004

36. 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, 2004, the aggregate par value of shares issuable against the outstanding warrants amounted to HK\$12,072,811 (2003: HK\$12,101,985) and the amount receivable by the Company upon full exercise of the warrants amounted to HK\$166,604,794 (2003: HK\$167,007,394).

Exercise in full of the rights attached to the 2008 warrants still outstanding at 31st December, 2004 would, under the present capital structure of the Company, result in the issue of 120,728,111 (2003: 121,019,850) additional shares of HK\$0.1 each.

37. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
THE COMPANY						
At 1st January, 2003	155,588	4,451	190,081	–	1,729,093	2,079,213
Net loss for the year	–	–	–	–	(2,710)	(2,710)
Dividend proposed	–	–	–	30,675	(30,675)	–
Dividend paid	–	–	–	–	(20,450)	(20,450)
At 31st December, 2003	155,588	4,451	190,081	30,675	1,675,258	2,056,053
Shares issued upon exercise of warrants	373	–	–	–	–	373
Net loss for the year	–	–	–	–	(3,309)	(3,309)
Dividend proposed	–	–	–	30,692	(30,692)	–
Dividends paid	–	–	–	(30,675)	(20,453)	(51,128)
Additional dividend paid on the exercise of warrants subsequent to the issue of financial statement	–	–	–	–	(13)	(13)
At 31st December, 2004	155,961	4,451	190,081	30,692	1,620,791	2,001,976

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.

Notes to the Financial Statements

For the year ended 31st December, 2004

37. RESERVES (Continued)

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

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) 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 were as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Contributed surplus	190,081	190,081
Dividend reserve	30,692	30,675
Accumulated profits	1,620,791	1,675,258
	<hr/> 1,841,564	<hr/> 1,896,014

Notes to the Financial Statements

For the year ended 31st December, 2004

38. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior reporting periods:

THE GROUP

	Accelerated tax depreciation HK\$'000	Revaluation on properties HK\$'000	Other temporary difference in respect of unamortised transaction costs on bank loans HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1st January, 2003	146,510	15,300	–	(138,974)	22,836
Exchange adjustments	24,022	–	–	(24,022)	–
(Credit) charge to income for the year	(75,858)	–	–	77,959	2,101
Effect of change in tax rate					
– charge (credit) to income	691	–	–	(46)	645
Charge to equity for the year	–	2,582	–	–	2,582
At 31st December, 2003	95,365	17,882	–	(85,083)	28,164
Exchange adjustments	2,309	6,793	–	(9,102)	–
(Credit) charge to income for the year	(75,752)	–	2,127	74,472	847
Charge to equity for the year	–	10,602	–	–	10,602
At 31st December, 2004	21,922	35,277	2,127	(19,713)	39,613

For the purposes of balance sheet presentation, deferred tax assets and liabilities above have been offset and shown under non-current liabilities.

At 31st December, 2004, the Group has unused tax losses of HK\$756,512,000 (2003: HK\$1,002,738,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$71,355,000 (2003: HK\$261,521,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$685,157,000 (2003: HK\$741,217,000) due to the unpredictability of future profit streams.

At 31st December, 2004, the Group has deductible temporary differences in respect of impairment of properties of HK\$171,437,000 (2003: HK\$175,328,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At 31st December, 2004, the Company has unused tax losses of HK\$21,691,000 (2003: HK\$17,499,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Notes to the Financial Statements

For the year ended 31st December, 2004

39. MINORITY INTERESTS

Included in minority interests are amounts due to minority shareholders amounting to HK\$91,897,000 (2003: HK\$89,316,000).

40. PURCHASES OF SUBSIDIARIES

On 2nd July, 2004, the Company acquired 55% of the Clearwater Property Holdings Limited and its subsidiaries through its non-wholly owned subsidiary, TTP, for a consideration of HK\$5,000.

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
NET ASSETS ACQUIRED		
Investment properties	22,955	–
Property, plant and equipment	97,697	–
Inventories	600	–
Debtors, deposits and prepayments	38,077	–
Bank balances and cash	41	–
Creditors, deposits and accrued charges	(8,049)	–
Bank borrowings	(151,316)	–
	5	–

Satisfied by:

Cash consideration	5	–
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Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiaries:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries:		
Cash and cash equivalents acquired	41	–
Cash consideration	(5)	–
	36	–

The subsidiaries acquired during the year contributed HK\$4,767,000 to the Group's turnover and incurred an operating loss of HK\$5,506,000 for the year.

Notes to the Financial Statements

For the year ended 31st December, 2004

41. DISPOSAL OF SUBSIDIARIES

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
NET ASSETS DISPOSED OF		
Properties, plant and equipment	8,373	–
Debtors, deposits and prepayments	250	–
Bank balances and cash	38,615	–
Creditors, deposits received and accrued charges	(13,675)	–
Minority interests	(12,194)	–
	21,369	–
Gain on disposal of subsidiaries	102,545	–
	123,914	–
Satisfied by:		
Cash	92,051	–
Consideration receivable (<i>see note 25</i>)	31,863	–
	123,914	–

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Cash consideration	92,051	–
Cash and cash equivalents disposed of	(38,615)	–
	53,436	–
Gain on disposal of subsidiaries	102,545	–
Gain deferred and included in other creditors (<i>note</i>)	(25,115)	–
Gain recognised in the income statement	77,430	–

The subsidiaries disposed of during the year have no significant contribution to the Group's turnover or profit from operations for the year.

Note: On 6th May, 2004, the Group entered into an agreement with the other shareholders of Jacks Point Limited ("JPL"), a former subsidiary in which the Group had 60% interest, to dispose of its entire interest in JPL to an associate newly set up with those other shareholders of JPL. Upon completion, the Group retains 26.1% equity interest in JPL, accordingly the gain on disposal attributable to the Group's remaining interest is deferred and included in other creditors.

Notes to the Financial Statements

For the year ended 31st December, 2004

42. CAPITAL COMMITMENTS

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

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Authorised but not contracted for		
Hong Kong	300,000	73,380
PRC	82,000	438,000
	382,000	511,380
Contracted for but not provided for in the financial statements		
Hong Kong	284,595	281,558
PRC	234,000	3,000
New Zealand and Australia	221,992	2,083
	740,587	286,641

On 2nd November, 2004, an indirect wholly owned subsidiary of the Company, Mr. Mike Coburn, Mr. John Darby and Mr. Don Fletcher established a joint venture in the proportion of 24.0%, 15.0%, 31.1% and 29.9% respectively. Under an agreement between the Group and Mr. Don Fletcher, the Group holds another 1% interest in the said joint venture through the company controlled by Don Fletcher. Mr. Mike Coburn and Mr. John Darby are associates with the Company's subsidiary and Mr. Don Fletcher is the Executive Chairman and Managing Director of the Group's property investment companies in New Zealand and Australia. The outstanding commitment of the Group to the joint venture as at 31st December, 2004 is NZ\$4,119,000 (equivalent to approximately HK\$23,025,000).

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

Notes to the Financial Statements

For the year ended 31st December, 2004

43. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At 31st December, 2004, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follow:

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Within one year	9,313	5,874
In the second to fifth year inclusive	31,481	21,462
Over five years	56,283	50,796
	97,077	78,132

Leases are negotiated for the range of 1 to 14 years (2003: 1 to 14 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\$786 million (2003: HK\$2,133 million), have been disposed of during the year. The remaining properties are expected to generate rental yields of 6% on an ongoing basis. All of the properties held have committed tenants for the range of 1 to 6 years (2003: 1 to 6 years).

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

	THE GROUP	
	2004	2003
	HK\$'000	HK\$'000
Within one year	127,458	221,541
In the second to fifth year inclusive	227,281	585,199
Over five years	41,670	117,735
	396,409	924,475

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 non-cancellable operating lease commitments or lease arrangements at the balance sheet date.

Notes to the Financial Statements

For the year ended 31st December, 2004

44. CONTINGENT LIABILITIES

THE GROUP

At 31st December, 2004, the Group has given guarantees to purchasers of the disposed investment properties that, for a maximum period of 36 months from the date of disposal of the properties, certain areas of the properties will receive an agreed minimum monthly rent until leased. A provision of HK\$38,904,000 (2003: HK\$48,940,000) had been made during the year as set out in note 32.

At 31st December, 2003, 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\$1,128,000. The guarantee was released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

THE COMPANY

At 31st December, 2004, the Company and a minority shareholder of a subsidiary agreed to provide funding to cover any overrun and any pre-completion expenses and to undertake completion of a property development project in order to secure a banking facility granted to a subsidiary. Other than this, the Company did not have any significant contingent liabilities.

45. PLEDGE OF ASSETS

At 31st December, 2004, the Group had the following mortgages and/or pledges over its assets to secure banking facilities and other loans granted to the Group.

- (a) Fixed and floating charges on investment properties with an aggregate book value of HK\$3,476,697,000 (2003: HK\$3,644,483,000).
- (b) Properties held for sale with an aggregate book value of HK\$1,610,719,000 (2003: HK\$529,213,000).
- (c) Fixed and floating charges on properties under development held for investment with an aggregate book value of HK\$462,418,000 (2003: HK\$106,015,000).
- (d) Bank deposits of HK\$138,869,000 (2003: HK\$69,655,000).
- (e) Listed shares of a subsidiary principally comprising of investment properties and properties held for sales including in (a) and (b) above.
- (f) Unlisted shares of certain subsidiaries with assets principally comprised of investment properties and properties under development held for investment including in (a) and (c) above.

Notes to the Financial Statements

For the year ended 31st December, 2004

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, 2004, the number of shares in respect of which options had been granted and remained outstanding under the new scheme was 28,000,000, representing approximately 5.5% of the shares of the Company in issue at that date. The share options under the original scheme was expired during the year.

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 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.

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For the year ended 31st December, 2004

46. SHARE OPTION SCHEME (Continued)

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 HK\$	Number of share options		
			Outstanding at 1.1.2004	Expired during the year	Outstanding at 31.12.2004
Directors					
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
			30,200,000	(2,200,000)	28,000,000

Date of grant	Exercisable period	Exercise price HK\$	Number of share options		
			Outstanding at 1.1.2003	Expired during the year	Outstanding at 31.12.2003
Directors					
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
			33,700,000	(3,500,000)	30,200,000
Employees					
18.11.1993	18.11.1993 – 17.11.2003	2.78	10,000,000	(10,000,000)	–
			43,700,000	(13,500,000)	30,200,000

No options were granted or exercised during the year.

Notes to the Financial Statements

For the year ended 31st December, 2004

47. RETIREMENT BENEFITS PLANS

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Schemes (the "MPF Scheme") established under the Mandatory Provident Fund Schemes 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 Scheme 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 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\$143,000 (2003: HK\$857,000) has been used to reduce the level of contributions. The total cost charged to income of HK\$1,891,000 (2003: HK\$2,619,000) represents contribution payable to these schemes by the Group in respect of the current year.

Notes to the Financial Statements

For the year ended 31st December, 2004

48. POST BALANCE SHEET EVENT

The Group entered into a sales and purchase agreement with an independent third party to dispose of the Group's investment properties located at 8-12 Gilmer Terrace, Wellington, New Zealand with a carrying value as at 31st December, 2004 of NZ\$23.4 million, equivalent to approximately HK\$130.2 million, at a consideration of NZ\$22.5 million (equivalent to approximately HK\$125.2 million). The transaction will be completed on or before 24th May, 2005. Details of this transaction are set out in the circular of the Company dated 10th March, 2005.

