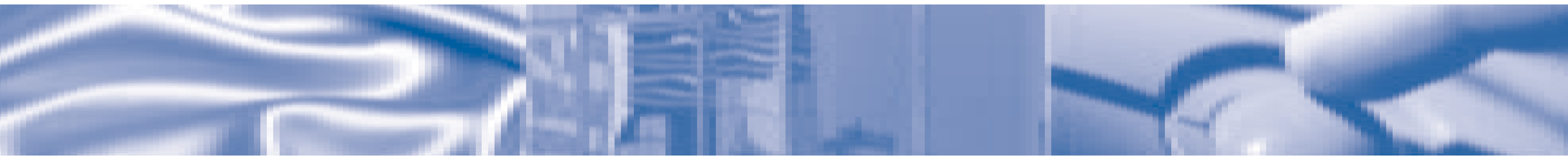
SEA HOLDINGS LIMITED
爪哇控股有限公司

INTERIM REPORT 2003 中期報告



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Interim Results

The board of directors of the Company announces that the Group's unaudited consolidated profit attributable to shareholders for the half year ended 30th June, 2003 is HK$59.5 million as compared to a deficit of HK$244.5 million for the previous period. No provision was required to be made for impairment loss on non-trading securities, no recognition of significant losses on disposition of investment properties and a decrease in operating expenses and net financing cost for the current period under review were major factors to the improved results.

A reduction in average rental per square foot for Hong Kong properties and disposal of certain properties in New Zealand in late 2002 contributed to a lower Gross Rental Income for the Group, resulting in a decrease of 13% from HK$213.3 million for the previous period to HK$186.4 million for the current period. The impact was partly offset by taking a tight cost control in operation.

Business Review

Property Investments and Developments

Hong Kong

The prevailing weak market sentiment coupled with the SARS incidence has further dampened the property market for the 1st half of 2003. Rental income of the Group's flagship property Dah Sing Financial Centre continued to drop. With over 70% of its tenancy due for renewal this year, we were satisfied to say that most expired tenancies had been renewed, though at a lower rent, but in line with the market. Occupancy of the building maintained at over 95% level that was similar to previous corresponding period. The impact of the renewed rent on the Group's revenue will be more appropriately reflected in the financial year 2004.

For the development site at Leighton Road, the Group is still considering a number of options available. No definite plan has yet been decided.

Construction of the Group's 55% owned Sheung Shui site is now progressed as scheduled. Financing was also being arranged to support the development. It is expected that the development will be completed by end of 2004.

China

All the units in the Westmin Plaza Phase 1 residential development in Guangzhou were sold out. The majority of the sales proceeds were booked in 2002 financial year with the remaining proceeds booked in period under review. The Group has proceeded to construct Phase II comprising of 4 towers of residential blocks and one office block on top of the commercial podium. Foundation work is in progress and will be completed in November. Tenders will be awarded shortly and construction of the superstructure will commence by end of 2003 with completion expected to be by early 2005. Financing has been arranged in supporting the development. Development of the Chengdu projects were in progress.

New Zealand

Trans Tasman Properties Limited ("TTP") announced its combined results attributable to its shareholders for the financial period under review after taking into account its share in Australian Growth Properties Limited ("AGP") was a surplus of NZD7.2 million, compared to a deficit of NZD8.4 million for the previous corresponding period. The improved results are mainly due to lower net financing costs and reduced administration expenses resulting from a smaller portfolio. Net Asset Value as at 30th June, 2003 was NZD519 million compared to NZD496 million previous corresponding period.

New Zealand investment portfolio is now much focused in Auckland consisting of 12 commercial properties, 10 in Auckland, one in Wellington and one in Hamilton. Leasing activity in New Zealand is still steady. Overall occupancy rate at June 2003 month end was about 94%. A number of lease negotiation are underway and that will assist in further lowering vacancy levels.

On the development front, 26 of 29 sites in Airpark Business Center in Auckland had been sold with success, and are expected to yield a satisfactory return to the Group. Since 30th June, 2003, the Group has contracted to purchase the adjourning land comprising a further 52 hectares in area. It is expected that the development will generate a similar return as in the previous site. TTP is aggressively evaluating its development alternatives on properties within its portfolio.

Australia

AGP reported a drop in profits in its half-year ended 30th June, 2003 from AUD6.5 million to AUD4.9 million. The decrease was mainly due to a reduced net property income following the sale of Penrhyn House Canberra in December 2002 and the expiry of all leases of 65 York Street Sydney. AGP has nearly completed the redevelopment of this property which is to be sold on a strata titled basis. The sale of 363 George Street and 345 George Street Sydney was concluded after AGP held its shareholders meeting on 25th July, 2003. As nearly 75% of its assets consist of cash and equivalents, the board of AGP is considering a number of options as to how to optimize the use of funds and the potential of the remaining assets. No concrete plans have yet been put in place.

Garment trading

The garment business continued to generate similar return to the Group's net profit for the first half of 2003. Business was tough and with keen competition. The management is taking all necessary steps to control its operating costs and to review different opportunities to generate new sources of revenue.

Supply Chain Management

The Group's investment in e-business showed improvement. e-commerce Logistics Limited ("ECL"), an associate of the Group , will be traveling to Australia to represent Hong Kong to participate in the Asia Pacific ICT International Awards 2003. Though the business environment is competitive, ECL is able to gain steady growth in business by establishing a firm foothold in Mainland China and through cost control.

The Group's investment in Professional Services Brokers Limited ("PSB") has a positive contribution to the Group. PSB is in negotiation with partners for strategic partnership to minimize the duplicate cost structure and to further expand its client base.

Acquisition and disposal of subsidiaries and associates

During the period, the Group did not have any material disposal of subsidiaries and associates.

Financial Review

Financial Resources and Liquidity

At 30th June, 2003, the Group had HK$664 million (HK$881 million at 31st December, 2002) cash and unutilized facilities of HK$1,255 million (HK$1,124 million at 31st December, 2002) to meet its commitments and working capital. The increase of the current ratio from 2.20 at 31st December, 2002 to 3.03 at 30th June, 2003 was mainly due to the repayment of loans related to general operations in Hong Kong and properties disposed in New Zealand.

At 30th June, 2003, shareholders' funds of the Group amounted to HK$2,605 million (HK$2,440 million at 31st December, 2002) representing an increase of 6.8% that was mainly attributable to exchange translation gain for the net assets of subsidiaries in New Zealand and Australia and the net profit for the period from the Group.

Bank borrowings of the subsidiaries in New Zealand and Australia are denominated in NZD and AUD respectively. At 30th June, 2003, these subsidiaries had drawn down bank loans of NZD369 million and AUD13 million that equivalent to HK$1,673 million and HK$68 million secured mainly by properties valued at NZD805 million and AUD25 million that equivalent to HK$3,661 million and HK$127 million respectively.

In Hong Kong and China, properties valued at HK$2,403 million and fixed deposits of HK$25 million were pledged for banking facilities extended to certain subsidiaries. At 30th June, 2003, borrowings at HK$992 million had been drawn down.

Refinancing and Gearing

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

The Group's overall gearing, or total borrowings minus cash, as a percentage of total property assets remained to be 34% that was the same at 31st December, 2002.

Treasury policies

The Group adheres to prudent treasury policies. The ratio of non-current liabilities to shareholders' fund plus minority interests was 0.67 at 30th June, 2003 (0.67 at 31st December, 2002 after prior year adjustment in deferred tax).

The Group's borrowings are principally on a floating rate basis. The exposure of fluctuation in exchange rate is low as the foreign subsidiaries financed their operations with foreign currencies plan. However, when requested by lenders under banking arrangements or at times when interest rates are volatile, hedging instruments including swaps and forwards are used to manage interest rate exposure.

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

Loan maturity profile
As at 30th June, 2003, maturities of the Group's outstanding borrowings were as follow:

	HK$m
Within 1 year	183
1-2 years	160
2-5 years	1,899
Over 5 years	750
Total	2,992

General Offer for the remaining shares in AGP not owned by TTP

Subsequent to the period under review, a wholly owned subsidiary of TTP has made an offer to acquire all the remaining shares in AGP not owned by it. The offer price is AUD0.85 per share. The offer price was arrived at after taking into account a number of factors including the current market share price of AGP at 21st August, 2003 being AUD0.85, the market price of AGP's shares over the last 12 months and the net assets value per share at 30th June, 2003 being AUD1.02. The cash offer provides the opportunity of an alternative for those shareholders in AGP who wish to sell their shares, in addition to selling through the stock market where the depth of the market will vary.

The offer is conditional on certain terms and conditions being met (including the approval of the shareholders of TTP) and is expected to take up to 3 months to complete. The acquisition will have an immaterial effect on the net tangible asset value of the SEA Group.

The Group intends to vote in favour of the above offer at the shareholders' meeting of TTP.

Outlook

With a prudent approach, the Group is placed in a healthy strong financial position. Our core competence is still in property development and investment business. The Group remains flexible and responsive to varying market conditions occurred in different geographical locations. We strive to deploy our resources by selectively investing in markets with high potential growth so as to maximize our return.

China's accession to the World Trade Organization should create new opportunities for Hong Kong to take advantage of its close links with the mainland. The "Closer Economic Partnership Agreement" (CEPA) will increase cooperation with Guangdong to capitalize on regional competitive advantages. Hopefully, this will benefit our China property development. In China, our primary focus will be to complete the developments for sale. In addition, we shall keep our eyes open on opportunities around.

Even though the worst of the SARS epidemic appears to be over, the real estate sector in Hong Kong looks likely to spend many more months in intensive care. The present weak economy and the lack of consumer confidence resulting in an oversupply of properties will further impact on the rental performance of our Dah Sing Financial Centre. However, the Group believes that with the recent announcement of CEPA and the Government's intention to stabilize property market, the market sentiment will improve. This may create more opportunities for the Group to capitalize its existing resources.

Property market in New Zealand is still in the process of consolidation. The Group will consider investing more on medium size development sites in specific locations. Following the sale of certain properties in New Zealand last year, TTP is put in a better position to advance itself to seek new investment and development opportunities. Whereas for Australia, with its strong financial position, AGP will look for investment opportunities once its investment strategy has been reviewed and the General Offer mentioned above is concluded.

Overall, the global economy is still uncertain. The Group will continue to adopt a prudent and conservative approach in its investment policy. Together with a strong balance sheet, it will support new growth initiatives.

Share Registration

The Register of Members of the Company will be closed from Tuesday, 30th September, 2003 to Friday, 3rd October, 2003, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 29th September, 2003. Warrantholders who wish to participate in the interim dividend must exercise their subscription rights not later than 4:00 p.m. on Monday, 29th September, 2003.

Directors' and Chief Executives' Interests

As at 30th June, 2003, the interests or 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")) which were notified to the Company and the Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, were as follows:

Interests in the Shares* of the Company

	Number of Shares*					
Name of Director	**Personal Interests**	**Corporate Interests**	**Family Interests**	**Other Interests**	**Total**	**% Interests**
Lu Wing Chi	14,700,000	—	—	—	14,700,000	2.88
Lu Wing Yuk, Andrew	3,000,000	—	—	—	3,000,000	0.59
Lu Wing Lin	16,094,000	—	—	—	16,094,000	3.15

* *As defined in the SFO (Section 311), a reference to interests in shares comprised in the relevant share capital of a listed corporation includes a reference to interests in shares so comprised, which are the underlying shares of equity derivatives.*

Interests in equity derivatives (as defined in the SFO) of the Company

As at 30th June, 2003, certain Directors have outstanding share options granted pursuant to the Company's Share Option Scheme, details of which were as follows:

Name of Director	**Exercise Price** *(HK$)*	**Exercise Period**	**Consideration** *(HK$)*	**Number of Shares which can be subscribed for under Share Option Scheme**
Lu Wing Chi	$4.40	21.2.1994 — 20.2.2004	10.00	2,200,000
	$1.44	4.12.2000 — 3.12.2010	10.00	12,500,000
Lu Wing Yuk, Andrew	$1.44	4.12.2000 — 3.12.2010	10.00	3,000,000
Lu Wing Lin	$2.78	18.11.1993 — 17.11.2003	10.00	3,500,000
	$1.44	4.12.2000 — 3.12.2010	10.00	12,500,000

Save as disclosed herein, as at 30th June, 2003, none of the directors or chief executives of the Company or their respective associates had any interests or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or which were 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 for Securities Transactions by Directors of Listed Companies.

Substantial Shareholders' Interests

So far as is known to any director or chief executive of the Company, as at 30th June, 2003, persons (other than a director or chief executive of the Company) who had interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company were as follows:

Interests in the Company

	Number of Shares		
Substantial Shareholders	**Direct Interests**	**Indirect Interests**	**% Interests**
JCS Limited	2,111,069	321,066,554	63.21
Eaver Company Limited	608,000	321,066,554	62.92
Nan Luen International Limited	321,066,554	—	62.80
Pacific Rose Enterprises Limited	35,537,130	—	6.95
Cypress Gold Limited	27,725,000	—	5.42

Note: JCS Limited and Eaver Company Limited are deemed to have an interest in 321,066,554 shares under Part XV of the SFO by virtue of their direct controlling interest in Nan Luen International Limited.

Save as disclosed, the directors are not aware of any other person who, as at 30th June, 2003, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Company.

Dealings in the Company's listed securities

During the half year ended 30th June 2003, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares or warrants.

Management and Staff

The Group employed 170 staffs at 30th June, 2003. Salaries are reviewed annually in conjunction with employee performance appraisals. Fringe benefits including tuition/training subsidies, provident fund and medical insurance are offered to most employees. Share options are granted to executives of the Group at the discretion of the directors.

The board thanks to the management, staff and customers for their continuous support to the Group.

Audit Committee

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

At the request of the directors, the interim financial report of the Company for the half year ended 30th June, 2003 has been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, in accordance with the Statement of Auditing Standard 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants and an unmodified review conclusion has been issued.

Code of Best Practice

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

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 4th September, 2003

Condensed Consolidated Income Statement

	Notes	Half year ended 30th June 2003 HK$'000 (unaudited)	2002 HK$'000 (unaudited and restated)
Turnover	*3*	**268,047**	309,419
Other operating income		**16,909**	11,865
Changes in inventories and properties held for sale	*4*	**(43,814)**	(62,857)
Staff costs		**(35,290)**	(37,035)
Depreciation and amortisation		**(1,820)**	(5,568)
Other operating expenses		**(40,044)**	(60,228)
Release of negative goodwill		**6,133**	6,133
		170,121	161,729
Net loss on disposal of investments and properties		**(108)**	(362,712)
Impairment loss on investments in securities		**—**	(68,017)
Profit (Loss) from operations	*5*	**170,013**	(269,000)
Finance costs		**(84,075)**	(109,030)
Share of net profit (loss) of associates		**442**	(5,287)
Share of net losses of jointly controlled entities		**—**	(204)
Profit (Loss) before taxation		**86,380**	(383,521)
Taxation	*6*	**(4,163)**	(5,083)
Profit (Loss) before minority interests		**82,217**	(388,604)
Minority interests		**(22,725)**	144,142
Net profit (loss) for the period		**59,492**	(244,462)
Dividend	*7*	**20,450**	—
Earnings (Loss) per share — basic	*8*	**HK11.6 cents**	HK(47.8) cents

Condensed Consolidated Balance Sheet

	Notes	At 30th June, 2003 HK$'000 (unaudited)	At 31st December, 2002 HK$'000 (audited and restated)
Non-current Assets			
Investment properties	9	5,734,841	5,256,262
Property, plant and equipment	9	398,808	336,126
Negative goodwill		(137,374)	(143,507)
Interests in associates		19,205	17,968
Other investments		70,654	74,629
Amounts due from jointly controlled entities		2,856	2,856
Other loans receivable		83,090	71,757
		6,172,080	5,616,091
Current Assets			
Inventories		10,935	8,542
Properties held for sale		630,227	589,856
Other investments		19,127	19,300
Other loans receivable		15,313	48,288
Debtors, deposits and prepayments	10	49,515	78,775
Taxation recoverable		7,470	7,244
Advances to a director of an indirect subsidiary		1,441	1,302
Pledged bank deposits		67,305	157,744
Bank balances and deposits		596,650	722,825
		1,397,983	1,633,876
Current Liabilities			
Creditors, deposits and accrued charges	11	177,948	210,525
Sales deposits on properties for sale received		5,644	1,613
Provisions		67,971	68,864
Taxation payable		26,418	27,678
Amounts due to associates		—	2,824
Borrowings — due within one year	12	183,645	429,853
		461,626	741,357
Net Current Assets		936,357	892,519
		7,108,437	6,508,610
Capital and Reserves			
Share capital		51,125	51,125
Reserves		2,554,225	2,389,079
		2,605,350	2,440,204
Minority Interests		1,657,497	1,446,675
Non-current Liabilities			
Borrowings — due after one year	12	2,802,269	2,580,036
Other payables — due after one year		18,859	18,859
Deferred taxation		24,462	22,836
		2,845,590	2,621,731
		7,108,437	6,508,610

Condensed Consolidated Statement of Changes in Equity

For half year ended 30th June, 2003

	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, 2002										
— as original stated	51,125	155,588	469,850	(308,050)	(63,202)	4,451	277,707	51,125	1,986,346	2,624,940
— prior period adjustments *(note 2)*	—	—	(13,144)	—	—	—	—	—	(5,946)	(19,090)
— as restated	51,125	155,588	456,706	(308,050)	(63,202)	4,451	277,707	51,125	1,980,400	2,605,850
Exchange movement during the period	—	—	—	112,401	—	—	—	—	—	112,401
Unrealised holding loss on investments in securities	—	—	—	—	(7,051)	—	—	—	—	(7,051)
Net gain (loss) not recognised in the income statement	—	—	—	112,401	(7,051)	—	—	—	—	105,350
Realised upon disposal of investment properties	—	—	158,405	—	—	—	—	—	—	158,405
Impairment loss on investments in securities	—	—	—	—	68,017	—	—	—	—	68,017
Net loss for the period	—	—	—	—	—	—	—	—	(244,462)	(244,462)
Dividends paid — 2001, final	—	—	—	—	—	—	—	(51,125)	—	(51,125)
	—	—	158,405	—	68,017	—	—	(51,125)	(244,462)	(69,165)
At 30th June, 2002	51,125	155,588	615,111	(195,649)	(2,236)	4,451	277,707	—	1,735,938	2,642,035
Revaluation deficit arising on investment properties	—	—	(279,865)	—	—	—	—	—	—	(279,865)
Transfer to deferred taxation	—	—	(1,913)	—	—	—	—	—	—	(1,913)
Exchange movement during the period	—	—	—	25,880	—	—	—	—	—	25,880
Unrealised holding loss on investments in securities	—	—	—	—	(8,756)	—	—	—	—	(8,756)
Net gain (losses) not recognised in the income statement	—	—	(281,778)	25,880	(8,756)	—	—	—	—	(264,654)
Realised upon disposal of investment properties	—	—	20,933	—	—	—	—	—	—	20,933
Realised upon disposal of investments in securities	—	—	—	—	12	—	—	—	—	12
Net profit for the period	—	—	—	—	—	—	—	—	41,878	41,878
	—	—	20,933	—	12	—	—	—	41,878	62,823
At 1st January, 2003	51,125	155,588	354,266	(169,769)	(10,980)	4,451	277,707	—	1,777,816	2,440,204
Exchange movement during the period	—	—	2,609	109,312	—	—	—	—	—	111,921
Unrealised holding loss on investments in securities	—	—	—	—	(6,267)	—	—	—	—	(6,267)
Net gains (loss) not recognised in the income statement	—	—	2,609	109,312	(6,267)	—	—	—	—	105,654
Net profit for the period	—	—	—	—	—	—	—	—	59,492	59,492
Dividends proposed	—	—	—	—	—	—	—	20,450	(20,450)	—
	—	—	—	—	—	—	—	20,450	39,042	59,492
At 30th June, 2003	51,125	155,588	356,875	(60,457)	(17,247)	4,451	277,707	20,450	1,816,858	2,605,350

Condensed Consolidated Cash Flow Statement

	Half year ended 30th June,	
	2003	2002
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Net cash from (used in) operating activities	**42,801**	(182,498)
Net cash from investing activities	**88,230**	1,093,146
Net cash used in financing activities	**(275,329)**	(998,532)
Net decrease in cash and cash equivalents	**(144,298)**	(87,884)
Cash and cash equivalents at 1st January	**722,825**	355,971
Effect of foreign exchange rate changes	**18,123**	7,642
Cash and cash equivalents at 30th June, represented by bank balances and deposits	**596,650**	275,729

Notes to the Condensed Financial Statements

1. Basis of preparation

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

2. Principal accounting policies

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

In the opinion of the directors, the accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2002, except as described below.

In the current period, the Group has adopted SSAP (Revised) 12 "Income Taxes". The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous periods, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. Opening accumulated profits at 1st January, 2002 have been reduced by HK$5,946,000, which is the cumulative effect for the change in policy on the results for periods prior to 2002. The balance on the Group's properties revaluation reserve at 1st January, 2002 has been reduced by HK$13,144,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group's investment properties at that date. The effect of the change is an increased charge to income taxes in the current period of HK$1,626,000 (2002: HK$916,000).

3. **Segment information**

(a) *Geographical segments*

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

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

	Half year ended 30th June, 2002						
	New Zealand	Australia	PRC	Hong Kong	Indonesia	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
Turnover	78,305	79,874	3,835	147,405	—	—	309,419
Inter-segment sales*	—	7,032	—	—	—	(7,032)	—
Total revenue	78,305	86,906	3,835	147,405	—	(7,032)	309,419
SEGMENT PROFIT (LOSS)	(305,910)	41,365	(1,885)	2,686	(230)	—	(263,974)
Interest income							9,563
Unallocated corporate expenses							(14,589)
LOSS FROM OPERATIONS							(269,000)

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

3. **Segment information** *(continued)*

(b) Business segments

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

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

	Half year ended 30th June, 2002						
	Property investment	Garment manufacturing and trading	Investment	Property development	Other	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE							
Turnover	213,270	91,138	1,684	1,632	1,695	—	309,419
Inter-segment sales*	1,785	—	—	—	7,032	(8,817)	—
Total revenue	215,055	91,138	1,684	1,632	8,727	(8,817)	309,419
SEGMENT PROFIT (LOSS)	(205,452)	24,012	(71,184)	(3,612)	(7,738)	—	(263,974)
Interest income							9,563
Unallocated corporate expenses							(14,589)
LOSS FROM OPERATIONS							(269,000)

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

4. Changes in inventories and properties held for sale

	Half year ended 30th June,	
	2003	2002
	HK$'000	*HK$'000*
Changes in inventories of manufactured finished goods and work-in-progress	**2,354**	(4,567)
Raw materials and consumables used	**(18,759)**	(15,012)
Purchase of goods held for resale	**(20,571)**	(40,716)
Changes in inventories of properties for sale	**18,144**	158,974
Costs incurred on properties under development for sale	**(24,982)**	(161,536)
	(43,814)	(62,857)

5. Profit (Loss) from operations

	Half year ended 30th June,	
	2003	2002
	HK$'000	*HK$'000*
Profit (Loss) from operations has been arrived at after charging (crediting):		
Loss on sale of investment properties	**301**	362,176
Interest income	**(14,231)**	(9,563)
Dividends income from listed investments	**(1,086)**	(1,325)

6. Taxation

	Half year ended 30th June,	
	2003	2002
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax	**1,939**	3,654
Income tax outside Hong Kong	**598**	513
	2,537	4,167
Deferred taxation	**1,626**	916
	4,163	5,083

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) on the estimated assessable profits for the period.

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

7. Dividend

	Half year ended 30th June,	
	2003	2002
	HK$'000	*HK$'000*
Interim — HK4 cents (2002: nil) per share	**20,450**	—

The directors have determined that an interim dividend for 2003 of HK4 cents (2002: nil) per share should be paid to the shareholders of the Company whose names appear in the Register of Members on 3rd October, 2003.

8. Earnings (Loss) per share

The calculation of the basic earnings (loss) per share is based on net profit for the period of HK$59,492,000 (2002: net loss of HK$244,462,000) and on 511,246,868 (2002: 511,246,868) shares in issue during the period.

The computation of diluted earnings per share for the six months ended 30th June, 2003 does not assume the exercise of the Company's outstanding share options and warrants as the exercise prices of those options and warrants are higher than the average market price for shares for the period.

No diluted loss per share has been calculated for the six months ended 30th June, 2002 as the exercise of the Company's share options and warrants would result in a decrease in the loss per share.

The adjustment to the comparative basic loss per share, arising from the change in accounting policy as described in note 2 above, is as follows:

	HK cents
Reconciliation of 2002 loss per share:	
Reported figure before adjustments	47.6
Adjustment arising from the adoption of SSAP (Revised) 12	0.2
Restated	47.8

9. Movements in investment properties and property, plant and equipment

During the period, the Group acquired investment properties at a cost of HK$6,341,000 and an exchange realignment of HK$470,815,000 contributed to an increase in the carrying value of investment properties brought forward from 1st January, 2003 and the movement of investment properties during the period.

In the opinion of the directors, there is no material difference between the carrying amount and the market value of investment properties at 30th June, 2003.

During the period, the Group acquired property, plant and equipment at a cost of HK$38,267,000 and an exchange realignment of HK$26,451,000 contributed to an increase in carrying value of property, plant and equipment brought forward from 1st January, 2003 and the movement of property, plant and equipment during the period.

10. Debtors, deposits and prepayments

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

Included in debtors, deposits and prepayments are trade debtors of HK$25,641,000 (31st December, 2002: HK$41,380,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2003	31st December, 2002
	HK$'000	*HK$'000*
0 to 60 days	**12,479**	32,673
61 to 90 days	**6,859**	1,892
91 to 365 days	**3,719**	2,575
Over 365 days	**2,584**	4,240
	25,641	41,380

11. Creditors, deposits and accrued charges

Included in creditors, deposits and accrued charges are trade creditors of HK$38,531,000 (31st December, 2002: HK$50,303,000), an aged analysis of which at the reporting date is as follows:

	30th June, 2003	31st December, 2002
	HK$'000	*HK$'000*
0 to 60 days	**26,588**	36,493
61 to 90 days	**5,752**	9,341
91 to 365 days	**2,163**	441
Over 365 days	**4,028**	4,028
	38,531	50,303

12. Borrowings

During the period, the Group repaid bank loans amounting to HK$338,839,000 and obtained new bank loans in the amount of HK$76,319,000. In addition, an exchange realignment of HK$237,944,000 contributed to an increase in carrying value of borrowings brought forward from 1st January, 2003. The new loans bear interest at market rates and are repayable by instalments up to respective maturity period. The proceeds were used to finance the construction costs of properties under development and for working capital.

13. Commitments

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

	30th June, 2003	31st December, 2002
	HK$'000	*HK$'000*
Hong Kong		
Authorised but not contracted for	**38,990**	318,060
Contracted for but not provided for in the financial statements	**229,642**	55,359
Other regions of the PRC		
Authorised but not contracted for	**345,000**	354,000
Contracted for but not provided for in the financial statements	**78,000**	73,000
New Zealand and Australia		
Authorised but not contracted for	**8,443**	1,945
Contracted for but not provided for in the financial statements	**25,401**	51,345

14. Contingent liabilities

At the reporting date, 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$51,411,000 (31st December, 2002: HK$57,739,000). The guarantee will be released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

15. Pledge of assets

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

a. Fixed and floating charges on investment properties with an aggregate book value of HK$5,701,763,000 (31st December, 2002: HK$4,383,298,000).

b. Properties for sale with an aggregate book value of HK$346,282,000 (31st December, 2002: HK$346,062,000).

c. Properties under development held for investment with an aggregate book value of HK$170,309,000 (31st December, 2002: nil).

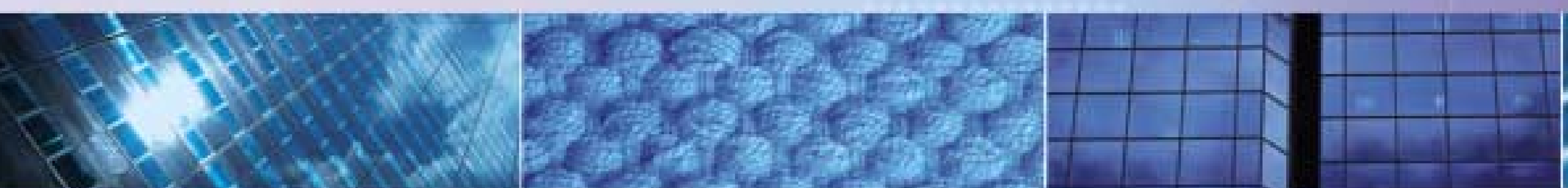
d. Bank deposits of HK$67,305,000 (31st December, 2002: HK$157,744,000).

e. Listed and unlisted shares of certain subsidiaries.

16. Post balance sheet events

a. On 2nd June, 2003, Australian Growth Properties Limited ("AGP"), a subsidiary of the Company, entered into sale and purchase agreements with an independent third party for the sale of certain investment properties at a consideration of AUD397.0 million, equivalent to approximately HK$2,020.5 million. The expected gain from the transaction would be AUD0.3 million, equivalent to approximately HK$1.5 million. This transaction was approved in a general meeting of shareholders of AGP on 25th July, 2003. Details of this transaction are set out in the circular of the Company dated 23rd June, 2003.

b. Subsequent to the balance sheet date, Trans Tasman Properties Limited ("TTP"), a subsidiary of the Company, has made an offer to acquire all the remaining shares of its subsidiary, AGP, at an offer price of AUD0.85 per share. The offer price was arrived at after taking into account a number of factors including the current market share price of AGP being AUD0.85 as at 21st August, 2003, the market price of AGP shares over the last 12 months and the net assets value of AGP. The offer is conditional on certain terms and conditions being met and is expected to take up to three months to complete. The total consideration in maximum is expected to be AUD127.9 million, equivalent to approximately HK$655.4 million. This transaction will not have material effect on the net tangible asset value of the Group. Details of this transaction are set out in the announcement of the Company dated 22nd August, 2003.



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