



SEA HOLDINGS LIMITED
爪哇控股有限公司

China



Hong Kong



New Zealand



Australia



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

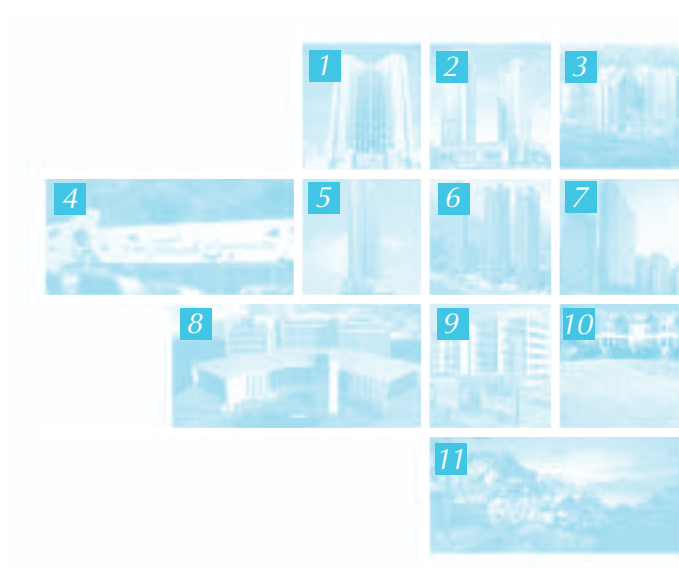
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WEBSITE

www.seaholdings.com

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CHINA

- 1. New Century Plaza, Chengdu City, Sichuan
- 2. Plaza Central (formerly Overseas Exchange Square), Chengdu City, Sichuan
- 3. Westmin Plaza, Phase II, Guangzhou, Guangdong

HONG KONG

- 4. 6-20 Leighton Road, Causeway Bay
- 5. 97 Po Kong Village Road, Diamond Hill
- 6. Royal Green, Sheung Shui
- 7. Dah Sing Financial Centre, Wanchai

NEW ZEALAND

- 8. Viaduct I Land, Auckland
- 9. Air New Zealand Building, Auckland
- 10. Clearwater Golf Resort, Christchurch

AUSTRALIA

- 11. Lizard Island Resort

Chairman's Statement

OVERVIEW

During the period under review, the Group launched the sale of Royal Green, a Sheung Shui residential development in which the Group has a 55% interest, and started the planning and development of the several property sites previously acquired. Following the business strategy decided, the Group sold a number of properties which were perceived to have little growth potential, and continues to seek other investment opportunities to replenish its property portfolio.

RESULTS

The Group's unaudited consolidated profit attributed to the equity holders of the Company for the financial period ended 30th June, 2005 was HK\$730.7 million which, compared to HK\$66.5 million for the corresponding period in 2004, represented an increase of 998.8%. The increase in profit was principally due to the booking of the sales on Royal Green, the net surplus from revaluation of investment properties in compliance with the new HKFRS, and net saving on finance costs resulted from disposal of properties in New Zealand. It should be mentioned, however, that the saving in finance costs was off-set by a reduction in rental income and small loss on disposal of the New Zealand properties.

DIVIDEND

The board has declared an interim dividend of HK4 cents (2004: HK4 cents) per share for the six months period ended 30th June, 2005 payable on 17th October, 2005 to the shareholders of the Company whose names appear in the Register of Members on 14th October, 2005. Total dividends payable are HK\$21.3 million and will be increased by HK\$5.1 million as a result of additional ordinary shares issued upon exercise of all the outstanding warrants and share option subscription rights.

BUSINESS REVIEW

Property Investments and Developments

Hong Kong

Rental income of the Group's flagship building for the period increased by 5.4% as a result of improved occupancy rate. As demand for office space and rental rate have began to show strong recovery, the Group expects the building's occupancy rate and rental income would improve further.

In May, the Group launched the sale of Phase 1 of Royal Green, a joint-venture development project with Henderson Land at Sheung Shui, which consists of 3 towers with a total of 922 units. About 69% of the units were sold at satisfactory price level and sale of the remaining units of the project is being planned.

The hotel development plan at 6-20 Leighton Road was submitted to the Town Planning Board and approval has been obtained this month.

A comprehensive development plan is being designed for the 20,092 sq.m. site at Fo Tan, near KCR Railway Station. It is expected the development will take 4-6 years to complete.

Construction of the site at Po Kong Village Road, Diamond Hill, has commenced. The development will be a 48 storey composite building consisting of 304 residential units and a seven-level podium of retail space, clubhouse and carparks. Construction is expected to be completed by the 3rd quarter of 2007.

Construction of the Wanchai Road project has commenced and the development is expected to be completed by mid-2007. Pre-sale of the development is planned for the 1st half of 2006.

Chairman's Statement

China

Guangzhou

The Westmin Plaza, Phase II which comprises of four residential blocks, and one office block on top of the commercial podium. Construction of superstructure is progressing on schedule and pre-sale of the residential units is being planned. The whole development is expected to be completed by the end of 2006.

Chengdu

The construction of Plaza Central (formerly Overseas Exchange Square), which has a gross floor area of 91,511 sq.m. comprising of two 29-storey office blocks and a six-level retail podium, is near its completion. Leasing work for the retail and office space has commenced.

Leasing of the office units of the Group's joint venture project, New Century Plaza, continues.

Australia and New Zealand

The 1st half of 2005 has been a period of consolidation for Trans Tasman Properties Limited ("TTP"). TTP achieved a net surplus of NZD6.5 million compared to NZD12.2 million for the corresponding period. TTP's transition from a passive investor to an active investor and developer is now largely complete. The drop in earnings in this half year reflects the status of TTP's current development properties and projects, most of which are in progress rather than nearing completion. Net assets value per share as at 30th June, 2005 was NZ66.6 cents compared to NZ64.3 cents as at 31st December, 2004.

During the period TTP completed a number of significant transactions including:

1. sale of EDS House, Wellington;
2. settlement of Qantas House, Finance Centre, 28 Shortland Street and 69 The Mall sales;
3. sale of Air New Zealand head office development in Auckland;
4. sale of the remaining two Airpark 1 development sites;
5. purchase of a controlling interest in a 125 hectare development property at Woodend, Christchurch; and
6. purchase of a development site at 120 Halsey Street, Auckland Viaduct.

Garment Operation

Turnover, excluding quota sales, for the 1st six months improved from HK\$10.7 million in 2004 to HK\$16.4 million in 2005, an increase of 53.3%, and gross profit also showed slight improvement. The operation reported a net profit for the period of HK\$0.2 million as compared to a loss of HK\$0.2 million for same period 2004. With the abolition of quota system from 1st January, 2005, income from this sector will no longer exist, hence the drop in our revenue from the garment operation is expected.

CORPORATE CHANGES IN TTP

During the period under review, the Group acquired shares in TTP from the market and its interest in TTP increased from 61.31% to 63.05%.

Chairman's Statement

FINANCIAL REVIEW

Turnover for the period ended 30th June, 2005 amounted to HK\$664.8 million (2004: HK\$184.9 million), a 259.5% increase over the same period last year. The increase was mainly due to following:

1. The sales proceeds recognized from the development project in Sheung Shui, Royal Green, amounted to HK\$275.5 million.
2. The settlement of disposals of properties in New Zealand and Australia amounted to HK\$130.2 million and HK\$160.0 million respectively.
3. Absence of quota sales income after the abolishment of quota system.
4. Partially offset by the rental income foregone after the disposals of various investment properties in New Zealand and Australia, amounted to HK\$50.7 million.

Net profit for the period amounted to HK\$789.0 million (2004: HK\$95.3 million), a 727.9% increase over the same period last year. The profit attributable to equity holders of the Company amounted to HK\$730.7 million (2004: HK\$66.5 million), a 998.8% increase over the same period last year. Reasons for the increase were mainly as follows:

1. The net profit derived from the Royal Green project amounted to HK\$112.0 million.
2. A gain arising from change in fair value of investment properties amounted to HK\$647.0 million.
3. Finance costs saving from New Zealand amounted to HK\$39.9 million.
4. These gains were however partially offset by:
 - A loss on the disposal of investments properties in New Zealand as compared to a gain for same period last year. The difference amounted to HK\$37.4 million.
 - A decrease in net rental profit after the settlement of various disposals of investment properties in New Zealand and Australia amounted to HK\$25.3 million.
 - A decrease in interest income from New Zealand amounted to HK\$28.0 million.

For the purpose of preparing the financial statements for the period under review, the Group has adopted the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), including all the Hong Kong Accounting Standards and relevant interpretations, which took effect on 1st January, 2005. The resulting significant changes in accounting treatment and presentation are detailed in Note 2 of Notes to the Condensed Consolidated Financial Statements.

In compliance with the new HKFRSs, the Group revalued its investment properties as at 30th June, 2005 and accounted for a net attributable surplus of HK\$647.0 million, representing revaluation surplus of HK\$778.0 million less related deferred tax and minority interest of HK\$131.0 million, in its profit and loss account for the period under review. Excluding this revaluation net surplus from the results, the Group's net profit for the period would be HK\$142.0 million, an increase of HK\$46.7 million or 49.0% over the same period last year.

Net Asset Value

The Group's total assets increased by HK\$522.4 million, as at 30th June, 2005, as a result of the change in fair value of its investment properties and the sale of various investment and development properties in New Zealand and in Hong Kong. The Group's total borrowings decreased by HK\$530.4 million, as at 30th June, 2005, after repayment of bank loans by TTP Group on its properties sold.

Chairman's Statement

As at 30th June, 2005, the Group's total net asset to equity holders of the Company amounted to HK\$3,980.5 million, an increase of 29.6% when compared to HK\$3,072.1 million at 31st December, 2004. With a total number of ordinary shares in issue of 513,415,780 as at 30th June, 2005, the Net Asset Value per share to equity holders of the Company was HK\$7.75 per share, a 29.0% increase over the Net Asset Value of HK\$6.01 per share as at 31st December, 2004. The increase in Net Asset Value per share was mainly due to the profit retained for the period, reclassification of negative goodwill less deferred tax to retained earnings resulted from the implementation of new HKFRSs, exchange difference, and dividends paid.

Financial Resources and Liquidity

Shareholders' Equity

As at 30th June, 2005, the Group's equity attributable to equity holders of the Company amounted to HK\$3,980.5 million (31st December, 2004: HK\$3,072.1 million), an increase of 29.6%, which was mainly due to the profit retained for the period of HK\$730.7 million, the reclassification of negative goodwill less deferred tax to retained earnings of HK\$225.2 million, decreased in exchange difference of HK\$22.3 million and dividends paid of HK\$30.7 million.

Working Capital and Loan Facilities

As at 30th June, 2005, the Group's cash balance were HK\$872.8 million (31st December, 2004: HK\$871.2 million) and unutilized facilities, HK\$1,631.4 million (31st December, 2004: HK\$933.8 million). Its current (working capital) ratio improved from 1.84 at 31st December, 2004 to 2.85 at 30th June, 2005. The improvement was mainly due to the repayment of loans after the disposals of properties in New Zealand.

Pledge of Assets

Bank borrowings of the New Zealand Group, including TTP and its Australia subsidiary, Australian Growth Properties Limited, are denominated in NZD and AUD respectively. As at 30th June, 2005, the New Zealand Group's total bank loans drawn were HK\$771.1 million, which were secured mainly by properties valued at HK\$1,013.1 million.

As at 30th June, 2005, the Group's subsidiary in Indonesia had drawn bank loans amounted to HK\$51.3 million. The loans which were secured mainly by properties valued at HK\$19.9 million and pledged fixed deposits of HK\$43.6 million.

For the Group companies operating in Hong Kong and China, borrowings as at 30th June, 2005 amounted to HK\$1,782.0 million, which were secured by properties valued at HK\$4,377.3 million.

Chairman's Statement

Capital Expenditure Commitments

As at 30th June, 2005, the Group had capital commitments not provided for in the condensed consolidated financial statements in respect of expenditure to be incurred on properties as follows:

	30th June, 2005 <i>HK\$'000</i>	31st December, 2004 <i>HK\$'000</i>
Authorised but not contracted for		
Hong Kong	298,267	300,000
PRC	99,000	82,000
	397,267	382,000
Contracted for but not provided for in the condensed consolidated financial statements		
Hong Kong	96,880	284,595
PRC	181,000	234,000
New Zealand and Australia	42,453	221,992
	320,333	740,587

Refinancing and Gearing

Major credit facilities have been renewed on a medium and long-term basis which will provide the Group with the capacity and flexibility to seize and undertake development and investment opportunities consistent with its strategy of remaining a long-term player in the property industry.

Gearing ratio as at 30th June, 2005, calculated on the basis of net interest bearing debt minus cash, as a percentage of total property assets reduced from 34% to 27%. The improvement was mainly due to the significant repayment of loans after the disposal of properties in New Zealand.

Capital movements

During the period, certain holders of warrants exercised their rights to subscribe for 1,877,173 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 period.

Loan maturity profile

As at 30th June, 2005, maturities of the Group's outstanding borrowings were as follows:

	30th June, 2005 <i>HK\$ million</i>	31st December, 2004 <i>HK\$ million</i>
Due within 1 year	1,059.6	1,432.1
1 – 2 years	163.2	253.4
3 – 5 years	754.7	736.9
Over 5 years	689.4	774.9
	2,666.9	3,197.3

Chairman's Statement

Treasury policies

The Group adheres to prudent treasury policies. As at 30th June, 2005 about 98% of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries. Its borrowings are principally based on floating rate terms but for loans of sizeable amount, interest rate hedging mechanisms have been arranged to safeguard 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 currency exposures in connection with its borrowings.

MANAGEMENT AND STAFF

The Group had 207 employees at 30th June, 2005 compared with 170 for the corresponding period. Salary and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances, and voluntary employer contributions to retirement schemes are offered to most employees. The Company 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 to the management and staff for their commitment, contribution and dedication and to the customers and tenants for their continued support to the Group.

INDEPENDENT REVIEW

The interim results for the period are unaudited, but have been reviewed by Deloitte Touche Tohmatsu and the Audit Committee of the Company. The Audit Committee was established in December 1998 and its terms of reference were subsequently revised in accordance with the provisions set out in the Code on Corporate Governance Practices. The existing Audit Committee comprises three Independent Non-executive Directors, namely Mr. Leung Hok Lim, Mr. Walujo Santoso, Wally, and Mr. Chung Pui Lam. The principal duties of the Audit Committee include the review the Group's unaudited interim and audited annual financial information, accounting principles and practices adopted by the Group and internal control procedures.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Main Board Listing Rules throughout the review period, except for deviation from code provision A.2.1, which states that the roles of the chairman and chief executive officer are required to be separated and not to be performed by the same individual.

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

Chairman's Statement

OUTLOOK

During the first half of 2005, the Hong Kong economy continued the recovery momentum of last year. The opening of Disney Land and the continued influx of Mainland visitors to Hong Kong, would no doubt have a positive impact on the local consumer market and retail trade, which in turn would boost the local consumer and business confidence. These positive factors, however, are partially offset by the recent rises in interest rate.

Nevertheless, with the good underlying property demand, stable Government land supply policy and acceptable mortgage affordability, the Group anticipates the property market to sustain a healthy growth in the foreseeable future. Accordingly, we expect our sales for the 2nd half of the year to remain satisfactory.

Through a number of key acquisitions and investments, the Group is growing on an even stronger platform for future expansion. The projects now being developed by the Group are progressing according to plan, and the management team is working hard to ensure the quality of the projects is of high standard and their completion timely. We are positive of the business outlook of the Company.

SHARE REGISTRATION

The Register of Members of the Company will be closed from Wednesday, 12th October, 2005 to Friday, 14th October, 2005, 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, 10th October, 2005. Warrantholders who wish to participate in the interim dividend must exercise their subscription rights not later than 4:00 p.m. on Monday, 10th October, 2005.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30th June, 2005, 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	0.58
Lu Wing Chi	-	-	-	-	12,500,000	12,500,000	2.43
Lu Wing Lin	94,000	-	-	-	12,500,000	12,594,000	2.45
Lincoln Lu	618,000	261,993,811	572,717	73,897,812	-	337,082,340 ^(Note)	65.65
Lambert Lu	610,000	261,993,811	572,717	73,897,812	-	337,074,340 ^(Note)	65.65

Chairman's Statement

Note: Of these shares and warrants of the Company, 261,993,811 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 the SFO. 261,993,811 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.

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

(a) JCS Limited

Name of Director	Personal interests	Interests as discretionary trust beneficiary	Total	% of shares in issue
Lu Wing Chi	3,000	12,000 ¹	15,000	32.60
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 Limited 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 all 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 Limited, which is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

3. Employee Share Option Scheme

Old scheme

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

Chairman's Statement

New scheme

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

Options granted

During the review period, the Company did not grant any share option under the New Scheme. All options granted prior to the termination of the Old Scheme shall continue to be valid and exercisable in accordance with the provisions of the Old Scheme.

As at 30th June, 2005, certain directors have outstanding share options granted pursuant to the Old Scheme, details of which were as follows:

Name of Director	Date of grant	Exercise Price (HK\$)	Exercise period	Number of share options as at 1.1.2005 and 30.6.2005
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 – 3.12.2010	3,000,000
Lu Wing Chi	4.12.2000	1.44	4.12.2000 – 3.12.2010	12,500,000
Lu Wing Lin	4.12.2000	1.44	4.12.2000 – 3.12-2010	12,500,000

Saved as disclosed above, as at 30th June, 2005, none of the Directors and chief executives nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise, notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

So far as is known to any Director or chief executive of the Company, as at 30th June, 2005, persons, 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 by the Company under Section 336 of the SFO, were as follows:

Chairman's Statement

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 Limited	Direct interest	–	2,111,069	2,111,069	
	Held by controlled corporation	261,993,811	71,786,743	333,780,554 ^(Note)	
				335,891,623	65.42
Eaver Company Limited	Direct interest	608,000	–	608,000	
	Held by controlled corporation	261,993,811	71,786,743	333,780,554 ^(Note)	
				334,388,554	65.13
Nan Luen International Limited	Direct interest	261,993,811	71,786,743	333,780,554 ^(Note)	65.01
Pacific Rose Enterprises Limited	Direct interest	31,955,873	3,581,257	35,537,130	6.92
Cypress Gold Limited	Direct interest	20,013,043	7,711,957	27,725,000	5.40

Note: 261,993,811 shares and warrants carrying 71,786,743 underlying shares deemed to be interested by JCS Limited, 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 Limited 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.

Save as disclosed above, the Directors are not aware of any other person who, as at 30th June, 2005, had an 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.

MODEL CODE FOR DIRECTORS' SHARE DEALING

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 of the Main Board Listing Rules ("Model Code"). All Directors have confirmed, following specific enquiry by the Company, that they complied with the required standards set out in the Model Code throughout the review period.

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2005, there was no purchase, sale or redemption by the Company or any of its subsidiaries, of the Company's listed shares or warrants.

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 15th September, 2005

Condensed Consolidated Income Statement

	Notes	Six months ended 30th June,	
		2005 HK\$'000 (unaudited)	2004 HK\$'000 (unaudited)
Revenue	3	664,845	184,901
Other operating income		19,826	47,568
Changes in inventories and properties held for sale	4	(372,842)	(28,227)
Staff costs		(32,335)	(29,553)
Depreciation and amortisation		(2,575)	(1,732)
Other operating expenses		(72,568)	(42,428)
Recognition of discount on acquisition/negative goodwill	5	15,077	10,416
Fair value changes on investment properties		777,978	–
Net profit on disposal of investments		397	533
Net (loss) profit on disposal of properties		(10,984)	23,984
Finance costs		(37,324)	(68,695)
Share of results of associates		258	1,476
Share of results of jointly controlled entities		(810)	(2,301)
Profit before taxation	6	948,943	95,942
Taxation	7	(159,975)	(602)
Profit for the period		788,968	95,340
Attributable to:			
Equity holders of the Company		730,743	66,471
Minority interest		58,225	28,869
		788,968	95,340
Dividend	8	21,313	20,453
Earnings per share	9		
Basic		HK142.8 cents	HK13.0 cents
Diluted		HK124.2 cents	HK12.0 cents

Condensed Consolidated Balance Sheet

	Notes	As at 30th June, 2005 HK\$'000 (unaudited)	As at 31st December, 2004 HK\$'000 (restated and audited)
Non-current Assets			
Investment properties	10	3,310,091	3,624,804
Property, plant and equipment	10	260,145	385,424
Prepaid lease payments	10	366,776	409,813
Negative goodwill		–	(225,164)
Interests in associates		16,805	18,340
Interests in jointly controlled entities		–	290
Other investments	11	–	95,467
Club memberships	11	8,574	–
Available-for-sale investments	11	88,273	–
Amount due from an associate		30,780	31,863
Amounts due from jointly controlled entities		3,080	2,790
Other loans receivable		107,993	74,996
		4,192,517	4,418,623
Current Assets			
Inventories		4,134	3,397
Properties held for sale		2,817,568	2,391,716
Other investments	12	–	796
Investments held for trading	12	784	–
Other loans receivable		5,400	8,244
Debtors, deposits and prepayments	13	402,512	50,131
Taxation recoverable		1,595	1,593
Amount due from an associate		2,905	2,087
Pledged bank deposits		119,643	138,869
Bank balances and deposits		753,167	732,316
		4,107,708	3,329,149
Current Liabilities			
Creditors, deposits and accrued charges	14	231,563	201,323
Sales deposits on properties for sale received		57,829	49,195
Provisions		44,216	109,361
Taxable payable		48,493	19,818
Borrowings – due within one year	15	1,059,564	1,432,057
		1,441,665	1,811,754
Net Current Assets		2,666,043	1,517,395
		6,858,560	5,936,018
Capital and Reserves			
Share capital	16	51,342	51,154
Reserves		3,929,201	3,020,986
Equity attributable to equity holders of the Company		3,980,543	3,072,140
Minority Interest		838,883	821,450
Total Equity		4,819,426	3,893,590
Non-current Liabilities			
Amounts due to minority shareholders		114,015	91,897
Borrowings – due after one year	15	1,607,316	1,765,218
Other payables – due after one year		16,732	18,800
Deferred taxation		301,071	166,513
		2,039,134	2,042,428
		6,858,560	5,936,018

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2005

	Attributable to equity holders of the Company											
	Share capital	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total	Minority interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2004												
- as originally stated	51,125	155,588	207,413	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,676,734	785,699	3,462,433
- Effects of changes in accounting policies	-	-	(73,012)	-	-	-	-	-	-	(73,012)	-	(73,012)
- as restated	51,125	155,588	134,401	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,603,722	785,699	3,389,421
Exchange movement during the period	-	-	-	(61,377)	-	-	-	-	-	(61,377)	(43,195)	(104,572)
Unrealised holding loss on investments in securities	-	-	-	-	(4,061)	-	-	-	-	(4,061)	-	(4,061)
Loss recognised directly in equity	-	-	-	(61,377)	(4,061)	-	-	-	-	(65,438)	(43,195)	(108,633)
Released upon disposal of investment properties	-	-	(7,684)	-	-	-	-	-	-	(7,684)	(4,846)	(12,530)
Profit for the period	-	-	-	-	-	-	-	-	66,471	66,471	28,869	95,340
Total recognised (loss) profit for the period	-	-	(7,684)	(61,377)	(4,061)	-	-	-	66,471	(6,651)	(19,172)	(25,823)
Share issue on exercise of warrants	7	92	-	-	-	-	-	-	-	99	-	99
Dividend proposed	-	-	-	-	-	-	-	20,453	(20,453)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(30,675)	-	(30,675)	-	(30,675)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	-	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(33,173)	(33,173)
At 30th June, 2004	51,132	155,680	126,717	(19,423)	(10,192)	4,451	277,707	20,453	1,959,966	2,566,491	733,354	3,299,845
Revaluation surplus arising on investment properties	-	-	351,588	-	-	-	-	-	-	351,588	(6,301)	345,287
Deferred tax liability arising on revaluation of investment properties	-	-	(63,755)	-	-	-	-	-	-	(63,755)	(735)	(64,490)
Released upon disposal of investment properties	-	-	72,888	-	-	-	-	-	-	72,888	45,993	118,881
Exchange movement during the period	-	-	-	91,266	-	-	-	-	-	91,266	70,513	161,779
Unrealised holding gain on investments in securities	-	-	-	-	19,800	-	-	-	-	19,800	-	19,800
Net gain recognised directly in equity	-	-	360,721	91,266	19,800	-	-	-	-	471,787	109,470	581,257
Profit (loss) for the period	-	-	-	-	-	-	-	-	54,021	54,021	(5,786)	48,235
Total recognised profit for the period	-	-	360,721	91,266	19,800	-	-	-	54,021	525,808	103,684	629,492
Share issue on exercise of warrants	22	281	-	-	-	-	-	-	-	303	-	303
Dividend proposed	-	-	-	-	-	-	-	30,692	(30,692)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(20,453)	-	(20,453)	-	(20,453)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	-	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(15,588)	(15,588)

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2005

	Attributable to equity holders of the Company											
	Share capital	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total	Minority interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2005	51,154	155,961	487,438	71,843	9,608	4,451	277,707	30,692	1,983,286	3,072,140	821,450	3,893,590
Effects of changes in accounting policies	-	-	(487,438)	-	-	-	-	-	714,219	226,781	7,350	234,131
As restated	51,154	155,961	-	71,843	9,608	4,451	277,707	30,692	2,697,505	3,298,921	828,800	4,127,721
Exchange movement during the period	-	-	-	(22,343)	-	-	-	-	-	(22,343)	(26,883)	(49,226)
Fair value changes on available-for-sale investments	-	-	-	-	1,370	-	-	-	-	1,370	-	1,370
Net (loss) gain recognised directly in equity	-	-	-	(22,343)	1,370	-	-	-	-	(20,973)	(26,883)	(47,856)
Profit for the period	-	-	-	-	-	-	-	-	730,743	730,743	58,225	788,968
Total recognised (loss) profit for the period	-	-	-	(22,343)	1,370	-	-	-	730,743	709,770	31,342	741,112
Share issue on exercise of warrants	188	2,403	-	-	-	-	-	-	-	2,591	-	2,591
Capital contributions by minority shareholders	-	-	-	-	-	-	-	-	-	-	1,870	1,870
Dividend proposed	-	-	-	-	-	-	-	21,313	(21,313)	-	-	-
Dividend paid	-	-	-	-	-	-	-	(30,692)	-	(30,692)	-	(30,692)
Additional prior year's final dividend paid on exercise of warrants subsequent to the issue of the financial statements	-	-	-	-	-	-	-	-	(47)	(47)	-	(47)
Dividend paid to minority shareholders	-	-	-	-	-	-	-	-	-	-	(513)	(513)
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	(22,616)	(22,616)
At 30th June, 2005	51,342	158,364	-	49,500	10,978	4,451	277,707	21,313	3,406,888	3,980,543	838,883	4,819,426

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2005

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(301,239)	(549,824)
Investing activities		
Decrease (increase) in pledged bank deposits	19,226	(613,790)
Proceeds on disposal of investment properties	859,306	360,529
Acquisition of investment properties	(3,051)	(43,813)
Acquisition of property, plant and equipment	(47,199)	(19,235)
Others	(2,904)	(42,036)
Net cash from (used in) investing activities	825,378	(358,345)
Financing activities		
Bank borrowings raised	275,199	2,198,154
Repayment of bank borrowings	(789,221)	(1,978,826)
Advance from minority shareholders	29,469	–
Others	2,592	1,216
Net cash (used in) from financing activities	(481,961)	220,544
Net increase (decrease) in cash and cash equivalents	42,178	(687,625)
Cash and cash equivalents at 1st January	732,316	1,811,232
Effect of foreign exchange rate changes	(21,327)	(86,972)
Cash and cash equivalents at 30th June, represented by bank balances and deposits	753,167	1,036,635

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), HKASs and Interpretations (“Int”) (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interest has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group’s accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

Business Combinations

In the current period, the Group has applied HKFRS 3 “Business Combinations”, which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost (previously known as “negative goodwill”)

In accordance with HKFRS 3, any excess of the Group’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over the cost of acquisition (“discount on acquisition”) is recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. The Group has derecognised all negative goodwill at 1st January, 2005 with a corresponding increase to accumulated profits at 1st January, 2005.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Financial Instruments

In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice "SSAP" 24. Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" is included in income statement. Unrealised gains or losses on "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit and loss for that period. From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in income statement and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1st January, 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39.

Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

The carrying amounts of amounts due to minority shareholders and other payables are adjusted for the effect of imputed interest based on the prevailing market rate as at the date of grant and are carried at amortised cost using the effective interest method subsequent to 1st January, 2005.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Owner-occupied Leasehold Interest in Land

In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to "prepaid lease payments", which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold interests in land continue to be accounted for as property, plant and equipment.

Investment Properties

In the current period, the Group has applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the income statement for the period in which they arise. In previous periods, investment properties under the SSAP 13 were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elect to apply HKAS 40 from 1st January, 2005 onwards. The amount previously held in investment property revaluation reserve at 1st January, 2005 have been transferred to accumulated profits.

Deferred Taxes related to Investment Properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HKAS Int 21 "Income Taxes – Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflects the tax consequences that will follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS Int 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Club Memberships

Club memberships as intangible assets were required under HKAS 38 to be assessed at the individual asset level as having either finite or indefinite life. A finite-life intangible asset is amortised over its estimated useful life whereas an intangible asset with an indefinite useful life is carried at cost less accumulated impairment losses (if any). Intangible assets with indefinite lives are not subject to amortisation but are tested for impairment annually or more frequently when there are indications of impairment. In accordance with the transitional provisions in HKAS 38, the Group reassessed the useful lives of its club memberships on 1st January, 2005 and concluded that the club memberships have indefinite useful lives. The Group has applied the revised useful lives prospectively. Comparative figures for 2004 have not been restated.

Share-based Payments

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. In relation to share options granted before 1st January, 2005, the Group has not applied HKFRS 2 to share options granted on or before 7th November, 2002 and share options that were granted after 7th November, 2002 and had vested before 1st January, 2005 in accordance with the relevant transitional provisions. This change has had no material effect on the results to the current period.

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Summary of the effects of the changes in accounting policies

The effects of the adoption of new HKFRSs on the results for the six months ended 30th June, 2005 (unaudited) are as follows:

	HKAS 32 & HKAS 39 HK\$'000	HKAS 40 HK\$'000	HKAS Int 21 HK\$'000	HKFRS 3 HK\$'000	Total effect HK\$'000
Decrease in release of negative goodwill	–	–	–	(11,228)	(11,228)
Recognition of discount on acquisition	–	–	–	15,077	15,077
Fair value changes on investment properties	–	777,978	–	–	777,978
Increase in imputed interest expense on other payables	(404)	–	–	–	(404)
Increase in imputed interest expense on amounts due to minority shareholders	(1,870)	–	–	–	(1,870)
Increase in deferred tax on revaluation of investment properties	–	–	(130,773)	–	(130,773)
(Decrease) increase in profit for the period	(2,274)	777,978	(130,773)	3,849	648,780
Attributable to:					
Equity holders of the Company	(404)	773,882	(130,385)	3,849	646,942
Minority interest	(1,870)	4,096	(388)	–	1,838
	(2,274)	777,978	(130,773)	3,849	648,780

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Summary of the effects of the changes in accounting policies *(Continued)*

Analysis of increase (decrease) in profit for the period by the line items presented according to their nature:

	HKAS 32 & HKAS 39	HKAS 40	HKAS Int 21	HKFRS 3	Total effect
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Increase in recognition of discount on acquisition/negative goodwill	–	–	–	3,849	3,849
Fair value changes on investment properties	–	777,978	–	–	777,978
Increase in finance costs	(2,274)	–	–	–	(2,274)
Increase in taxation	–	–	(130,773)	–	(130,773)
(Decrease) increase in profit for the period	(2,274)	777,978	(130,773)	3,849	648,780

Notes to the Condensed Consolidated Financial Statements

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Summary of the effects of the changes in accounting policies (Continued)

The cumulative effects of the adoption of the new HKFRSs as at 31st December, 2004 and 1st January, 2005 are summarised below:

	As at 31st December, 2004 (originally stated) HK\$'000	Retrospective adjustments			As at 31st December, 2004 (restated) HK\$'000	Adjustments on 1st January, 2005			As at 1st January, 2005 (restated) HK\$'000
		HKAS				HKAS			
		HKAS 1 HK\$'000	HKAS 17 HK\$'000	Int 21 HK\$'000		32 & 39 HK\$'000	HKAS 40 HK\$'000	HKFRS 3 HK\$'000	
Balance sheet items									
Property, plant and equipment	795,237	-	(409,813)	-	385,424	-	-	-	385,424
Prepaid lease payments	-	-	409,813	-	409,813	-	-	-	409,813
Negative goodwill	(225,164)	-	-	-	(225,164)	-	-	225,164	-
Other investments	96,263	-	-	-	96,263	(96,263)	-	-	-
Club memberships	-	-	-	-	-	8,574	-	-	8,574
Available-for-sale investments	-	-	-	-	-	86,893	-	-	86,893
Investments held for trading	-	-	-	-	-	796	-	-	796
Amounts due to minority shareholders	-	(91,897)	-	-	(91,897)	7,350	-	-	(84,547)
Other payables – due after one year	(18,800)	-	-	-	(18,800)	1,617	-	-	(17,183)
Deferred taxation	(39,613)	-	-	(126,900)	(166,513)	-	-	-	(166,513)
Total effects on assets and liabilities	607,923	(91,897)	-	(126,900)	389,126	8,967	-	225,164	623,257
Accumulated profits	1,983,286	-	-	-	1,983,286	1,617	487,438	225,164	2,697,505
Investment property revaluation reserve	613,603	-	-	(126,165)	487,438	-	(487,438)	-	-
Minority interest	914,082	(91,897)	-	(735)	821,450	7,350	-	-	828,800
Total effects on equity	3,510,971	(91,897)	-	(126,900)	3,292,174	8,967	-	225,164	3,526,305
	(2,903,048)	-	-	-	(2,903,048)	-	-	-	(2,903,048)

The effect on the adoption of new HKFRSs to the Group's equity at 1st January, 2004 was to decrease the investment property revaluation reserve by HK\$73,012,000 due to the application of HKAS Int 21 as mentioned on page 19.

Notes to the Condensed Consolidated Financial Statements

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.

	Six months ended 30th June, 2005					Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	
REVENUE						
External	163,191	168,351	2,035	331,268	-	664,845
SEGMENT PROFIT (LOSS)	13,868	17,379	16,086	927,185	(341)	974,177
Interest income						16,973
Recognition of discount on acquisition						15,077
Unallocated corporate expenses						(19,408)
Finance costs						(37,324)
Share of results of associates	89	169	-	-	-	258
Share of results of jointly controlled entities	-	-	(810)	-	-	(810)
Profit before taxation						948,943
Taxation						(159,975)
PROFIT AFTER TAXATION						788,968

	Six months ended 30th June, 2004					Consolidated HK\$'000
	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	
REVENUE						
External	103,272	11,903	2,432	67,294	-	184,901
SEGMENT PROFIT (LOSS)	93,991	(8,574)	(3,361)	58,092	(436)	139,712
Interest income						45,100
Unallocated corporate expenses						(19,350)
Finance costs						(68,695)
Share of results of associates	507	969	-	-	-	1,476
Share of results of jointly controlled entities	-	-	(2,301)	-	-	(2,301)
Profit before taxation						95,942
Taxation						(602)
PROFIT AFTER TAXATION						95,340

Notes to the Condensed Consolidated Financial Statements

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.

	Six months ended 30th June, 2005						Consolidated HK\$'000
	Garment		Investment HK\$'000	Property development HK\$'000	Others HK\$'000	Eliminations HK\$'000	
	Property manufacturing investment HK\$'000	and trading HK\$'000					
REVENUE							
External	74,030	16,365	1,695	567,640	5,115	-	664,845
Inter-segment sales*	1,502	-	-	-	-	(1,502)	-
Total	75,532	16,365	1,695	567,640	5,115	(1,502)	664,845
SEGMENT PROFIT (LOSS)	818,161	10	2,946	154,862	(1,802)	-	974,177
Interest income							16,973
Recognition of discount on acquisition							15,077
Unallocated corporate expenses							(19,408)
Finance costs							(37,324)
Share of results of associates	-	-	-	-	258	-	258
Share of results of jointly controlled entities	-	-	-	(810)	-	-	(810)
Profit before taxation							948,943
Taxation							(159,975)
PROFIT AFTER TAXATION							788,968

Notes to the Condensed Consolidated Financial Statements

3. SEGMENT INFORMATION (Continued)

(b) Business Segments (Continued)

	Six months ended 30th June, 2004						
	Property investment	Garment manufacturing and trading	Investment	Property development	Others	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External	114,728	34,545	1,607	33,291	730	-	184,901
Inter-segment sales*	986	137	48	-	-	(1,171)	-
Total	115,714	34,682	1,655	33,291	730	(1,171)	184,901
SEGMENT PROFIT (LOSS)	103,303	23,737	6,599	7,467	(1,394)	-	139,712
Interest income							45,100
Unallocated corporate expenses							(19,350)
Finance costs							(68,695)
Share of results of associates	507	-	-	-	969	-	1,476
Share of results of jointly controlled entities	-	-	-	(2,301)	-	-	(2,301)
Profit before taxation							95,942
Taxation							(602)
PROFIT AFTER TAXATION							95,340

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

4. CHANGES IN INVENTORIES AND PROPERTIES HELD FOR SALE

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
Changes in inventories of finished goods and work-in-progress	860	1,334
Raw materials and consumables used	(14,909)	(9,015)
Changes in inventories of properties for sale	(233,215)	219,705
Costs incurred on properties under development for sale	(125,578)	(240,251)
	(372,842)	(28,227)

Notes to the Condensed Consolidated Financial Statements

5. RECOGNITION OF DISCOUNT ON ACQUISITION/NEGATIVE GOODWILL

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
Release of negative goodwill	–	10,416
Recognition of discount on acquisition arising from the acquisition of additional interests in subsidiaries	15,077	–
	15,077	10,416

6. PROFIT BEFORE TAXATION

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Dividends income from listed investments	(1,113)	(1,124)
Interest income	(16,973)	(45,100)
Loss (gain) on disposal of investment properties	11,035	(23,960)
Gain on disposal of property, plant and equipment	(51)	(24)

7. TAXATION

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
The charge comprises:		
Hong Kong Profits Tax	28,623	(100)
Income tax outside Hong Kong	335	550
	28,958	450
Deferred taxation	131,017	152
	159,975	602

Hong Kong Profits Tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profits for the period.

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

Notes to the Condensed Consolidated Financial Statements

8. DIVIDEND

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
Interim – HK4 cents (2004: HK4 cents) per share	21,313	20,453

During the period, a dividend of HK6 cents (2004: final dividend for 2003 at HK6 cents) per share amounting to HK\$30,739,000 (2004: final dividend for 2003 at HK\$30,679,000) was paid to the shareholders as the final dividend for 2004.

The directors have determined that an interim dividend for 2005 of HK4 cents (2004: HK4 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 14th October, 2005.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

	Six months ended 30th June,	
	2005	2004
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the equity holders of the Company)	730,743	66,471
	Number of shares	
Weighted average number of ordinary shares for the purposes of basic earnings per share	511,886,456	511,269,336
Effect of dilutive potential ordinary shares		
Options	14,086,957	7,574,468
Warrants	62,519,201	36,410,792
Weighted average number of ordinary shares for the purposes of diluted earnings per share	588,492,614	555,254,596

Notes to the Condensed Consolidated Financial Statements

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

During the period, the Group acquired investment properties at a cost of HK\$3 million, transferred investment properties with carrying value of HK\$215 million to properties held for sale, and disposed of investment properties with carrying value of HK\$870 million for total consideration of HK\$859 million. In addition, there was an exchange realignment of HK\$11 million which contributed to a decrease in the carrying value of investment properties brought forward from 1st January, 2005.

Based on the advice of independent professional valuers, the directors believe that the fair market value of the investment properties as at 30th June, 2005 is approximately HK\$3,310 million. The changes in fair value of investment properties amounting to HK\$778 million was credited to income statement.

During the period, the Group acquired property, plant and equipment at a cost of HK\$47 million and transferred property, plant and equipment and prepaid lease payments with carrying value of HK\$172 million and HK\$39 million respectively to properties held for sale.

11. CLUB MEMBERSHIPS/AVAILABLE-FOR-SALE INVESTMENTS/OTHER INVESTMENTS

	30th June, 2005	31st December, 2004
	HK\$'000	HK\$'000
Investments in securities		
Equity securities:		
Listed – Hong Kong	84,347	82,964
– overseas	3,926	3,929
	88,273	86,893
Club memberships		
Unlisted	8,574	8,574
	96,847	95,467
Classified as:		
Other investments	–	95,467
Club memberships	8,574	–
Available-for-sale investments	88,273	–
	96,847	95,467

Notes to the Condensed Consolidated Financial Statements

12. INVESTMENTS HELD FOR TRADING/OTHER INVESTMENTS

	30th June, 2005	31st December, 2004
	HK\$'000	HK\$'000
Investments in securities		
Equity securities:		
Listed – Hong Kong	784	796
Classified as:		
Other investments	–	796
Investments held for trading	784	–
	784	796

13. 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 with an aged analysis as follows:

	30th June, 2005	31st December, 2004
	HK\$'000	HK\$'000
0 to 60 days	350,333	12,541
61 to 90 days	1,183	194
91 to 365 days	3,942	1,184
Over 365 days	601	376
	356,059	14,295

14. CREDITORS, DEPOSITS AND ACCRUED CHARGES

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

	30th June, 2005	31st December, 2004
	HK\$'000	HK\$'000
0 to 60 days	57,960	62,369
61 to 90 days	58	1,233
91 to 365 days	772	690
Over 365 days	3,164	3,191
	61,954	67,483

Notes to the Condensed Consolidated Financial Statements

15. BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$789 million and obtained new bank loans in the amount of HK\$275 million. In addition, there was an exchange realignment of HK\$17 million contributed to a decrease in carrying value of borrowings brought forward from 1st January, 2005. 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 purpose.

16. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary share of HK\$0.1 each		
<i>Authorised:</i>		
At 31st December, 2004 and 30th June, 2005	1,000,000,000	100,000
<i>Issued and fully paid:</i>		
At 1st January, 2005	511,538,607	51,154
Exercise of warrants	1,877,173	188
At 30th June, 2005	513,415,780	51,342

17. COMMITMENTS

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

	30th June, 2005 HK\$'000	31st December, 2004 HK\$'000
Authorised but not contracted for		
Hong Kong	298,267	300,000
PRC	99,000	82,000
	397,267	382,000
Contracted for but not provided for in the condensed consolidated financial statements		
Hong Kong	96,880	284,595
PRC	181,000	234,000
New Zealand and Australia	42,453	221,992
	320,333	740,587

Notes to the Condensed Consolidated Financial Statements

18. RENTAL GUARANTEE

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. Based on management's best estimation, a provision of HK\$27,857,000 (31st December, 2004: HK\$49,329,000) had been made at 30th June, 2005.

19. 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\$3,243,091,000 (31st December, 2004: HK\$3,476,697,000).
- b. Properties for sale with an aggregate book value of HK\$1,739,507,000 (31st December, 2004: HK\$1,610,719,000).
- c. Properties under development held for investment included in property, plant and equipment with an aggregate book value of HK\$239,022,000 (31st December, 2004: HK\$52,605,000).
- d. Prepaid lease payments with an aggregate book value of HK\$366,776,000 (31st December, 2004: HK\$409,813,000).
- e. Bank deposits of HK\$119,643,000 (31st December, 2004: HK\$138,869,000).
- f. Listed shares of a subsidiary with assets principally comprised of investment properties and properties held for sales included in (a) and (b) above.
- g. Unlisted shares of certain subsidiaries with assets principally comprised of investment properties and properties under development held for investment included in (a), (c) and (d) above.

20. POST BALANCE SHEET EVENT

On 8th September, 2005, Trans Tasman Properties Limited ("TTP"), a subsidiary listed in New Zealand in which the Group owned 63.05%, announced that it has acquired back 14,323,068 TTP's ordinary shares at NZ\$0.4 per share from one of its independent shareholders. The acquired shares represent about 2.41% of TTP issued shares.

