爪哇集團
SEA Group

S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code：251)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

Please refer to the attached announcement on the next pages issued by Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company listed on the AIM Market of London Stock Exchange plc., on 28th March, 2008.

As at the date of this announcement, the Board of the Company comprises the following members:-

Executive Directors:-
Messrs. Lu Wing Chi *(Chairman and Managing Director)*, Lu Wing Yuk, Andrew, David Hsu, Lincoln Lu and Lambert Lu

Non-Executive Directors:-
Messrs. Lam Sing Tai and Tse Man Bun

Independent Non-Executive Directors:-
Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

Hong Kong, 31st March, 2008

**For identification purpose only*

RNS Number: 0467R
Asian Growth Properties Limited

28th March, 2008

ASIAN GROWTH PROPERTIES LIMITED

Immediate Release

Results for the year ended 31st December, 2007

Asian Growth Properties Limited (the "Company") (AIM Stock Code: AGP), the Hong Kong based China property development and investment company, announces its audited consolidated results for the year ended 31st December, 2007 as follows:

Highlights

- Total operating revenue of HK$1,689.0 million (£109.1 million) (2006: HK$123.3 million (£8.1 million))
- Fair value changes on investment properties of HK$830.4 million (£53.6 million) (2006: HK$185.1 million (£12.1 million))
- Profit attributable to the Company's shareholders of HK$605.9 million (£39.1 million) (2006: HK$80.7 million (£5.3 million))
- Earnings per share for profit attributable to the Company's shareholders of HK$0.68 (4.4 pence) (2006: HK$0.21 (1.4 pence))
- Loss per share excluding the net effect of fair value change on investment properties of HK$0.07 (0.47 pence) (2006: loss of HK$0.20 (1.31 pence))
- Equity attributable to the Company's shareholders as at 31st December, 2007 of HK$6,752.5 million (£436.2 million) (31st December 2006: HK$6,069.1 million (£397.8 million))
- Net asset value per share as at 31st December, 2007 of HK$7.62 (49.2 pence) (31st December 2006: HK$6.85 (44.9 pence))

Note: Figures in Pounds Sterling are converted from Hong Kong dollars based upon exchange rates prevailing on the last business day of the respective accounting periods.

Miscellaneous

The results included in this announcement are extracted from the audited consolidated financial statements of the Company for the year ended 31st December, 2007, which have been approved by the Board of Directors on 27th March, 2008.

The 2007 Annual Report is expected to be posted to shareholders and holders of depositary interests in mid / late April 2008.

For further information, please contact:

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Executive Director
Asian Growth Properties Limited

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Andrew Potts
Panmure Gordon (UK) Limited
(Nominated Advisor)

CHAIRMAN’S REVIEW

I am pleased to present the 2007 consolidated results of Asian Growth Properties Limited (“AGP” or the “Company”) to the shareholders. Figures in Pounds Sterling are converted from Hong Kong dollars based upon exchange rates prevailing on the last business day of the respective accounting periods.

Results

AGP reports a net profit attributable to the Company’s shareholders of HK$605.9 million (£39.1 million) for the year ended 31 December 2007 (2006: HK$80.7 million (£5.3 million)). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the net effect of such surplus, the Group would report a net loss attributable to the Company’s shareholders of HK$64.6 million (£4.2 million) (2006: loss of HK$75.4 million (£4.9 million)).

As at 31 December 2007, the Group’s equity attributable to the Company’s shareholders amounted to HK$6,752.5 million (£436.2 million), an increase of HK$683.4 million (£44.1 million) over 31 December 2006. The net asset value per share as at 31 December 2007 was HK$7.62 (49.2 pence) as compared with HK$6.85 (44.9 pence) as at 31 December 2006.

Operations

During the year, the Group has continued the development of various projects in Hong Kong and mainland China. In Hong Kong, most of the residential units of both The Morrison and the Royal Green projects have been sold. Pre-sales of The Forest Hills development were launched in September 2007 with satisfactory responses from the buyers. The Group’s rental income from Dah Sing Financial Centre benefited from the increased demand resulting in higher occupancy and rental rates. In mainland China, the residential units of the Westmin Plaza Phase II project were delivered to the purchasers in December 2007 and the leasing activities for the office space in Plaza Central and commercial space in Westmin Plaza Phase II continued.

Outlook

The Board of AGP will continue to concentrate its efforts for expansion principally in mainland China and Hong Kong. During 2007, the government in mainland China introduced further macro-economic measures to curb property speculations and stabilise prices. These measures together with credit tightening and rising inflationary pressures affected the property sector, notably the residential market, late last year. Although residential prices have softened with reduced transaction volume, the current adjustment should be conducive to sustainable and healthy development in the mainland property market over the long term. The Group will adhere to its focused approach to mainland business expansion.

Dividend

The Board does not propose the payment of a final dividend for the year ended 31 December 2007 and will retain all earnings to finance further growth. Barring unforeseen adverse circumstances, it is the Board’s current intention to make a dividend payment for the year ending 31 December 2008 in due course.

Acknowledgement

The Board would like to take this opportunity to thank the executive and management team for the execution of the Board’s strategy and their ongoing support.

David Mathewson
Non-Executive Chairman
England, 27 March 2008

EXECUTIVE DIRECTORS' REVIEW

FINANCIAL SUMMARY

The financial effects resulting from the purchase of the six investment and development properties by the Group on 5 October 2006 have been fully reflected in the 2007 financial statements for the year ended 31 December 2007. Accordingly, the financial statements for the year ended 31 December 2006 figures are not directly comparable as they only included the post-acquisition results of those acquired properties.

Turnover for the year ended 31 December 2007 amounted to HK$1,689.0 million (2006: HK$123.3 million). The turnover was principally attributable to the recognition of the sales of residential units in Royal Green and The Morrison in Hong Kong and the Westmin Plaza Phase II in mainland China and the rental contribution from Dah Sing Financial Centre, Hong Kong.

Profit attributable to the Company's shareholders for the year amounted to HK$605.9 million (2006: HK$80.7 million). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the effect of such surplus, the Group would report a net loss attributable to the Company's shareholders of HK$64.6 million (2006: loss of HK$75.4 million).

As at 31 December 2007, the Group's equity attributable to the Company's shareholders amounted to HK$6,752.5 million (2006: HK$6,069.1 million). The net asset value per share as at 31 December 2007 was HK$7.62 (49.2 pence) as compared with HK$6.85 (44.9 pence) as at 31 December 2006.

BUSINESS REVIEW
Property Investment and Development

All of the Group's property development and investment projects are located in Hong Kong and mainland China and are as listed below:

Hong Kong

1. Dah Sing Financial Centre, Gloucester Road, Wanchai

   The 39-storey commercial building includes offices and shops (total gross floor area of about 37,171 square metres) and with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Gross rental income generated for the year was HK$117.6 million. During the year, occupancy rate increased from 88.1% to 90.7% at 31 December 2007 with the average rent per month increased from HK$21.2 per square foot to HK$32.5 per square foot owing to the strong demand for office spaces.

2. Royal Green, Sheung Shui

   The Group has a 55.0% interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. Turnover for the year, representing completion of the sales of 323 residential units and 91 car-parking spaces, was HK$900.2 million but a net loss of HK$35.2 million was incurred due to additional marketing expenses. During the year, a total of 324 residential units and 84 car-parking spaces were sold. The marketing campaign for the remaining 8 residential units and 19 car-parking spaces is continuing. Subsequent to 31 December 2007, 6 further residential units have been sold.

3. The Morrison, Wanchai

The property is a 30-storey residential and commercial composite building, with a total gross floor area of approximately 5,837 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. The development was completed in the fourth quarter of 2007. Turnover for the year, representing completion of the sales of 49 residential units, was HK$212.6 million generating a net profit of HK$29.8 million after taking into account the expenses directly related to the project.

During the year, a total of 96 residential units were sold and marketing for the remaining 8 units is continuing. Since mid February 2008, the entire commercial podium of The Morrison has been successfully leased at a satisfactory rental yield to an international car manufacturer for showroom purpose for a term of six years.

4. The Forest Hills, Diamond Hill

The property is being developed into a 48-storey residential and commercial composite building, with a total gross floor area of approximately 18,825 square metres, comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. Superstructure construction works are in progress and the development is expected to be completed in the first half of 2008.

Pre-sale of the residential units in The Forest Hills was launched in September 2007. As at 31 December 2007, nearly half of the units were sold and the sale proceeds will be recognised upon completion of the development targeting in the first half of 2008. Marketing for the remaining unsold residential units and retail podium is continuing.

5. Leighton Road, Causeway Bay

The project now known as “Crowne Plaza Hong Kong Causeway Bay” is being developed into a 29-storey hotel comprising 260 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The Group has signed a hotel management agreement with a leading international hospitality company to manage the operation of the hotel. Superstructure construction works are in progress and the whole project is scheduled to be completed in the first half of 2009.

6. Fo Tan, Sha Tin

The property with a site area of about 20,092 square metres is currently leased out as a logistic centre. Rezoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, among other facilities, residential units, car parks, educational facilities and a bus terminus. It is expected that lengthy negotiations with relevant parties will be required to obtain the necessary approval.

7. 28/F., 9 Queen’s Road Central, Central

The property is the entire floor of a 35-storey Grade A commercial building in Central with a gross floor area of approximately 1,279 square metres. It is currently let to a tenant for a term of three years until May 2009.

8. Excelsior Plaza Shop, Causeway Bay

The shop with a gross floor area of approximately 39 square metres is let to a retail tenant for a term of two years until June this year. Leasing activities for the shop at a higher rent after expiry of the current lease are in progress.

Mainland China

9. Westmin Plaza Phase II, Guangzhou

The Westmin Plaza Phase II project, which has a total construction floor area of about 118,567 square metres, comprises four residential blocks and one office block erected on a six-storey commercial/car-parking podium. A majority of the residential units pre-sold in 2006 were delivered to the buyers in December 2007. Turnover for the year, representing completion of the sale of 595 residential units, was HK$412.3 million generating a net profit of HK$1.3 million after taking into account the expenses directly related to the project.

Leasing campaign for the 14-storey office tower with a total gross floor area of about 16,092 square metres is in progress while lease negotiations with an international insurance group for more than one-third of the total office space with a naming right are at the final stage. In addition, leasing campaign for the 3-storey shopping arcade with a total gross floor area of about 27,104 square metres is in progress. Stable recurrent rental income from this property is expected.

10. Plaza Central, Chengdu

Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total construction floor area of approximately 91,455 square metres. The office tower I was about 70% let as at 31 December 2007 and leasing campaigns for the remaining area of office towers I and II are continuing. The retail podium with a construction floor area of about 28,758 square metres has been fully let principally to a department store. Rental return from this property will benefit from the improved occupancy.

Working Capital and Loan Facilities

As at 31 December 2007, the Group's cash balance was HK$605.6 million (2006: HK$106.3 million) and unutilized facilities were HK$1,431.2 million (2006: HK$869.5 million).

Gearing ratio as at 31 December 2007, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 15.3% (2006: 16.7%).

As at 31 December 2007, maturities of the Group's outstanding borrowings were as follows:

	31 December 2007 HK$' million	31 December 2006 HK$' million
Due		
Within 1 year	1,678.5	1,252.5
1-2 years	44.7	43.0
3-5 years	610.4	639.3
Over 5 years	67.2	81.3
	2,400.8	2,016.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 31 December 2007 amounted to HK$2,400.8 million (2006: HK$2,016.1 million), which were secured by properties valued at HK$8,541.4 million (2006: HK$6,437.2 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2007, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no derivative financial instruments employed during the year.

International Financial Reporting Standards ("IFRS")

The Group has adopted IFRS and the audited consolidated financial statements to be included in the 2007 annual report for AGP have been prepared in accordance with IFRS.

Outlook

2008 is set to be a challenging year for the global economy in view of the sub-prime mortgage crisis leading to a credit crunch in developed economies and recent volatility in worldwide equity markets. The mainland Chinese economy faces rising inflation and the macro-tightening measures (including regulations restricting foreign investments in property projects and directions to banks and financial institutions to control lending to the property sector) are likely to continue for most of 2008. The positive initiatives and tax concessions recently introduced by the Hong Kong Government are expected to support healthy economic growth in the territory.

In mainland China, though the property market is likely to consolidate for a longer period amid austerity measures, it is believed that the market presents future growth potential for the Group. The Group believes that the continued economic growth, rising incomes, continued capital inflow and abundant liquidity should generate continued demand for quality residential properties. The Group will adhere to its focused approach to mainland business expansion and is currently under negotiations in relation to a number of potential residential development projects. The Group will also continue its effort to secure quality tenants for its office space in Plaza Central and commercial space in Westmin Plaza Phase II.

In Hong Kong, the Group expects that the rental income from Dah Sing Financial Centre will continue to increase due to tenancy renewals and new leases. It is expected that the residential property market in Hong Kong will continue to perform well. Rising incomes, stronger affordability for homebuyers and negative real interest rates should continue to underpin demand for residential properties in spite of uncertainty about external economies and volatility in international equity markets.

The Group will focus on the planned completion of The Forest Hills and the commercial portion of Westmin Plaza Phase II during 2008. The Group will continue its marketing campaign for the sale of about half of the residential units of The Forest Hills as well as the remaining unsold units in Royal Green, The Morrison and Westmin Plaza Phase II. Construction of the Causeway Bay hotel is in progress with a grand-opening date targeted in mid 2009.

Going forward, the Group will continue to target development and investment opportunities in mainland China and Hong Kong.

On behalf of Executive Directors

Lu Wing Chi
Executive Director
Hong Kong, 27 March 2008

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTES	2007 HK$'000	2006 HK$'000
Revenue	7	1,689,015	123,293
Investment income	9	30,288	23,983
Other income		21,254	5,148
Costs:			
Property and related costs	10	(1,423,158)	(233,249)
Staff costs		(17,061)	(7,681)
Depreciation		(542)	(127)
Other expenses	11	(120,984)	(45,473)
		(1,561,745)	(286,530)
Profit (loss) from operations before fair value changes on investment properties		178,812	(134,106)
Fair value changes on investment properties		830,355	185,141
Profit from operations after fair value changes on investment properties		1,009,167	51,035
Recognition of discount on acquisition	12	-	7,484
Finance costs	13	(74,290)	(14,110)
Profit before taxation	14	934,877	44,409
Income tax expense	15	(344,964)	(27,648)
Profit for the year		589,913	16,761
Attributable to:			
Company's shareholders		605,947	80,722
Minority interest		(16,034)	(63,961)
		589,913	16,761
		HK$	HK$
Earnings per share for profit attributable to the Company's shareholders - Basic	16	0.68	0.21
Loss per share excluding changes in fair value of investment properties net of deferred tax – Basic		(0.07)	(0.20)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	NOTES	2007 HK$'000	2006 HK$'000
Non-current Assets			
Investment properties	18	5,492,690	4,584,860
Property, plant and equipment	19	158,879	62,431
Prepaid lease payments	20	605,420	615,515
Other loans receivable	21	123,517	126,536
		6,380,506	5,389,342
Current Assets			
Properties held for sale	22	477,369	892,491
Properties under development held for sale	22	2,032,746	2,348,451
Prepaid lease payments	20	16,819	16,742
Other loans receivable	21	2,044	973
Receivables, deposits and prepayments	23	335,651	149,882
Income tax recoverable		2,794	14,923
Pledged bank deposits	24	317,772	153,487
Restricted bank balances and deposits	25	134,240	332,404
Bank balances and deposits	26	605,634	106,327
		3,925,069	4,015,680
Current Liabilities			
Payables, deposits received and accrued charges	27	331,308	320,556
Sales deposits on properties held for sale received		354,332	449,094
Provisions	28	15,965	14,881
Income tax payable		96,853	31,379
Secured bank borrowings - due within one year	29	1,678,475	1,252,499
Amount due to a minority shareholder	30	79	36,209
		2,477,012	2,104,618
Net Current Assets		1,448,057	1,911,062
		7,828,563	7,300,404

	NOTES	2007 HK$'000	2006 HK$'000
Capital and Reserves			
Share capital	31	345,204	345,204
Reserves		6,407,312	5,723,928
Equity attributable to the Company's shareholders		6,752,516	6,069,132
Minority interest		134,194	408,978
Total Equity		6,886,710	6,478,110
Non-current Liabilities			
Secured bank borrowings - due after one year	29	722,359	763,576
Deferred taxation	32	219,494	58,718
		941,853	822,294
		7,828,563	7,300,404

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to the Company's shareholders							
	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000	Translation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Minority interest HK$'000	Total HK$'000
At 1 January 2006	84,429	1,461,924	-	-	24,441	1,570,794	-	1,570,794
Exchange movement during the year recognised directly in equity	-	-	-	10,164	-	10,164	-	10,164
Profit for the year	-	-	-	-	80,722	80,722	(63,961)	16,761
Total recognised income and expense for the year	-	-	-	10,164	80,722	90,886	(63,961)	26,925
Issue of shares	260,775	3,374,301	294,736	-	-	3,929,812	-	3,929,812
Acquisition of assets and liabilities through acquisition of subsidiaries	-	-	477,640	-	-	477,640	482,380	960,020
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	(9,441)	(9,441)
At 31 December 2006	345,204	4,836,225	772,376	10,164	105,163	6,069,132	408,978	6,478,110
Exchange movement during the period recognised directly in equity	-	-	-	77,437	-	77,437	-	77,437
Profit for the year	-	-	-	-	605,947	605,947	(16,034)	589,913
Total recognised income and expense for the year	-	-	-	77,437	605,947	683,384	(16,034)	667,350
Dividend paid to a minority shareholder	-	-	-	-	-	-	(258,750)	(258,750)
At 31 December 2007	345,204	4,836,225	772,376	87,601	711,110	6,752,516	134,194	6,886,710

On 5 October 2006, the Group acquired assets and liabilities from the holding company by way of acquisition of subsidiaries, with part of the consideration paid in form of issuing new shares. The share issue price is in excess of the market closing price of the shares issued at the amount of HK$294,736,000 and credited to other reserve (Note 33(b)). In addition, a discount of HK$477,640,000, which represented the excess of fair value of assets and liabilities acquired through the acquisition of subsidiaries over the consideration paid or payable is deemed as capital contribution from holding company and credited to other reserve (Note 33).

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	NOTE	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES			
Profit before taxation		934,877	44,409
Adjustments for:			
Interest expenses		70,996	13,522
Write down of properties held for sale		-	120,819
Amortization of front-end fee on bank borrowings		1,870	-
Depreciation		542	127
Loss on disposal of property, plant and equipment		63	-
Fair value changes on investment properties		(830,355)	(185,141)
Interest income		(30,288)	(23,983)
Recognition of discount on acquisition		-	(7,484)

Operating cash flows before movements in working capital		147,705	(37,731)
Decrease (increase) in properties held for sale/properties under development held for sale		793,358	(121,495)
(Increase) decrease in receivables, deposits and prepayments		(182,364)	85,156
Increase in payables, deposits received and accrued charges		36,040	29,174
(Decrease) increase in sales deposits on properties held for sale received		(108,455)	13,077
Payment of rehousing compensation		-	(722)
Cash generated from (used in) operations		686,284	(32,541)
Interest received		24,488	21,703
Interest paid on bank borrowings		(124,327)	(42,545)
Hong Kong Profits Tax paid		(106,560)	(89,687)
Taxation paid in other jurisdictions		(3,749)	(6,574)
NET CASH FROM (USED IN) OPERATING ACTIVITIES		476,136	(149,644)
INVESTING ACTIVITIES			
Purchase of investment properties		(4,305)	(14,432)
Purchase of property, plant and equipment		(68,510)	(13,055)
Additions for leasehold land		(7,000)	(51,086)
Additions of other loans receivable		(14,240)	(9,658)
Repayments of other loans receivable		21,988	6,477
Increase in pledged bank deposits		(164,285)	(53,900)
Decrease in restricted bank balances and deposits		214,129	28,280
Acquisition of assets and liabilities through acquisition of subsidiaries	33	(33,621)	(335,129)
Acquisition of additional interest in a subsidiary		-	(1,957)
NET CASH USED IN INVESTING ACTIVITIES		(55,844)	(444,460)

	2007 HK$'000	2006 HK$'000
FINANCING ACTIVITIES		
Repayments of secured bank borrowings	(506,170)	(17,300)
Proceeds from secured bank borrowings	862,077	154,199
Repayments to a minority shareholder	(42,419)	(65,730)
Advance from a minority shareholder	6,289	8,544
Dividends paid to a minority shareholder	(258,750)	-
NET CASH FROM FINANCING ACTIVITIES	61,027	79,713
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	481,319	(514,391)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	106,327	619,958
Effect of foreign exchange rate changes	17,988	760
CASH AND CASH EQUIVALENTS AT END OF THE		

YEAR represented by bank balances and deposits	605,634	106,327

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

1. GENERAL

The Company is a public limited company incorporated in the British Virgin Islands ("B.V.I.") and listed on the AIM market of London Stock Exchange plc. Its parent Company is Charm Action Holdings Limited, a company incorporated in the B.V.I.. The directors consider that the Company's ultimate holding company is JCS Limited, a company incorporated in Bermuda, as an exempted company with limited liability. The addresses of the registered office and principal place of business of the Company are Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola, British Virgin Islands and 25th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong respectively.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 40.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new IFRSs") issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee of the IASB, which are effective for the Group's financial year beginning on 1 January 2007.

IAS 1 (Amendment)	Capital Disclosures
IFRS 7	Financial Instruments: Disclosures
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
IFRIC 8	Scope of IFRS 2
IFRIC 9	Reassessment of Embedded Derivatives
IFRIC 10	Interim Financial Reporting and Impairment

The adoption of the new IFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under IAS 1 (Amendment) and IFRS 7 retrospectively. Certain information presented in prior year under the requirements of IAS 32 has been removed and the relevant comparative information based on the requirements of IAS 1 (Amendment) and IFRS 7 has been presented for the first time in the current year.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

The Group has not early adopted the following new standards, amendments and interpretations that have been issued but are not yet effective. The directors of the Company are in the process of assessing the potential impact and so far concluded that the application of these standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

IAS 1 (Revised)	Presentation of Financial Statements[1]
IAS 23 (Revised)	Borrowing Costs[1]
IAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
IAS 32 & 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidiation[1]
IFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
IFRS 3 (Revised)	Business Combinations[2]
IFRS 8	Operating Segments[1]
IFRIC 11	IFRS 2: Group and Treasury Share Transactions[3]
IFRIC 12	Service Concession Arrangements[4]
IFRIC 13	Customer Loyalty Programmes[5]
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[4]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 March 2007
[4] Effective for annual periods beginning on or after 1 January 2008
[5] Effective for annual periods beginning on or after 1 July 2008

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies set out below. The principal accounting policies adopted are set out below.

<u>Basis of consolidation</u>

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

Minority interest in the net assets of consolidated subsidiaries is presented separately from the Group's equity therein. Minority interest in the net assets consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Acquisition of additional interests in subsidiaries is recorded at the book value of the net assets attributable to the interests. The excess of the carrying amounts of net assets attributable to the interests over the cost of acquisition is recognised as discount on acquisition.

Common control combinations

The Group has elected to apply principles of uniting of interests (merger accounting) in respect of business combination under common control. In applying merger accounting, financial statement items of the combining businesses for the reporting period in which the common control combination occurs, and for any comparative periods disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining businesses first came under the control of the controlling party or parties. The combined entity recognises the assets, liabilities and equity of the combining businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combinations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Sales of properties

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Payments received from purchasers prior to this stage are recorded as sales deposits under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue recognition - continued

Others

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

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at costs, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Property, plant and equipment

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Prepaid lease payments/properties under development

When the leasehold land and buildings are in the course of development for production, rental or for administrative purposes, the leasehold land component is classified as a prepaid lease payment and amortised over a straight-line basis over the lease term. During the construction period, the amortisation charge provided for the leasehold land is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Cost comprises property development costs including attributable borrowing costs and directly attributable costs capitalised during the development period. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Properties held for sale/properties under development held for sale

Properties held for sale and properties under development held for sale in the ordinary course of business are classified under current assets and are stated at the lower of cost and net realisable value. Cost comprises property interest in leasehold land and development costs including attributable borrowings costs and directly attributable costs capitalised during the development period that have been incurred in bringing the properties held for sale/properties under development held for sale to their present location and condition. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to be incurred in marketing, selling and distribution.

Impairment on assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Group's financial assets are all classified as loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Financial assets - continued

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including receivables, pledged bank deposits, restricted bank deposits, bank balances and other loans receivables) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment is recognised in profit or loss when there is objective evidence that asset is impaired, and the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables and other loan receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

<u>Financial instruments</u> - continued

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Other financial liabilities including payables and accrued charges, amount due to a minority shareholder and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged or cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

3. SIGNIFICANT ACCOUNTING POLICIES - continued

Foreign currencies - continued

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (Hong Kong dollars) using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised as a separate component of entity translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Retirement benefit costs

Payments to defined contribution retirement benefit plans/state-managed retirement benefit scheme/the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies, which are described in note 3, management has made the following estimation that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within next financial year.

Income tax

No deferred tax asset has been recognised in respect of tax losses of HK$391,609,000 (2006: HK$401,718,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of secured bank borrowings, which is disclosed in note 29, cash and cash equivalents and equity attributable to the Company's shareholders, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the repayment of existing debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2007 HK$'000	2006 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	1,400,359	811,345
Financial liabilities		
At amortised costs	2,630,187	2,295,651

(b) Financial risk management objectives and policies

The directors of the Company have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations.

The directors of the Company monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group does not enter into or trade any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

Market risk

(i) Foreign currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets and monetary liabilities, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, the management monitors the related foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of those foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Hong Kong dollars	-	-	80,000	80,000
United States dollars	133,472	-	-	-

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(i) Foreign currency risk - continued

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars and United States dollars relative to Renminbi, which are the functional currency of the subsidiaries. Sensitivity rate of 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive (negative) number below indicates an increase (decrease) in profit for the year where Renminbi strengthens 5% against the relevant currencies. There would be an equal and opposite impact on the profit for the year below where the Renminbi weakens 5% against the relevant currency.

	2007	2006
	HK$'000	HK$'000
Hong Kong dollars	4,000	4,019
United States dollars	(6,674)	-

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings (see note 29 for details of bank borrowings) and other loans receivable (see note 21 for details of other loans receivable). It is the Group's policy to keep its bank borrowings and other loans receivable at floating rate of interests so as to minimise the cash flow interest rate risk. The Group’s cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Money Market Offer Rate, Hong Kong Prime Rate and People's Bank of China lending rate on the secured bank borrowings (note 29), and Hong Kong Prime Rate on other loans receivable (note 21).

The Group is also exposed to fair value interest rate risk in relation to fixed rate restricted bank balances and deposits and pledged bank deposits. The Group currently does not have an interest rate swap hedging policy. However, the management monitors interest exposure and will consider hedging interest rate risk exposure should the need arise.

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Market risk - continued

(ii) Cash flow and fair value interest rate risk - continued

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates in relation to the Group's variable rate bank borrowings and other loans receivable at the balance sheet date. The analysis is prepared assuming the amount of asset and liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease/increase by HK$9,804,000 (2006: decrease/increase by HK$8,680,000).

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the balance sheet date in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are licensed banks.

The Group has no other significant concentration of credit risk with exposure spread over a number of counterparties and customers.

6. FINANCIAL INSTRUMENTS - continued

(b) Financial risk management objectives and policies - continued

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows.

The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	Less than 3 months	4 months to 6 months	7 months to 9 months	10 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying values
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12.2007								
Payables and accrued charges	-	229,274	-	-	-	-	229,274	229,274
Amount due to a minority shareholder	-	79	-	-	-	-	79	79
Variable rates bank borrowings	4.7 - 6.2	1,237,678	444,286	18,955	18,865	820,273	2,540,057	2,400,834
		1,467,031	444,286	18,955	18,865	820,273	2,769,410	2,630,187

	Weighted average effective interest rate	Less than 3 months	4 months to 6 months	7 months to 9 months	10 months to 12 months	Over 1 year	Total undiscounted cash flows	Carrying values
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31.12. 2006								
Payables and accrued charges	-	243,367	-	-	-	-	243,367	243,367
Amount due to a minority shareholder	-	-	-	36,209	-	-	36,209	36,209
Variable rates bank borrowings	4.5 - 5.9	193,965	176,490	323,798	638,554	859,966	2,192,773	2,016,075
		437,332	176,490	360,007	638,554	859,966	2,472,349	2,295,651

6. FINANCIAL INSTRUMENTS - continued

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing model which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

7. REVENUE

	2007	2006
	HK$'000	HK$'000
Gross rental income	163,858	47,679
Gross proceeds from sale of properties	1,525,157	75,614
	1,689,015	123,293

8. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

The operations of the Group are currently located in Hong Kong and the other regions of the People's Republic of China (the "PRC"). The corresponding geographical locations of the Group's assets are the basis on which the Group reports its primary segment information.

Consolidated Income Statement for the year ended 31 December 2007

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
REVENUE			
External sales	1,235,957	453,058	1,689,015
RESULT			
Segment profit	692,711	295,628	988,339
Investment income			30,288
Unallocated corporate expenses			(9,460)
Finance costs			(74,290)
Profit before taxation			934,877
Income tax expense			(344,964)
Profit for the year			589,913

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Geographical segments - continued

Consolidated Balance Sheet at 31 December 2007

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
ASSETS			
Segment assets	7,436,871	1,808,264	9,245,135
Restricted bank balances and deposits	-	134,240	134,240
Income tax recoverable			2,794
Unallocated corporate assets			923,406
Consolidated total assets			10,305,575
LIABILITIES			
Segment liabilities	543,575	158,030	701,605
Bank borrowings			2,400,834
Income tax payable			96,853
Amount due to a minority shareholder			79
Deferred taxation			219,494
Consolidated total liabilities			3,418,865

Other information for the year ended 31 December 2007

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
Capital additions	79,278	4,917	84,195

Depreciation	18	524	542
Fair value changes on investment properties	629,000	201,355	830,355
Loss on disposal of property, plant and equipment	-	63	63

Consolidated Income Statement for the year ended 31 December 2006

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
REVENUE			
External sales	115,546	7,747	123,293
RESULT			
Segment profit (loss)	54,426	(5,235)	49,191
Investment income			23,983
Recognition of discount on acquisition			7,484
Unallocated corporate expenses			(22,139)
Finance costs			(14,110)
Profit before taxation			44,409
Income tax expense			(27,648)
Profit for the year			16,761

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Geographical segments - continued

Consolidated Balance Sheet at 31 December 2006

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000
ASSETS			
Segment assets	7,112,983	1,684,898	8,797,881
Restricted bank balances and deposits	-	332,404	332,404
Income tax recoverable			14,923
Unallocated corporate assets			259,814
Consolidated total assets			9,405,022
LIABILITIES			
Segment liabilities	261,435	523,096	784,531
Bank borrowings			2,016,075
Income tax payable			31,379
Amount due to a minority shareholder			36,209
Deferred taxation			58,718
Consolidated total liabilities			2,926,912

Other information for the year ended 31 December 2006

	Hong Kong	PRC	Consolidated
	HK$'000	HK$'000	HK$'000

Capital additions	3,503,802	883,262	4,387,064
Depreciation	6	121	127
Fair value changes on investment properties	186,000	(859)	185,141
Write down of properties held for sale	120,819	-	120,819

Business segments

The Group is currently organised into two operating divisions - property investment and property development.

Principal activities are as follows:

Property investment - rental of properties
Property development - development of properties

Both divisions above are operating in Hong Kong and the PRC.

8. GEOGRAPHICAL AND BUSINESS SEGMENTS - continued

Business segments - continued

The following table provides an analysis of the Group's sales revenue by business segment:

	Sales revenue by business segment	
	2007	2006
	HK$'000	HK$'000
Property investment	163,858	34,719
Property development	1,525,157	88,574
	1,689,015	123,293

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

	Carrying amount of segment assets		Additions to investment properties and property, plant and equipment	
	2007	2006	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000
Property investment	5,538,886	4,610,291	4,305	4,328,208
Property development	2,927,272	3,494,891	612	2,079
Unallocated corporate assets	1,839,417	1,299,840	79,278	56,777
	10,305,575	9,405,022	84,195	4,387,064

9. INVESTMENT INCOME

	2007	2006

	HK$'000	HK$'000
Interest on other loans receivables	7,690	2,669
Interest on bank deposits	22,598	21,314
	30,288	23,983

10. PROPERTY AND RELATED COSTS

	2007 HK$'000	2006 HK$'000
Changes in properties held for sale/ properties under development held for sale	(730,827)	1,800,217
Costs incurred on properties held for sale/ properties under development held for sale	(436,057)	(1,878,717)
Write down of properties held for sale	-	(120,819)
Selling and marketing expenses	(232,031)	(23,436)
Direct operating expenses from investment properties that generate rental income	(24,243)	(10,494)
	(1,423,158)	(233,249)

Certain property related costs previously classified as other expenses or disclosed separately in the consolidated income statement have been reclassified to conform with the current year's presentation and are summarised as below:

	As originally stated HK$'000	Reclassifications HK$'000	As restated HK$'000
Property and related costs	78,500	154,749	233,249
Other expenses	79,403	(33,930)	45,473
Write down of properties held for sale	120,819	(120,819)	-
	278,722	-	278,722

11. OTHER EXPENSES

	2007 HK$'000	2006 HK$'000
Included in other expenses are:		
Legal and professional fees in respect of listing and re-admission to AIM	399	16,943
Management fee paid to a related company	95,042	24,938
Other legal and professional fees	11,864	1,442

12. RECOGNITION OF DISCOUNT ON ACQUISITION

In December 2006, the Group acquired 3% additional interest in Chengdu Huashang House Development Co., Ltd. from another shareholder of that company. Since then, that company had become a wholly owned subsidiary of the Group. The directors considered the acquisition was conducted at arm's length.

13. FINANCE COSTS

	2007 HK$'000	2006 HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	117,996	40,289
Other bank borrowings	6,331	2,256
	124,327	42,545
Less: Amounts capitalised to property development projects	(53,331)	(29,225)
	70,996	13,320
Facilities charges	3,294	588
Imputed interest on amount due to a minority shareholder	-	202
	3,294	790
	74,290	14,110

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 9.2% (2006: 11.9%) per annum to expenditure on qualifying assets.

14. PROFIT BEFORE TAXATION

	2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Auditor's remuneration		
Current year	1,606	1,248
Overprovision in prior year	200	-
Directors' emoluments	8,284	5,905
Loss on disposal of property, plant and equipment	63	-
Minimum lease payments under operating leases	3,909	43
and crediting:		
Gross rental income from investment properties	163,858	34,719
Less: Direct operating expenses from investment properties that generate rental income during the year	(24,243)	(10,494)
Net rental income from investment properties	139,615	24,225

15. INCOME TAX EXPENSE

	2007 HK$'000	2006 HK$'000
The charge comprise:		
Current tax		
Hong Kong	76,690	7,191
PRC Enterprise Income Tax	40,095	-
PRC Land Appreciation Tax	66,875	-
	183,660	7,191
Under(over)provision in prior years		
Hong Kong	-	552
PRC Enterprise Income Tax	1,290	(7,439)
	1,290	(6,887)
Deferred tax		
Current year	160,589	27,344
Attributable to a change in tax rate	(575)	-
	344,964	27,648

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

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

On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for subsidiaries in the PRC from 1 January 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

Details of deferred taxation are set out in note 32.

The income tax expense for the year can be reconciled from profit before taxation per the consolidated income statement as follows:

	2007 HK$'000	2006 HK$'000
Profit before taxation	934,877	44,409
Tax at the domestic income tax rate of 17.5% (2006: 17.5%)	163,603	7,772
Tax effect of expenses not deductible for tax purpose	95,124	29,771
Tax effect of income not taxable for tax purpose	(3,180)	(1,280)
Under(over)provision in prior years, net	1,290	(6,887)
Utilisation of tax losses previously not recognised	(1,769)	-
Tax effect of tax losses not recognised	-	567
Utilisation of deferred tax assets on deductible temporary differences unrecognised	(12,015)	(1,897)
Tax effect of PRC Land Appreciation Tax	66,875	-
Effect of change in tax rate	(575)	-
Effect of different tax rates of subsidiaries operated in		

other jurisdictions	35,407	(146)
Others	204	(252)
Income tax expense for the year	344,964	27,648

16. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the Company's shareholders is based on the following data:

	2007 HK$'000	2006 HK$'000
Earnings for the purpose of basic earnings per share	605,947	80,722

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purpose of basic earnings per share	886,347,812	377,071,754

For the purpose of assessing the performance of the Group, management is of the view that the profit for the year should be adjusted for fair value changes on investment properties and related deferred taxation in arriving at "loss attributable to Company's shareholders". A reconciliation of profits is as follows:

	2007 HK$'000	2006 HK$'000
Profit attributable to Company's shareholders as shown in the consolidated income statement	605,947	80,722
Increase in fair value of investment properties	(830,355)	(185,141)
Deferred tax on changes in fair value of investment properties	160,414	29,065
Effect of change in tax rate	(575)	-
Loss attributable to Company's shareholders	(64,569)	(75,354)

	2007 HK$	2006 HK$
Loss per share excluding change in fair value of investment properties net of deferred tax - basic	(0.07)	(0.20)

17. DIVIDENDS

No dividend was paid or proposed during the two years ended 31 December 2007, nor has any dividend been proposed since the balance sheet date.

18. INVESTMENT PROPERTIES

	Hong Kong held under long leases HK$'000	Hong Kong held under medium-term leases HK$'000	PRC held under long leases HK$'000	Total HK$'000
AT FAIR VALUES				
At 1 January 2006	56,000	-	-	56,000
Exchange adjustments	-	-	15,511	15,511
Acquisition of assets				
through acquisition of subsidiaries	197,000	3,250,000	866,776	4,313,776
Additions	-	-	14,432	14,432
Increase (decrease) in fair value	6,000	180,000	(859)	185,141
At 31 December 2006	259,000	3,430,000	895,860	4,584,860
Exchange adjustments	-	-	73,170	73,170
Additions	-	-	4,305	4,305
Increase in fair value	59,000	570,000	201,355	830,355
At 31 December 2007	318,000	4,000,000	1,174,690	5,492,690

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2007 have been arrived at on the basis of valuation carried out at that date by Savills Valuation and Professional Services Limited ("Savills"), a firm of Chartered Surveyors not connected with the Group. Savills recognised by The Hong Kong Institute of Surveyors has appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to the appropriate sections of both the current Practice Statements, and United Kingdom Practices Statements contained in the RICS Valuation Standards (January 2008), 6th Edition published by the Royal Institution of Chartered Surveyors in the United Kingdom (the "RICS") as well as the AIM Rules for Companies and Listing Rules published by London Stock Exchange Plc.

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

19. PROPERTY, PLANT AND EQUIPMENT

	Properties under development in Hong Kong held under medium-term leases HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST					
At 1 January 2006	-	-	-	-	-
Exchange adjustments	-	35	2	-	37
Acquisition of assets through					
acquisition of subsidiaries	41,251	1,721	136	37	43,145
Additions	15,526	185	-	-	15,711
Amortisation of prepaid lease					

payments capitalised	3,665	-	-	-	3,665
At 31 December 2006	60,442	1,941	138	37	62,558
Exchange adjustments	-	140	31	3	174
Additions	79,278	69	543	-	79,890
Disposals	-	(64)	-	-	(64)
Amortisation of prepaid lease payments capitalised	17,018	-	-	-	17,018
At 31 December 2007	156,738	2,086	712	40	159,576
DEPRECIATION					
At 1 January 2006	-	-	-	-	-
Provided for the year	-	95	18	14	127
At 31 December 2006	-	95	18	14	127
Exchange adjustments	-	21	6	2	29
Provided for the year	-	397	121	24	542
Eliminated on disposals	-	(1)	-	-	(1)
At 31 December 2007	-	512	145	40	697
CARRYING VALUES					
At 31 December 2007	156,738	1,574	567	-	158,879
At 31 December 2006	60,442	1,846	120	23	62,431

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum and after taking into account their estimated residual values:

Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

20. PREPAID LEASE PAYMENTS

	2007 HK$'000	2006 HK$'000
Leasehold land in Hong Kong held under medium-term lease	622,239	632,257
Analysed for reporting purposes as:		
Current	16,819	16,742
Non-current	605,420	615,515
	622,239	632,257

Amortisation of prepaid lease payments during the year amounting to HK$17,018,000 (2006: HK$3,665,000) was capitalised to properties under development.

21. OTHER LOANS RECEIVABLE

	2007 HK$'000	2006 HK$'000
Carrying amount analysed for reporting purposes:		

Current assets (receivable within 12 months from the balance sheet date)	2,044	973
Non-current assets (receivable after 12 months from the balance sheet date)	123,517	126,536
	125,561	127,509

The other loans receivable are secured by certain leasehold properties, carry interest at Hong Kong Prime Rate and are repayable in accordance with their respective repayment terms. The Group does not have any other loan receivables which are past due at the balance sheet date.

The loans are recoverable as follows:

	2007 HK$'000	2006 HK$'000
Within one year	2,044	973
In more than one year but not more than two years	4,311	2,548
In more than two years but not more than three years	4,940	4,221
In more than three years but not more than four years	5,274	4,558
In more than four years but not more than five years	5,629	4,923
In more than five years	103,363	110,286
	125,561	127,509

The interest rate of the other loans receivable is at Hong Kong Prime Rate. The average effective interest rates of other loans receivable are 6.5% (2006: 8%) per annum.

22. PROPERTIES HELD FOR SALE/PROPERTIES UNDER DEVELOPMENT HELD FOR SALE

The Group's properties held for sale of HK$452,014,000 (2006: HK$892,491,000) and HK$25,355,000 (2006: Nil) are situated in Hong Kong and the PRC respectively.

The Group's properties under development held for sale of HK$1,494,414,000 (2006: HK$1,624,203,000) and HK$538,332,000 (2006: HK$724,248,000) are situated in Hong Kong and the PRC respectively.

Both the Group's properties held for sale and properties under development held for sale are held under medium or long term leases.

Included in the Group's properties under development held for sale are HK$588,275,000 (2006: HK$579,058,000) which are expected to be recovered in more than twelve months after the balance sheet date.

23. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2007 HK$'000	2006 HK$'000
Trade receivables	2,302	14,058
Other receivables, deposits and prepayments	333,349	135,824
	335,651	149,882

The Group allows an average credit period of 60 days to its trade customers. All trade receivables at the balance sheet date are aged less than 60 days.

The Group does not have significant trade receivables which are past due but not impaired at the balance sheet date.

24. PLEDGED BANK DEPOSITS

The amount represents deposits pledged to banks to secure short-term bank loans and are therefore classified as current assets.

The deposits carry fixed interest rates ranging from 4.0% to 4.7% (2006: 3.6% to 4.4%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

25. RESTRICTED BANK BALANCES AND DEPOSITS

Bank deposits of HK$134,240,000 (2006: HK$332,404,000) being proceeds received upon the pre-sale of certain units of a property are placed in several banks and to be used solely for tax payment and settlement of the construction cost of the related property. The bank deposits carry fixed interest rates ranging from 0.7% to 1.5% (2006: 0.7% to 1.4%) per annum.

26. BANK BALANCES AND DEPOSITS

Bank balances and deposits comprise cash held by the Group and short-term bank deposits which carry fixed interest rates ranging from 3.8% to 4.0% (2006: 3.5% to 4.1%) per annum with an original maturity of three months or less.

The Group's bank balance and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	United States dollars HK$'000
As at 31 December 2007	133,472
As at 31 December 2006	-

27. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	2007 HK$'000	2006 HK$'000
Trade payables	69,762	31,560
Other payables, deposits received and accrued charges	261,546	288,996
	331,308	320,556

28. PROVISIONS

	HK$'000
At 1 January 2006	-
Acquisition of liabilities through acquisition of subsidiaries	15,332
Exchange adjustments	271
Payment for the year	(722)
At 31 December 2006	14,881
Exchange adjustments	1,084
At 31 December 2007	15,965

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

29. SECURED BANK BORROWINGS

	2007 HK$'000	2006 HK$'000
The bank borrowings are repayable as follows:		
On demand or within one year	1,678,475	1,252,499
More than one year, but not exceeding two years	44,730	43,027
More than two years, but not exceeding three years	47,129	46,441
More than three years, but not exceeding four years	551,478	48,873
More than four years, but not exceeding five years	11,845	543,912
More than five years	67,177	81,323
	2,400,834	2,016,075
Less: Amounts due for settlement within 12 months shown under current liabilities	(1,678,475)	(1,252,499)
Amounts due for settlement after 12 months	722,359	763,576

The average effective interest rates of the borrowings are ranging from 4.7% to 6.2% (2006: 4.5% to 5.9%) per annum.

The carrying amounts of the Group's borrowings are analysed as follows:

Denominated in	2007 HK$'000	2006 HK$'000	Interest rate
Hong Kong dollars	1,982,809	1,668,709	Hong Kong Interbank Money Market Offer Rate plus 0.5% to 0.67%
	80,000	80,000	Hong Kong Prime Rate minus 2%

	2,062,809	1,748,709	
Renminbi	273,951	267,366	10% discount on People's Bank of China lending rate
	64,074	-	People's Bank of China lending rate
	2,400,834	2,016,075	

The Group's bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Hong Kong dollars HK$'000
As at 31 December 2007	80,000
As at 31 December 2006	80,000

30. AMOUNT DUE TO A MINORITY SHAREHOLDER

The balance is unsecured, interest-free and repayable within twelve months from balance sheet date.

31. SHARE CAPITAL

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

	Number of shares		Nominal value	
	2007	2006	2007 US$'000	2006 US$'000
Ordinary shares of US$0.05 each:				
Authorised:				
At beginning of the year	1,300,000,000	500,000,000	65,000	25,000
Increase for the year	-	800,000,000	-	40,000
At end of the year	1,300,000,000	1,300,000,000	65,000	65,000
Issued and fully paid:				
At beginning of the year	886,347,812	217,693,995	44,317	10,885
Shares issued	-	668,653,817	-	33,432
At end of the year	886,347,812	886,347,812	44,317	44,317

Shown in the consolidated financial statements as	
2007 HK$'000	2006 HK$'000

Issued and fully paid capital at end of the year	345,204	345,204

On 4 October 2006, the Company increased its authorised capital to 1,300,000,000 ordinary shares by the creation of 800,000,000 ordinary shares with a par value of US$0.05 each.

On 5 October 2006, the Company issued 668,653,817 ordinary shares to a wholly-owned subsidiary of S E A Holdings Limited ("SEA"), which in turn is the Company's intermediate holding company, at US$0.753 (equivalent to HK$5.8772) per share, with a total amount of approximately HK$3,929,812,000 as part of the consideration for acquiring assets and liabilities through acquisition of certain subsidiaries from SEA. Details for such acquisition are disclosed in note 33.

All ordinary shares rank equally with one vote attached to each fully paid ordinary share.

32. DEFERRED TAXATION

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

	Accelerated tax depreciation HK$'000	Revaluation on properties HK$'000	Other temporary difference in respect of fair value adjustments on acquisition of subsidiaries HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2006	-	3,127	26,000	-	29,127
Exchange adjustments	-	2,247	-	-	2,247
Charge (credit) to consolidated income statement for the year	1,174	29,065	-	(2,895)	27,344
At 31 December 2006	1,174	34,439	26,000	(2,895)	58,718
Exchange adjustments	-	762	-	-	762
Charge (credit) to consolidated income statement for the year	1,769	160,414	-	(1,594)	160,589
Effect of change in tax rate	-	(575)	-	-	(575)
At 31 December 2007	2,943	195,040	26,000	(4,489)	219,494

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

At 31 December 2007, the Group has unused tax losses of HK$417,260,000 (2006: HK$418,260,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$25,651,000 (2006: HK$16,542,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$391,609,000 (2006: HK$401,718,000) due to the unpredictability of future profit streams.

At 31 December 2007, the Group has deductible temporary differences in respect of properties of HK$40,133,000 (2006: HK$108,792,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary can be utilised.

33. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES

On 5 October 2006, the Group had acquired a portfolio of six investment and development properties in Hong Kong and the PRC and its related assets and liabilities (the "Acquisition"), at a consideration of approximately HK$4,463 million from SEA. The purchase was by way of acquisition of the entire issued share capital of Giant Well Enterprises Limited. This transaction has been reflected as a purchase of assets and liabilities.

	HK$'000
Net assets acquired:	
Investment properties	4,313,776
Property, plant and equipment	43,145
Prepaid lease payments	584,836
Other loans receivable	122,048
Properties held for sales	1,089,117
Properties under development held for sale	678,057
Receivables, deposits and prepayments	231,302
Income tax recoverable	8,357
Pledged bank deposits	99,587
Restricted bank deposits	354,644
Bank balances and cash	164,871
Payables, deposits received and accrued charges	(245,971)
Sales deposits on properties held for sales received	(428,416)
Provisions	(15,332)
Income tax payable	(119,773)
Bank borrowings	(1,363,400)
Amount due to a minority shareholder	(93,395)
	5,423,453
Minority interest	(482,380)
	4,941,073
Discount on acquisition of assets and liabilities through acquisition of subsidiaries recognised in equity	(477,640)
	4,463,433
Total consideration satisfied by:	
Cash consideration	500,000
Consideration payable (Note a)	33,621
Shares issued (Note b)	3,929,812
	4,463,433
Net cash outflow arising on acquisition:	
Bank balances and cash acquired	164,871
Cash consideration paid	(500,000)
	(335,129)

33. ACQUISITION OF ASSETS AND LIABILITIES THROUGH ACQUISITION OF SUBSIDIARIES - continued

Notes:

(a) At 31 December 2006, consideration payable of HK$33,621,000 was included in payable, deposits and accrued charges. This amount was fully paid during the year.

(b) As part of the consideration, 668,653,817 ordinary shares of the Company with par value of US$0.05 each were issued at US$0.753 (equivalent to HK$5.8772) per share at the date of the Acquisition (the 'new shares'), with a total amount of HK$3,929,812,000. The share issue price is in excess of the market closing price of the shares issued at the amount of HK$294,736,000 and credited to other reserve. In addition, a discount of HK$477,640,000, which represented the excess of fair value of assets and liabilities acquired through the acquisition of subsidiaries over the consideration paid or payable is deemed as capital contribution from holding company and credited to other reserve.

34. MAJOR NON-CASH TRANSACTIONS

As disclosed in note 33, the Company issued 668,653,817 ordinary shares to a wholly-owned subsidiary of SEA with a total amount of HK$3,929,812,000 as part of the consideration for acquiring assets and liabilities through acquisition of certain subsidiaries from SEA during the year ended 31 December 2006.

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

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

	2007 HK$'000	2006 HK$'000
Within one year	4,082	288
In the second to fifth years inclusive	643	-
	4,725	288

Leases are negotiated for a term of 1 to 2 years with fixed monthly rentals.

35. OPERATING LEASE ARRANGEMENTS - continued

The Group as lessor

Certain of the Group's investment properties were leased out under operating leases. Properties under development held for sale are temporarily leased.

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

	2007 HK$'000	2006 HK$'000
Within one year	167,211	142,919
In the second to fifth years inclusive	400,412	292,800
Over five years	446,493	444,377
	1,014,116	880,096

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

The remaining lease terms of the leased properties ranging from 1 to 19 years (2006: 1 to 20 years).

36. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments in respect of the followings:

		2007 HK$'000	2006 HK$'000
(a)	Expenditure to be incurred on properties		
	Authorised but not contracted for in Hong Kong	142,780	349,634
	Contracted for but not provided for in the consolidated financial statements in Hong Kong	278,703	21,041
(b)	Acquisition of equipments		
	Contracted for but not provided in the consolidated financial statements in the PRC	-	998

37. PLEDGE OF ASSETS

At 31 December 2007, the Group had the following mortgages and/or pledges over its assets to secure banking facilities granted to the Group.

(a) Fixed and floating charges on investment properties with an aggregate carrying value of HK$5,492,690,000 (2006: HK$4,584,860,000).

(b) Fixed and floating charges on properties under development held for sale with an aggregate carrying value of HK$2,032,746,000 (2006: HK$1,210,706,000).

(c) Fixed and floating charges on properties held for sale with an aggregate carrying value of HK$293,484,000 (2006: Nil).

(d) Fixed and floating charges on properties under development included in property, plant and equipment with an aggregate carrying value of HK$156,738,000 (2006: HK$60,442,000).

(e) Prepaid lease payments with an aggregate carrying value of HK$565,707,000 (2006: HK$581,172,000).

(f) Bank deposits of HK$317,772,000 (2006: HK$153,487,000).

(g) Unlisted shares of certain subsidiaries with assets principally comprised of investment properties, properties under development held for sale, properties under development and prepaid lease payments included in (a), (b), (c), (d) and (e) above.

38. RETIREMENT BENEFIT PLANS

The Group participates in a defined contribution scheme which is registered under a Mandatory Provident Fund Schemes (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance of Hong Kong in December 2000 for eligible employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

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

The employees of the Group's subsidiaries in the PRC are members of state-managed retirement benefit scheme operated by the Government of the PRC.

The total cost charged to consolidated income statement of HK$704,000 (2006: HK$127,000) represents contribution paid to the retirement benefit schemes by the Group in respect of the current year. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

39. RELATED PARTY TRANSACTIONS

The Group had the following transactions with a related company, a wholly-owned subsidiary of SEA during the year:

(a) Rental income received of HK$6,902,000 (2006: HK$1,665,000); and

(b) Management fees paid/payable of HK$128,784,000 (2006: HK$38,990,000) in respect of investment property and development project management services of the Group's property portfolio provided by this related company. There was no unsettled management fees at 31 December 2007 (2006: unsettled management fee of HK$12,030,000 was included in payable, deposits received and accrued charges).

40. PRINCIPAL SUBSIDIARIES

Details of the principal subsidiaries, all of which are companies with limited liabilities, at 31 December 2007 are set out below.

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company %	Principal activities
Direct subsidiary				

Benefit Strong Group Limited	B.V.I./Hong Kong	1 ordinary share of HK$1	100	Investment holding
Indirect subsidiary				
AGP Hong Kong Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property investment
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	100	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property development
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	100	Property investment
Giant Well Enterprises Limited	B.V.I./Hong Kong	1 ordinary share of US$1	100	Investment holding
Grace Art Development Limited	Hong Kong	1 ordinary share of HK$1	100	Treasury
Handy View Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Financing
Kingston Pacific Investment Limited	B.V.I./Hong Kong	100 ordinary shares of US$1 each	55	Property development

40. PRINCIPAL SUBSIDIARIES - continued

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Issued share capital/registered capital held by the Company %	Principal activities
Indirect subsidiary				
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	100	Property development and financing
Shine Concord Investments Limited	Hong Kong	1 ordinary share of HK$1	100	Property investment
Shinning Worldwide Limited	B.V.I./Hong Kong	1,000 ordinary shares of US$1 each	55	Property development
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property investment
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	100	Property investment
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	100	Property investment
Chengdu Huashang House Development Co., Ltd.	PRC	RMB136,000,000 registered capital	100	Property investment
Guangzhou Yingfat House Property Development Co., Ltd. ("Yingfat")*	PRC	US$20,110,000 registered capital	100	Property development

* Yingfat was incorporated in the form of sino-foreign co-operative joint venture. According to the shareholder's agreement of Yingfat, the PRC partner is entitled to the higher of a fixed sum of return or 5% of the profit generated from the related property development project as defined in the agreement . The Group has the full entitlement to the remaining of the profit generated.

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