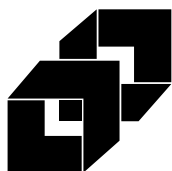

**THIS CIRCULAR IS SOLELY FOR YOUR INFORMATION AND
YOU ARE ADVISED TO READ AND NOTE THE CONTENTS OF THIS CIRCULAR**

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares or warrants in S E A Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance on the whole or any part of the contents of this circular.



S E A H O L D I N G S L I M I T E D
瓜哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 251)

**MAJOR TRANSACTION
RELATING TO THE DISPOSAL OF
PROPERTY BY
TRANS TASMAN PROPERTIES LIMITED**

A letter from the board of directors of S E A Holdings Limited is set out on pages 4 to 9 of this circular.

** For identification purpose only*

25th May, 2004

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“associates”	has the same meaning as defined in the Listing Rules;
“Auckland University of Technology”	sub-tenant of the Property, an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them;
“Board”	the Board of Directors of the Company;
“Company” or “SEA”	S E A Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares and warrants are listed on HKSE;
“Directors”	directors of the Company;
“Fletcher Building Limited”	tenant of the Property, an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them;
“Guarantor”	NZGP (Finance) Limited, a company incorporated in New Zealand and is a wholly-owned subsidiary of TTP;
“HK\$”	Hong Kong dollars;
“HKSE”	the Stock Exchange of Hong Kong Limited;
“Latest Practicable Date”	20th May, 2004 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on the HKSE;
“Macquarie Goodman Management Limited”	manager for MGI and MGP, an independent third party not connected with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them;

DEFINITIONS

“Major Shareholder”	Nan Luen International Limited, a company incorporated in Bermuda with limited liability which, as at the Latest Practicable Date, beneficially owns 256,669,811 Shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company). Nan Luen International Limited and its ultimate beneficial owners are not connected with any of the Purchasers and their respective associates;
“MGI”	Macquarie Goodman Industrial Trust, an industrial property trust listed on the Australian Stock Exchange Limited and managed by Macquarie Goodman Management Limited;
“MGP”	Macquarie Goodman Property Trust, a property trust listed on the NZX and managed by Macquarie Goodman Management Limited;
“NZ\$”	New Zealand dollars;
“NZX”	New Zealand Exchange Limited;
“OIC”	Overseas Investment Commission of New Zealand, a body appointed by the Government of New Zealand to regulate investments by non-New Zealand persons in New Zealand;
“Property”	the property located at 810 Great South Road, Penrose, Auckland, New Zealand known as Fletcher Complex. The property has a site area of 8.1 hectares with 48,500 sq.m. of existing improvements, consisting of five office buildings and 18 warehouse/industrial buildings;
“Purchasers”	MGI and MGP, acting through Macquarie Goodman Nominee (NZ) Limited;
“Sale and Purchase Agreement”	the conditional sale and purchase agreement for the sale and purchase of the Property dated 5th May, 2004 entered into between (i) the Vendors (ii) Macquarie Goodman Nominee (NZ) Limited (as trustee of the Purchasers), and (iii) the Guarantor;
“SEA Group”	the Company and its subsidiaries;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share” or “Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholders”	shareholders of the Company;
“TTP”	Trans Tasman Properties Limited, a company incorporated in New Zealand with limited liability, whose shares are listed on the NZX;
“TTP Board”	the Board of Directors of TTP;
“Valuer”	CB Richard Ellis Limited, independent professional property valuer appointed by the Company as valuer of the Property;
“Vendor”	NZGP (810 Great South Road) Limited, a company incorporated in New Zealand with limited liability. The Vendor is a wholly-owned subsidiary of TTP.

Note: For the purposes of the Company’s announcement dated 4th May, 2004, and in this circular, unless stated otherwise, an exchange rate of NZ\$1.00 = HK\$4.8940 has been used. The exchange rate as at the close of business on the Latest Practicable Date was NZ\$1.00 = HK\$4.7159, calculated by taking the average of the buy and sell rates quoted on the South China Morning Post on that day.

LETTER FROM THE SEA BOARD



SEA HOLDINGS LIMITED
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 251)

Executive Directors:

Lu Wing Chi (*Chairman and Managing Director*)
Lu Wing Yuk, Andrew
Lu Wing Lin
Lincoln Lu
Lambert Lu

Registered Office:

Clarendon House
Church Street
Hamilton HM11
Bermuda

Non-Executive Director:

Lu Yong Lee

Principal Office:

26th Floor
Dah Sing Financial Centre
108 Gloucester Road
Wanchai
Hong Kong

Independent Non-Executive Directors:

Walujo Santoso, Wally
Leung Hok Lim

25th May, 2004

*To the Shareholders, Warrantholders and
the holders of share options granted under
the Company's employees share option
scheme adopted on 23rd June, 2000*

Dear Sir or Madam,

**MAJOR TRANSACTION RELATING TO THE DISPOSAL OF
PROPERTY BY TRANS TASMAN PROPERTIES LIMITED**

1. INTRODUCTION

By an announcement dated 4th May, 2004, the Company announced that the Vendor and the Guarantor, both of which are wholly-owned subsidiaries of TTP, had entered into the Sale and Purchase Agreement for the sale of the Property to the Purchasers.

TTP is a 59.97% subsidiary of the Company.

* For identification purpose only

LETTER FROM THE SEA BOARD

The Purchasers and its beneficial owners are independent third parties not connected with the Directors, chief executive or substantial Shareholders of the Company or any of its subsidiaries or an associate of any of them.

As the consideration for the disposal of the Property represents more than 25% of the market capitalisation of the SEA Group for the last five trading days prior to the date of the Sale and Purchase Agreement, the disposal of the Property constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is to give you further details of the disposal and other information prescribed by the Listing Rules.

The Listing Rules also provide that a major transaction must be made conditional on approval by the Shareholders and that such approval may be obtained either by convening a general meeting or by means of the written approval of the transaction by one or more shareholders holding in excess of 50% in nominal value of the securities giving the right to attend and vote at such general meeting.

The Major Shareholder is beneficially entitled to 256,669,811 Shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company). The Major Shareholder does not have any interest in the disposal which is different to other Shareholders. The Major Shareholder has given its written approval for the disposal. No Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting to approve the disposal. The Company has applied to the HKSE for, and the HKSE has granted, a waiver from the requirement to hold a physical Shareholders' meeting to approve the disposal. Accordingly, no Shareholders' meeting will be held to approve the disposal.

2. DETAILS OF THE DISPOSAL

Buyer: Macquarie Goodman Nominee (NZ) Limited, on behalf of MGI and MGP.

Vendor: NZGP (810 Great South Road) Limited.

Guarantor: NZGP (Finance) Limited.

Particulars of the assets being disposed: The Property located at 810 Great South Road, Penrose, Auckland, New Zealand known as the Fletcher Complex.

Aggregate Consideration: NZ\$72.0 million (HK\$352.4 million).

LETTER FROM THE SEA BOARD

Conditions Precedents: Completion is subject to and conditional upon:

1. approval from the OIC;
2. waiver of the first right of refusal in favour of Auckland University of Technology;
3. waiver of the first right of refusal in favour of Fletcher Building Limited; and
4. TTP receiving confirmation that all necessary approvals required by the Listing Rules have been obtained with regard to the interest of the Company in the transaction.

Settlement: Settlement in cash is expected to occur shortly after the last of the conditions precedent referred to below has been satisfied. It is expected that such conditions precedent will be satisfied by the end of June 2004.

Guarantee: The Vendor's obligations under the Sale and Purchase Agreement are guaranteed by the Guarantor.

The gross consideration for the disposal of the Property is NZ\$72.0 million (HK\$352.4 million). After deducting related costs and expenditures totaling NZ\$0.2 million (HK\$1.0 million), SEA expects to realise net proceeds from the disposal of NZ\$71.8 million (HK\$351.4 million).

As set out in Appendix II to this circular, the Valuer has valued the Property at NZ\$70.0 million (HK\$347.0 million based on exchange rate of NZ\$1=HK\$4.957) as at 5th May, 2004.

The consideration for the sale was arrived at after arm's length negotiation between TTP and the Purchasers. The SEA Board and TTP Board consider that the consideration is fair and reasonable as compared to the Group's book value of NZ\$69.0 million (HK\$337.7 million) and valuation of NZ\$69.0 million (HK\$337.7 million) of the Property as at 31st December, 2003 and it is in the interests of its shareholders to enter into the Sale and Purchase Agreement. The Group purchased the Property in July 1994 for a total cost of NZ\$63.8 million (HK\$312.2 million)

LETTER FROM THE SEA BOARD

The head lease over the existing lettable area of the Property, with five years remaining, is currently held by Fletcher Building Limited. The Property's annual net rental is NZ\$6.5 million (HK\$31.8 million) with market reviews every three years, delivering a current rental yield from the Property of 9.4% per annum based upon its book value as at 31st December, 2003 of NZ\$69.0 million (HK\$337.7 million).

3. SATISFACTION OF THE CONDITIONS RELATING TO THE DISPOSAL

As at the Latest Practicable Date, conditions precedent relating to waiver of first right of refusal in favour of Auckland University of Technology and necessary approvals required by the Listing Rules have been satisfied.

4. FINANCIAL EFFECTS OF THE DISPOSAL ON THE TTP GROUP

Unaudited net operating profits after deducting operating expenses and finance costs derived from the Property were NZ\$3.9 million (HK\$19.1 million) and NZ\$3.9 million (HK\$19.1 million) for the two financial years ended 31st December, 2002 and 31st December, 2003 respectively. This represents 48.8% and 14.0% of TTP's audited consolidated profit before taxation for the two financial years ended 31st December, 2002 and 31st December, 2003 of NZ\$8.0 million (HK\$39.2 million) and NZ\$27.8 million (HK\$136.1 million) respectively.

The Property represents approximately 9.5% of the consolidated total assets as at 31st December, 2003 of TTP. If the disposal of the Property proceeds, the cash reserves of TTP will be increased by NZ\$20.8 million (HK\$101.8 million) following repayment of bank loan of NZ\$51.0 million (HK\$249.6 million) and deducting related costs and expenditures totalling NZ\$0.2 million (HK\$1.0 million).

5. FINANCIAL EFFECTS OF THE DISPOSAL ON THE SEA GROUP

If the sale of the Property proceeds, the SEA Group expects to record a modest profit on disposal of investment properties before and after minority interests of HK\$26.5 million and HK\$15.9 million respectively for the year ending 31st December, 2004.

Based on the unaudited net operating profits after deducting operating expenses and finance costs derived from the Property of NZ\$3.9 million (HK\$19.1 million) and NZ\$3.9 million (HK\$19.1 million) for the two financial years ended 31st December, 2002 and 31st December, 2003 respectively, for the financial year ended 31st December, 2003, profit from the Property represents 6.2% of the SEA Group audited consolidated profit before taxation of HK\$308.6 million. The comparative figure for the year ended 31st December, 2002 was a deficit of HK\$316.2 million. The Property represents approximately 4.9% of the consolidated total assets as at 31st December, 2003 of the Group.

LETTER FROM THE SEA BOARD

6. REASONS FOR THE DISPOSAL

The SEA Board and TTP Board have formed the view that, the disposal, was in line with the business strategy of TTP. The consideration is above the book value of the Group of NZ\$69.0 million (HK\$337.7 million) as at 31st December, 2003 by 4.3%. It represents a good opportunity to dispose the Property at a favourable price.

7. USE OF PROCEEDS

Part of the proceeds of NZ\$71.8 million (HK\$351.4 million) of the disposal will be used by the TTP Board to repay bank loans of NZ\$51.0 million (HK\$249.6 million) and the remaining proceeds will be used for internal working capital.

8. INFORMATION ABOUT THE COMPANY AND TTP

The Company is an investment holding company listed on the HKSE. The activities of its principal subsidiaries are investment holding, property and asset management, garment manufacturing and trading and property investment and development in Hong Kong, China, New Zealand and Australia.

For the year ended 31st December, 2003, the audited consolidated turnover, audited net profit (loss) before taxation and audited net profit (loss) after taxation and minority interests of the Company were HK\$592.9 million, HK\$308.6 million and HK\$187.3 million respectively. The comparative figures (restated) for the year ended 31st December, 2002 were HK\$741.5 million, (HK\$316.2 million) and (HK\$202.6 million) respectively. As at 31st December, 2003, the Company's equity attributable to shareholders was stated at HK\$2,676.7 million.

TTP is an investment holding company listed on the NZX. TTP's principal activities are property investment and development in New Zealand and Australia.

For the year ended 31st December, 2003, the audited consolidated turnover, audited net profit before taxation and net profit after taxation and minority interests of the TTP Group were NZ\$63.9 million (HK\$312.7 million), NZ\$27.8 million, (HK\$136.1 million) and NZ\$24.3 million (HK\$118.9 million) respectively. The comparative figures for the year ended 31st December, 2002 were NZ\$82.0 million (HK\$401.3 million), NZ\$8.0 million (HK\$39.2 million) and deficit of NZ\$1.3 million (HK\$6.4 million) respectively. As at 31st December, 2003, the audited equity attributable to the shareholders of TTP was stated at NZ\$377.4 million (HK\$1,847.0 million) and the comparative figure as at 31st December, 2002 was stated at NZ\$327.1 million (HK\$1,600.8 million).

LETTER FROM THE SEA BOARD

9. INFORMATION ABOUT THE PURCHASERS

MGI is an industrial property trust listed on the Australian Stock Exchange Limited. MGI's specialist portfolio comprises of warehouse/distribution centres, industrial estates, business parks and office parks, located throughout Australia and New Zealand.

MGP is a property trust listed on the NZX and has a portfolio of properties consisting of office parks, warehouse/distribution centres, industrial estates, CBD offices and retail properties.

Both MGI and MGP are managed by Macquarie Goodman Management Limited, an integrated property company listed on the NZX.

10. MAJOR SHAREHOLDER'S CONSENT

As stated above, the Major Shareholder, beneficially entitled to 256,669,811 Shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company), has given its written approval to the disposal. The Major Shareholder does not have any interest in the disposal which is different to other Shareholders. No Shareholder is required to abstain from voting if the Company were to convene a Shareholders' meeting to approve the disposal. The Company has applied to the HKSE for, and the HKSE has granted, a waiver from the requirement to hold a physical Shareholders' meeting to approve the disposal. Accordingly, no Shareholders' meeting will be held to approve the disposal.

11. GENERAL

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, the Purchasers and their respective ultimate beneficial owners are independent third parties and not connected with or related to the Company or any of its subsidiaries or connected persons of the Company.

Your attention is drawn to the appendices to this circular which contain certain additional information in relation to the Company.

Yours faithfully
For and on behalf of
S E A HOLDINGS LIMITED
Lu Wing Chi
Chairman and Managing Director



S E A H O L D I N G S L I M I T E D
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

("the Company")

(Stock Code: 251)

**WRITTEN APPROVAL OF THE MAJOR
SHAREHOLDER OF THE COMPANY**

We, the undersigned, holding beneficially in excess of 50% of the issued share capital of the Company NOTE as follows:—

1. That Trans Tasman Properties Limited ("TTP") is a subsidiary of the Company.
2. That the directors of TTP have proposed to dispose to Macquarie Goodman Nominee (NZ) Limited certain properties owned by TTP known as Fletcher Complex situated at 810 Great South Road Penrose Auckland pursuant to the terms referred to in the press announcement attached to these written resolutions (the "Disposal").
3. That, under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Disposal constitutes a major transaction of the Company and, as such, requires the consent of the shareholders of the Company.
4. That application has been made to the Stock Exchange of Hong Kong Limited for such consent of the shareholders of the Company to be given by way of written approval of the Major shareholder.

Accordingly, we hereby resolve that the Disposal be and is hereby approved and authorised.

Dated this 4th day of May, 2004.

For and on behalf of
Nan Luen International Limited
Authorised signatory

* For identification purpose only

The following is the text of the valuation report for the underlying property interest of S E A Holdings Limited as at 5th May, 2004, prepared for the purposes of inclusion in this circular. The report was prepared by CB Richard Ellis Limited, an independent firm of professional surveyors.

CB Richard Ellis Limited

CBRE

CB RICHARD ELLIS

世邦魏理仕

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地產代理（公司）牌照號碼

Estate Agent's Licence No: C-004065

25th May, 2004

The Directors

S E A Holdings Limited,

26th Floor,

Dah Sing Financial Centre,

108 Gloucester Road,

Wan Chai,

Hong Kong

Dear Sirs,

In accordance with your instructions for us to undertake a current market valuation of the property, known as 810 Great South Road, Penrose, Auckland, New Zealand for the purpose of inclusion in your circular to shareholders. We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of the subject property as at 5th May, 2004 (the “date of valuation”).

Unless otherwise stated, our valuation is prepared in accordance with the “Hong Kong Guidance Notes on the Valuation of Property Assets” published by The Hong Kong Institute of Surveyors (“HKIS”). If the Guidance Notes are silent on subjects requiring guidance, we refer to the “Appraisal and Valuation Manual” published by The Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law, custom, practice and market conditions.

Our valuation is made on the basis of Open Market Value, defined by the HKIS as “the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- a) a willing seller;
- b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- c) that the state of the market, levels of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future. It is, therefore, recommended that the valuation be reviewed periodically.

This document contains a significant volume of information which is directly derived from other sources, without verification by us including, but not limited to tenancy schedules, town planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by us as our own, even where it is used in our calculations. Where the content of this document has been derived, in whole or in part, from sources other than us, we does not warrant or represent that such information is accurate or correct.

To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to us at the date of this document. We do not warrant that such statements are accurate or correct.

We have relied upon the certified floor areas of the 5 office buildings with the measurements in accordance with Building Owners and Managers Association/ Project Management Institute “BOMA/PMI” recommended guidelines for the measurement of commercial buildings and provided to us by Trans Tasman Properties Limited. We have previously undertaken an onsite measurement survey of the industrial buildings. We have relied on these areas for the purpose of this valuation.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defect. However, we have not carried out any structural survey nor have we inspected or other parts of the structures which are covered, unexposed or inaccessible. Therefore, we were not able to report whether the properties are free of rot, infestation or any other structural defects.

We have not carried out land survey to verify the site boundaries of the property, we have not investigated the site to determine the suitability of soil conditions, the availability of services, etc. for future development. Our report is prepared on the assumption that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of the lands, if any, which may have occurred as a result of past usage.

Unless otherwise stated, all monetary amounts are stated in Hong Kong dollars (HK\$). Where necessary, we have converted New Zealand dollars (“NZ\$”) into Hong Kong dollars (“HK\$”) at the exchange rates of NZ\$1 = HK\$4.957, being the rate prevailing at the date of valuation.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Kam Hung Yu
BSc(Hons) FHKIS FRICS RPS(GP)
Executive Director
Valuation & Advisory Services

Note: CB Richard Ellis Hong Kong Office has been supported by CB Richard Ellis New Zealand Office to prepare this valuation. Mr. Yu is the head of Asia, Valuation & Advisory Services of CB Richard Ellis. He is the chairman for General Practice Division of the Hong Kong Institute of Surveyors. He is a Registered Professional Surveyor (General Practice), a fellow of Royal Institution of Chartered Surveyors, a fellow of the Hong Kong Institute of Surveyors and a fellow of the Hong Kong Institute of Real Estate Administration. He has over 23 years’ valuation experience in Asia.

SUMMARY OF VALUATIONS

Property	Open Market Value as at 5th May, 2004 (NZ\$)
1. Fletcher Challenge Complex, No. 810 Great South Road, Penrose, Auckland, New Zealand.	\$70,000,000 (equivalent to HK\$347,000,000 as at the exchange rate of NZ\$1 = HK\$4.957, being the rate prevailing at the date of valuation.)
TOTAL:	<u>\$70,000,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Open Market Value in existing state as at 5th May, 2004 (NZ\$)								
1. Fletcher Challenge Complex, No. 810 Great South Road, Penrose, Auckland, New Zealand.	<p>The property is divided into the Penrose East and West Complex with totally 5 office buildings and 18 readily identifiable industrial structures and various ancillary structures erected on 5 parcels of land for a total land area of 81,084 sq.m. The completion year of the buildings is between 1920's to 1988. The Penrose East site occupies an area of 22,287 sq.m. and the Penrose West site occupies an area of 58,797 sq.m.</p> <p>The buildings and various ancillary structures have a total net lettable area of approximately 48,527 sq.m. Also, there is a total of 784 carpark spaces.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: left;">Building</th> <th style="text-align: right;">Net Lettable Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">19,475</td> </tr> <tr> <td>Warehouse</td> <td style="text-align: right;">24,334</td> </tr> <tr> <td>Other area</td> <td style="text-align: right;">4,718</td> </tr> </tbody> </table> <p>The buildings and structures include office, warehouse, storage, warehouse office, amenities and switch rooms.</p>	Building	Net Lettable Area (sq.m.)	Office	19,475	Warehouse	24,334	Other area	4,718	<p>The property is currently leased to Fletcher Challenge Limited for a term of 15 years commencing from 1st April, 1994.</p>	<p>\$70,000,000 (equivalent to HK\$347,000,000 as at the exchange rate of NZ\$1 = HK\$4.957, being the rate prevailing at the date of valuation.)</p>
Building	Net Lettable Area (sq.m.)										
Office	19,475										
Warehouse	24,334										
Other area	4,718										

Notes:

1. Pursuant to the Certificate of Title Document No. 96C/861, the registered proprietor of the subject property having a site area of approximately 8,377 sq.m. is NZGP (810 Great South Road) Limited. It is a freehold interest.
2. Pursuant to the Certificate of Title Document No. 96C/862, the registered proprietor of the subject property having a site area of approximately 13,910 sq.m. is NZGP (810 Great South Road) Limited. It is a freehold interest.

3. Pursuant to the Certificate of Title Document No. 11D/207, the registered proprietor of the subject property having a site area of approximately 22,100 sq.m. is NZGP (810 Great South Road) Limited. It is a freehold interest.
4. Pursuant to the Certificate of Title Document No. 11D/208, the registered proprietor of the subject property having a site area of approximately 20,031 sq.m. is NZGP (810 Great South Road) Limited. It is a freehold interest.
5. Pursuant to the Certificate of Title Document No. 11D/209, the registered proprietor of the subject property having a site area of approximately 16,666 sq.m. is NZGP (810 Great South Road) Limited. It is a freehold interest.
6. The subject property is zoned Business 5 under the Auckland City Operative District Plan Isthmus Section 1999. The Business 5 zone provides for a wide range of commercial activities including, warehouse, storage and offices to a maximum gross floor area, with some activities requiring Discretionary Consent.
7. The property is subject to a 15 year lease to Fletcher Challenge Limited from 1st April, 1994 with rights of renewal for 3 terms of 10 years each providing for a maximum possible tenure of 45 years. The rental is subject to review at 3 yearly intervals and cannot decrease over the term of the lease. The material conditions stipulated in the lease are cited as follows:
 - a. The rental was subject to a review in April 2003 and was agreed at NZ\$6,490,000 per annum plus GST representing no increase in rental. The next review will be on 1st April, 2006.
 - b. Under the lease, all uses are permitted except those which do not conform with the District Plan or which have not been approved by a departure from the District Plan.
 - c. The lessee has a pre-emptive right of purchase. The pre-emptive right requires the vendor to obtain an unconditional agreement for sale and purchase from a purchaser apart from compliance with necessary statutory conditions and compliance with the provisions of the Property Deed. A period of 20 working days is provided for the lessee to consider whether to exercise its pre-emptive right of purchase. The pre-emptive rights apply only in respect of the whole property with the freehold owner not having the ability to sell or offer for sale any interest in part of the property being less than the whole, other than to the lessee.

1. INDEBTEDNESS

As at the close of business on 30th April, 2004, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the SEA Group had issued and outstanding bonds of NZ\$14.1 million (HK\$69.0 million). The bonds bear interest at the rate of 10% per annum, payable quarterly in arrears. They are secured by way of a floating charge over the assets of TTP and mature on 27th June, 2007.

As at 30th April, 2004, the SEA Group had outstanding other borrowings or indebtedness in the nature of borrowing (including bank overdrafts and liabilities under acceptances (other than normal trade bill) or acceptance credits or hire purchase commitments) of HK\$2,999.6 million (of which HK\$2,972.9 million was secured by investment properties, bank deposits and listed shares in subsidiaries).

As at 30th April, 2004, the SEA Group had pledged certain properties with a carrying value of HK\$4,734.9 million, bank deposits of HK\$72.8 million and shares of certain listed and unlisted subsidiaries of the SEA Group to secure banking facilities granted to the SEA Group.

As at 30th April, 2004, the SEA Group has given rental guarantees to third party purchasers of the disposed investment properties that, for a maximum period of 36 months from the date of disposal of the properties.

In addition, as at 30th April, 2004, the SEA Group and a third party minority shareholder of a subsidiary agreed to provide funding to cover any overrun and any pre-completion expenses and to undertake completion of a property development project.

On 30th March, 2004, a subsidiary of the SEA Group had made a general offer to acquire all the remaining shares in an indirect subsidiary listed on the NZX that it did not own. The offer will be closed at 5:00 p.m. on 20th May, 2004. Further announcement will be made by the Company once the outcome of the offer is known.

The SEA Group has contracted to acquire certain land and properties. The total outstanding purchase consideration not yet paid as at 30th April, 2004 amounted to HK\$254.3 million.

2. WORKING CAPITAL

The net proceeds of the disposal, after taking account of related costs and expenditures, is NZ\$71.8 million (HK\$351.4 million). The amount of loan outstanding which is subject to repayment is NZ\$51.0 million (HK\$249.6 million). After the repayment of bank loans from the sale proceeds, and taking account of SEA's other cash resources, SEA will retain in excess of an estimated NZ\$20.8 million (HK\$101.8 million) in cash. Accordingly, the disposal has a positive effect on SEA's working capital position.

The Directors are of the opinion that, after taking into account the present banking facilities and proceeds received from the disposal of the Property, the Group has sufficient working capital for its present requirements.

3. FINANCIAL AND TRADING PROSPECTS OF THE SEA GROUP

The Directors believe there are indications that the Hong Kong economy is in recovery at a faster pace than expected. Accompanied by reduced deflationary pressure and positive market sentiment, the Hong Kong property market, particularly in the luxury residential properties segment, has shown substantial improvements in the past few months. The Group has strong finances and is well positioned to make new investments in Hong Kong.

The Group has also seen growth in China's property market. The Group will take the opportunity to develop its properties for sale in China. At the same time, it will seek new investment opportunities in China.

Both the Directors and TTP's directors believe that the Australian and New Zealand property markets are approaching the peaks of their property cycles. As a result, current opportunities in these markets are limited. SEA has consistently supported TTP's intention to sell investment properties where it believes added value cannot be achieved, develop the TTP Group's business park development in Auckland known as Airpark II, and continue to build its cash reserves for investing in investments with higher risk and higher returns.

Overall, the Group intends to invest in property markets where the property cycle has potential for further upswing.

4. MATERIAL ADVERSE CHANGE

Save as disclosed herein, the Directors are not aware of any material adverse changes in the financial or trading position of the SEA Group since 31st December, 2003, the date of the latest published audited accounts of the SEA Group.

5. EXTRACT OF THE FINANCIAL STATEMENTS

The following audited consolidated financial statements of the SEA Group are extracted from the annual report of SEA for the year ended 31st December, 2003.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2003

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i> (restated)
Turnover	4	592,853	741,459
Other operating income		77,964	35,477
Changes in inventories and properties held for sale	6	(195,082)	(227,153)
Staff costs		(61,945)	(66,608)
Depreciation and amortisation		(3,750)	(3,976)
Other operating expenses		(102,134)	(171,797)
Net gain (loss) on investments and properties	7	98,836	(438,259)
Release of negative goodwill		56,510	17,240
		<hr/>	<hr/>
Profit (loss) from operations	8	463,252	(113,617)
Finance costs	9	(158,679)	(196,155)
Share of results of associates		(2,071)	(5,777)
Share of results of jointly controlled entities		6,105	(611)
		<hr/>	<hr/>
Profit (loss) before taxation		308,607	(316,160)
Taxation	12	(10,775)	(11,033)
		<hr/>	<hr/>
Profit (loss) before minority interests		297,832	(327,193)
Minority interests		(110,571)	124,609
		<hr/>	<hr/>
Net profit (loss) for the year		<u>187,261</u>	<u>(202,584)</u>
		<hr/>	<hr/>
Dividends	13	<u>51,125</u>	<u>—</u>
		<hr/>	<hr/>
Earnings (loss) per share	14		
Basic		<u>HK36.6 cents</u>	<u>HK(39.6) cents</u>
		<hr/>	<hr/>
Diluted		<u>HK36.2 cents</u>	<u>N/A</u>
		<hr/>	<hr/>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

BALANCE SHEETS

At 31st December, 2003

	<i>Notes</i>	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)		
Non-current Assets					
Investment properties	15	3,901,487	5,256,262	—	—
Property, plant and equipment	16	396,954	336,126	—	—
Permanent quotas	17	—	—	—	—
Negative goodwill	18	(247,125)	(143,507)	—	—
Investments in subsidiaries	19	—	—	136,586	136,586
Interests in associates	20	16,484	17,968	—	—
Interests in jointly controlled entities	21	3,979	—	—	—
Other investments	22	80,277	74,629	—	—
Amounts due from jointly controlled entities	23	2,790	2,856	—	—
Other loans receivable	24	7,409	71,757	—	—
		<u>4,162,255</u>	<u>5,616,091</u>	<u>136,586</u>	<u>136,586</u>
Current Assets					
Inventories	25	1,901	8,542	—	—
Properties held for sale	26	540,456	589,856	—	—
Other investments	22	19,145	19,300	—	—
Other loans receivable	24	60,867	48,288	—	—
Debtors, deposits and prepayments	27	204,696	78,775	223	150
Taxation recoverable		7,726	7,244	—	—
Advance to a director of an indirect subsidiary	28	1,606	1,302	—	—
Amounts due from subsidiaries	29	—	—	1,928,222	2,226,351
Amount due from an associate	30	2,020	—	—	—
Pledged bank deposits	47(d)	69,655	157,744	20,650	2,041
Bank balances and deposits		<u>1,811,232</u>	<u>722,825</u>	<u>115,417</u>	<u>346,271</u>
		<u>2,719,304</u>	<u>1,633,876</u>	<u>2,064,512</u>	<u>2,574,813</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

	<i>Notes</i>	THE GROUP		THE COMPANY	
		2003	2002	2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(restated)		
Current Liabilities					
Creditors, deposits received and accrued charges	31	207,161	210,525	2,327	818
Sales deposits on properties for sale received		73,515	1,613	—	—
Provisions	32	104,672	68,864	—	—
Taxation payable		19,433	27,678	—	—
Amounts due to subsidiaries	29	—	—	71,044	361,808
Amount due to an associate	30	—	2,824	—	—
Borrowings — due within one year	33	205,543	428,942	20,549	218,435
Obligations under finance leases — due within one year	34	—	911	—	—
		<u>610,324</u>	<u>741,357</u>	<u>93,920</u>	<u>581,061</u>
Net Current Assets		<u>2,108,980</u>	<u>892,519</u>	<u>1,970,592</u>	<u>1,993,752</u>
		<u>6,271,235</u>	<u>6,508,610</u>	<u>2,107,178</u>	<u>2,130,338</u>
Capital and Reserves					
Share capital	36	51,125	51,125	51,125	51,125
Reserves	38	625,609	2,389,079	2,056,053	2,079,213
		<u>2,676,734</u>	<u>2,440,204</u>	<u>2,107,178</u>	<u>2,130,338</u>
Minority Interests	40	<u>875,015</u>	<u>1,446,675</u>	—	—
Non-current Liabilities					
Borrowings — due after one year	33	2,672,522	2,578,629	—	—
Obligations under finance leases — due after one year	34	—	1,407	—	—
Other payables — due after one year	35	18,800	18,859	—	—
Deferred taxation	39	28,164	22,836	—	—
		<u>2,719,486</u>	<u>2,621,731</u>	—	—
		<u>6,271,235</u>	<u>6,508,610</u>	<u>2,107,178</u>	<u>2,130,338</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December, 2003

	Share capital HK\$'000	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1st January, 2002										
— as original stated	51,125	155,588	469,850	(308,050)	(63,202)	4,451	277,707	51,125	1,986,346	2,624,940
— prior period adjustment	—	—	(13,144)	—	—	—	—	—	(5,946)	(19,090)
— as restated	51,125	155,588	456,706	(308,050)	(63,202)	4,451	277,707	51,125	1,980,400	2,605,850
Revaluation deficit arising on investment properties	—	—	(279,865)	—	—	—	—	—	—	(279,865)
Deferred tax liability arising on revaluation of properties	—	—	(1,913)	—	—	—	—	—	—	(1,913)
Exchange movement during the year	—	—	—	138,281	—	—	—	—	—	138,281
Unrealised holding loss on investments in securities	—	—	—	—	(15,807)	—	—	—	—	(15,807)
Net (loss) profit not recognised in the income statement	—	—	(281,778)	138,281	(15,807)	—	—	—	—	(159,304)
Released upon disposal of investment properties	—	—	179,338	—	—	—	—	—	—	179,338
Impairment loss on investments in securities	—	—	—	—	68,017	—	—	—	—	68,017
Released upon disposal of investments in securities	—	—	—	—	12	—	—	—	—	12
Net loss for the year	—	—	—	—	—	—	—	—	(202,584)	(202,584)
Dividend paid	—	—	—	—	—	—	—	(51,125)	—	(51,125)
At 31st December, 2002	51,125	155,588	354,266	(169,769)	(10,980)	4,451	277,707	—	1,777,816	2,440,204
Revaluation deficit arising on investment properties	—	—	(93,501)	—	—	—	—	—	—	(93,501)
Deferred tax liability arising on revaluation of properties	—	—	(2,582)	—	—	—	—	—	—	(2,582)
Exchange movement during the year	—	—	—	211,723	—	—	—	—	—	211,723
Unrealised holding gain on investments in securities	—	—	—	—	4,849	—	—	—	—	4,849
Net (loss) profit not recognised in the income statement	—	—	(96,083)	211,723	4,849	—	—	—	—	120,489
Released upon disposal of investment properties	—	—	(50,770)	—	—	—	—	—	—	(50,770)
Net profit for the year	—	—	—	—	—	—	—	—	187,261	187,261
Dividend proposed	—	—	—	—	—	—	—	30,675	(30,675)	—
Dividend paid	—	—	—	—	—	—	—	—	(20,450)	(20,450)
At 31st December, 2003	51,125	155,588	207,413	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,676,734
Attributed to:										
The Company and subsidiaries	51,125	155,588	207,413	38,316	(6,131)	4,451	277,707	30,675	1,934,430	2,693,574
Associates	—	—	—	3,638	—	—	—	—	(24,457)	(20,819)
Jointly controlled entities	—	—	—	—	—	—	—	—	3,979	3,979
	51,125	155,588	207,413	41,954	(6,131)	4,451	277,707	30,675	1,913,952	2,676,734

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December, 2003

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING ACTIVITIES		
Profit (loss) from operations	463,252	(113,617)
Adjustments for:		
Interest income	(54,419)	(23,404)
(Gain) loss on disposal of investment properties	(72,857)	364,508
(Write back of) allowance for properties held for sale	(21,659)	6,403
Realised gain on disposal of investments in securities	(2,300)	(418)
Gain on deemed disposal of an associate	(2,175)	—
Unrealised holding loss on investments in trading securities	155	5,549
Impairment loss reversed in respect of loan to a jointly controlled entity	—	(8,403)
Gain on disposal of a subsidiary	—	(3,745)
Impairment loss on investments in non-trading securities	—	68,017
Loss on dilution of interests in subsidiaries	—	6,348
Amortisation of transaction costs on bank loans	1,200	1,200
Bad debts written off	376	1,303
Depreciation and amortisation	3,750	3,976
Loss (gain) on disposal of property, plant and equipment	967	(1,244)
Gain on repurchase of preference convertible promissory notes	(15,600)	—
Release of negative goodwill	(56,510)	(17,240)
Operating cash flows before movements in working capital	244,180	289,233
Decrease (increase) in inventories	6,641	(1,187)
Increase in properties held for sale	(16,582)	(86,662)
Decrease in other investments	—	17,613
(Increase) decrease in debtors, deposits and prepayments	(98,426)	78,936
Decrease in amounts due from associates	—	796
(Decrease) increase in creditors, deposits received and accrued charges	(556)	16,278
Increase (decrease) in sales deposits on properties for sale received	71,902	(70,851)
Cash generated from operations	207,159	244,156
Interest received	50,809	21,284
Interest and facilities charges paid on bank and other borrowings	(177,109)	(205,915)
Interest paid on obligations under finance leases	—	(208)
Dividends paid	(20,450)	(51,125)
Hong Kong Profits Tax paid	(9,016)	(9,768)
Overseas tax (paid) refunded	(5,989)	2,709
CASH FROM OPERATING ACTIVITIES	45,404	1,133

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
INVESTING ACTIVITIES			
Proceeds on disposal of investment properties		2,169,815	669,149
Decrease in pledged bank deposits		88,089	881,202
Repayment of other loans receivable		79,646	—
Dividend received from an associate		5,226	2,495
Proceeds on disposal of investments in securities		4,968	15,285
Proceeds on disposal of property, plant and equipment		2,369	11,023
Repayment from (advance to) jointly controlled entities		66	(62)
Purchase of further interests in subsidiaries		(707,049)	—
Purchase of property, plant and equipment		(131,730)	(7,868)
Purchase of investment properties		(15,229)	(75,104)
Payment of provision for rental guarantees		(9,912)	—
Loan to an associate		(2,020)	—
Addition of other loans receivable		(480)	(87,147)
Purchase of investments in securities		(7)	(11,308)
Repayment of loan from a jointly controlled entity		—	47,040
Purchase of subsidiaries (net of cash and cash equivalents acquired)	<i>41</i>	—	33,318
Disposal of a subsidiary (net of cash and cash equivalents disposed)	<i>42</i>	—	(4,584)
NET CASH FROM INVESTING ACTIVITIES		<u>1,483,752</u>	<u>1,473,439</u>
FINANCING ACTIVITIES			
Repayment of bank and other loans		(1,854,191)	(2,757,578)
(Repayment to) advances from minority shareholders		(45,893)	50,576
Dividends paid to minority shareholders		(27,170)	(52,060)
Repayment to associates		(3,272)	(7,777)
Repayment of obligations under finance leases		(2,683)	(1,367)
Funds received from bank and other loans		1,331,836	1,680,945
Decrease in other payables		—	(4,715)
Repurchase of shares of a subsidiary		—	(4,171)
NET CASH USED IN FINANCING ACTIVITIES		<u>(601,373)</u>	<u>(1,096,147)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		927,783	378,425
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		722,825	355,971
Effect of foreign exchange rate changes		160,624	(11,571)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u>1,811,232</u>	<u>722,825</u>
represented by bank balances and deposits		<u>1,811,232</u>	<u>722,825</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2003

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted Hong Kong Financial Reporting Standards (“HKFRSs”) newly issued by the Hong Kong Society of Accountants (“HKSA”). The term of HKFRS is inclusive of the Statement of Standard Accounting Practice (“SSAPs”) and Interpretations approved by the HKSA.

Income taxes

In current year, the Group has adopted SSAP 12 (Revised) “Income taxes”. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. Details of this revised accounting policy are set out in note 3. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for 2002 have been restated accordingly. As a result of this change in policy, the balance of accumulated profits at 1st January, 2002 has been decreased by HK\$5,946,000, representing the cumulative effect of the change in policy on the results for periods prior to 1st January, 2002. The balance on the Group’s investment property revaluation reserve at 1st January, 2002 has been decreased by HK\$13,144,000, representing the deferred tax liability recognised in respect of the revaluation surplus on the Group’s investment properties at that date. The change has resulted in a decrease in the profit and a decrease in the investment properties revaluation reserve of HK\$2,746,000 (2002: HK\$1,833,000) and HK\$2,582,000 (2002: HK\$1,913,000) respectively for the year ended 31st December, 2003.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

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

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of an associate at the date of acquisition.

Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate.

Negative goodwill

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

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

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Revenue recognition***Development properties***

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

Others

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

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are provided.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value at the balance sheet date. They are valued at intervals of not more than three years by independent professionally qualified valuers. In each of the intervening years, valuations are undertaken by professionally qualified executives of the Group. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On the disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

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

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

Land and buildings	2% to 4%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Plant and machinery	10%
Leasehold improvements	25%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Properties under development

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

Properties under development held for sale are classified under current assets and are stated at the lower of cost and net realisable value.

Cost comprises land cost and development costs including attributable borrowing costs and charges capitalised during the development period.

Leases

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

Quotas

Revenue from the sale of, and the cost of acquiring, temporary quotas are dealt with in the income statement at the time of shipments or when the sale of the related goods is completed. Quotas allocated by the authorities in Hong Kong are not recognised in the financial statements. The cost of permanent quotas acquired is amortised over three years after the year of acquisition.

Investments in subsidiaries

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

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates less any identified impairment loss.

Joint ventures

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entities is included in the consolidated income statement.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

Impairment

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

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

Inventories

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

Borrowing costs

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

All other borrowing costs are recognised as expenses in the period in which they are incurred.

Transactions costs on bank borrowings

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

Taxation

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

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

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

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

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

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

Foreign currencies

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

On consolidation, the assets and liabilities of subsidiaries, associates and jointly controlled entities which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such transaction differences are recognised as income or as expenses in the period in which the operation is disposed of.

Retirement benefit costs

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

4. TURNOVER

Turnover comprises:

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income	317,111	441,322
Gross proceeds from sale of properties	125,170	152,707
Gross invoiced sales	147,487	143,684
Agency and service fees income	718	1,343
Dividend income	1,678	1,739
Project management fee income	689	664
	<u>592,853</u>	<u>741,459</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

5. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

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

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

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

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

Balance Sheet at 31st December, 2003

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

Other Information for the year ended 31st December, 2003

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	145,840	491	491	1,357	—	148,179
Depreciation and amortisation	905	646	247	1,921	31	3,750
Net gain (loss) on investments and properties	(2,694)	76,787	—	24,743	—	98,836
Release of negative goodwill	(341)	44,585	—	12,266	—	56,510
Gain (loss) on disposal of property, plant and equipment	(1,048)	(11)	—	92	—	(967)
Bad debts written off	376	—	—	—	—	376

Year ended 31st December, 2002 (restated)

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External sales	176,961	159,089	155,731	249,678	—	—	741,459
Inter-segment sales*	—	—	92	1,126	—	(1,218)	—
Total revenue	<u>176,961</u>	<u>159,089</u>	<u>155,823</u>	<u>250,804</u>	<u>—</u>	<u>(1,218)</u>	<u>741,459</u>
RESULT							
Segment profit (loss)	<u>(276,525)</u>	<u>112,294</u>	<u>6,002</u>	<u>50,244</u>	<u>(670)</u>	<u>—</u>	<u>(108,655)</u>
Interest income							23,404
Unallocated corporate expenses							<u>(28,366)</u>
Loss from operations							(113,617)
Finance costs							(196,155)
Share of results of associates	(465)	—	—	(5,312)	—	—	(5,777)
Share of results of jointly controlled entities	—	—	(611)	—	—	—	<u>(611)</u>
Loss before taxation							(316,160)
Taxation							<u>(11,033)</u>
Loss before minority interests							(327,193)
Minority interests							<u>124,609</u>
Net loss for the year							<u><u>(202,584)</u></u>

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

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

Balance Sheet at 31st December, 2002 (restated)

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
ASSETS						
Segment assets	1,513,244	2,260,097	476,075	2,866,686	105,797	7,221,899
Interests in associates	17,968	—	—	—	—	17,968
Amounts due from jointly controlled entities	—	—	2,856	—	—	2,856
Taxation recoverable	—	—	—	—	—	7,244
Consolidated total assets						<u>7,249,967</u>
LIABILITIES						
Segment liabilities	40,912	38,730	139,392	83,198	453	302,685
Borrowings	866,384	814,292	62,495	1,221,063	45,655	3,009,889
Taxation payable	—	—	—	—	—	27,678
Deferred taxation	—	—	—	—	—	22,836
Consolidated total liabilities						<u>3,363,088</u>

Other Information for the year ended 31st December, 2002

	New Zealand HK\$'000	Australia HK\$'000	PRC HK\$'000	Hong Kong HK\$'000	Others HK\$'000	Consolidated HK\$'000
Capital additions	84,267	731	1,739	500	—	87,237
Depreciation and amortisation	1,109	681	307	1,851	28	3,976
Net gain (loss) on investments and properties	(366,826)	(5,011)	8,403	(74,825)	—	(438,259)
Release of negative goodwill	—	4,974	—	12,266	—	17,240
Gain (loss) on disposal of properties, plant and equipment	2	2,008	—	(770)	4	1,244
Bad debts written off	(471)	(185)	(260)	(387)	—	(1,303)

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

Business segments

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

Principal activities are as follows:

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

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

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

	Sales revenue by business segment		Contribution to profit (loss) from operations	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Property investment	316,094	442,433	387,300	(27,607)
Garment manufacturing and trading	147,488	143,684	4,535	22,983
Investment	2,705	3,260	18,918	(57,944)
Property development	126,202	151,598	37,697	(13,601)
Others	364	484	(1,784)	(32,486)
	<u>592,853</u>	<u>741,459</u>	446,666	(108,655)
Interest income			54,419	23,404
Unallocated corporate expenses			(37,833)	(28,366)
Profit (loss) from operations			<u>463,252</u>	<u>(113,617)</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

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	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property investment	5,458,130	5,610,479	145,840	84,267
Garment manufacturing and trading	40,881	42,227	1,180	200
Investment	79,013	88,767	177	17
Property development	941,531	900,063	491	1,739
Others	18,112	28,002	491	1,014
	<u>6,537,667</u>	<u>6,669,538</u>	<u>148,179</u>	<u>87,237</u>
Unallocated corporate assets	<u>343,892</u>	<u>580,429</u>		
Consolidated total assets	<u><u>6,881,559</u></u>	<u><u>7,249,967</u></u>		

6. CHANGES IN INVENTORIES AND PROPERTIES HELD FOR SALE

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Changes in inventories of manufactured finished goods and work-in-progress	(6,423)	913
Raw materials and consumables used	(29,856)	(27,896)
Purchase of goods held for resale	(61,778)	(63,599)
Changes in inventories of properties held for sale	14,346	93,434
Costs incurred on properties held for sale	(111,371)	(230,005)
	<u>(195,082)</u>	<u>(227,153)</u>

7. NET GAIN (LOSS) ON INVESTMENTS AND PROPERTIES

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Gain (loss) on disposal of investment properties	72,857	(364,508)
Write back of (allowance for) properties held for sale	21,659	(6,403)
Realised gain on disposal of investments in securities	2,300	418
Gain on deemed disposal of an associate	2,175	—
Unrealised holding loss on investments in trading securities	(155)	(5,549)
Write back of allowance for loan to a joint controlled entity	—	8,403
Gain on disposal of a subsidiary	—	3,745
Impairment loss on investments in non-trading securities	—	(68,017)
Loss on dilution of interests in subsidiaries	—	(6,348)
	<u>98,836</u>	<u>(438,259)</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

8. PROFIT (LOSS) FROM OPERATIONS

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) from operations has been arrived at after charging:		
Auditors' remuneration		
Current year	3,056	2,923
(Over)underprovision for prior years	(75)	110
Bad debts written off	376	1,303
Directors' emoluments (<i>note 10</i>)	12,865	6,519
Loss on disposal of property, plant and equipment	967	—
Net exchange loss	—	1,929
Rental payments under operating leases	7,451	21,089
and crediting:		
Gross rental income from investment properties	316,079	440,266
<i>Less: Outgoings</i>	<u>(29,513)</u>	<u>(44,248)</u>
Net rental income from investment properties	286,566	396,018
Net rental income from other properties	<u>1,032</u>	<u>1,056</u>
	<u>287,598</u>	<u>397,074</u>
Interest earned on bank deposits	40,780	23,203
Other interest income	<u>13,639</u>	<u>201</u>
	54,419	23,404
Dividend income from listed investments	1,666	1,739
Dividend income from unlisted investments	12	—
Gain on disposal of property, plant and equipment	—	1,244
Gain on repurchase of preference convertible promissory notes	15,600	—
Net exchange gain	<u>904</u>	<u>—</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

9. FINANCE COSTS

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans wholly repayable within 5 years	123,226	139,255
Bank loans not wholly repayable within 5 years	21,654	38,786
Obligations under finance leases	57	208
Convertible capital notes/bonds	18,860	15,120
Total interest	163,797	193,369
Less: Amounts capitalised to property development projects	(7,147)	(4,965)
	156,650	188,404
Facilities charges	2,029	7,751
	158,679	196,155

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 6% (2002: 7%) to expenditure on qualifying assets.

10. DIRECTORS' EMOLUMENTS

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' fees:		
Executive	70	70
Non-executive	20	50
Independent non-executive	40	40
	130	160
Management remuneration:		
Executive		
Salaries and other benefits	5,300	5,525
Performance based bonus	5,940	—
Contributions to pension scheme	775	754
Discretionary payments	600	—
Independent non-executive		
Other remuneration	120	80
	12,735	6,359
	12,865	6,519

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

Their emoluments were within the following bands:

	2003	2002
	Number of directors	Number of directors
Nil to HK\$500,000	7	4
HK\$500,001 to HK\$1,000,000	—	1
HK\$2,000,001 to HK\$2,500,000	—	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$3,000,001 to HK\$3,500,000	—	1
HK\$9,000,001 to HK\$9,500,000	1	—
	9	7
	9	7

No directors waived their emoluments during the year.

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2002: two) were directors of the Company whose emoluments are included in the disclosures in note 10. The emoluments of the remaining three (2002: three) individuals were as follows:

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Salaries and other remuneration	5,769	5,773
Performance based bonus	914	—
Contributions to pension scheme	45	123
Compensation for loss of office	—	693
	6,728	6,589
	6,728	6,589

Their emoluments were within the following bands:

	2003	2002
	Number of employees	Number of employees
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	—	1
HK\$2,500,001 to HK\$3,000,000	—	1
HK\$3,500,001 to HK\$4,000,000	1	—
	3	3
	3	3

12. TAXATION

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i> <i>(restated)</i>
The charge comprises:		
Current year		
Hong Kong	3,833	7,362
Other regions in the PRC	—	967
Other jurisdictions	1,887	3,185
	<u>5,720</u>	<u>11,514</u>
Under(over)provision in prior years		
Hong Kong	(480)	(2,314)
Other regions in the PRC	663	—
	<u>183</u>	<u>(2,314)</u>
	<u>5,903</u>	<u>9,200</u>
Deferred tax		
Current year	2,101	1,833
Attributable to a change in tax rate	645	—
	<u>2,746</u>	<u>1,833</u>
Taxation attributable to the Company and its subsidiaries	8,649	11,033
Share of taxation attributable to jointly controlled entities	2,126	—
	<u>10,775</u>	<u>11,033</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) of the estimated assessable profit for the year. The Hong Kong Profits Tax rate was increased from 16% to 17.5% with effect from the 2003/2004 year of assessment. The effect of this increase has been reflected in the calculation of current and deferred tax balances at 31st December, 2003.

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

Details of deferred taxation are set out in note 39.

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

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

	Hong Kong and PRC		New Zealand, Australia and others		Total	
	2003	2002	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit (loss) before taxation	88,962	2,603	219,645	(318,763)	308,607	(316,160)
Applicable income tax rate	17.5%	16%	33%	33%		
Tax at the applicable income tax rate	15,568	416	72,483	(105,192)	88,051	(104,776)
Tax effect of expenses not deductible for tax purpose	2,154	13,758	20,574	38,747	22,728	52,505
Tax effect of income not taxable for tax purpose	(7,645)	(7,047)	(20,997)	(3,710)	(28,642)	(10,757)
Under(over)provision in prior years	183	(2,314)	—	—	183	(2,314)
Tax effect of losses not recognised (utilisation of losses previously not recognised), net	9,199	1,219	(72,060)	70,290	(62,861)	71,509
Tax effect of (decrease) increase in deferred tax assets on deductible temporary differences not recognised	(13,322)	233	—	—	(13,322)	233
Withholding tax on dividend income	—	—	1,887	3,061	1,887	3,061
Increase in opening deferred tax liability resulting from an increase in applicable tax rate	645	—	—	—	645	—
Tax effect of share of loss of associates not recognised	381	850	—	—	381	850
Effect of different tax rates of subsidiaries and jointly controlled entities operated in other jurisdictions	1,725	733	—	(11)	1,725	722
Taxation for the year	8,888	7,848	1,887	3,185	10,775	11,033

13. DIVIDENDS

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Final — HK6 cents per share (2002: nil)	30,675	—
Interim — HK4 cents per share (2002: nil)	20,450	—
	<u>51,125</u>	<u>—</u>

A final dividend of HK6 cents (2002: nil) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

14. EARNINGS (LOSS) PER SHARE

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

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(restated)</i>
Earnings (loss) for the purposes of basic and diluted earnings (loss) per share	<u>187,261</u>	<u>(202,584)</u>
	Number of shares	
	2003	2002
Number of ordinary shares for the purposes of basic earnings (loss) per share	511,246,868	511,246,868
Effect of dilutive potential ordinary shares		
Options	886,484	N/A
Warrants	<u>5,352,693</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u>517,486,045</u>	<u>511,246,868</u>

No diluted loss per share for 2002 has been presented because the exercise prices of the Company's options and warrants were higher than the average market price of the Company's shares for 2002.

The computation of diluted earnings (loss) per share does not assume the conversion of the preference convertible promissory notes of a subsidiary of the Company since their exercise would result in an increase in the net profit per share (2002: decrease in the net loss per share).

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

The adjustment to comparative basic loss per share, arising from the adoption of HKFRS shown in note 2, is as follows:

Reconciliation of 2002 basic loss per share:

	<i>HK cents</i>
Reported figures before adjustments	(39.3)
Adjustments arising from the adoption of SSAP 12 (Revised)	(0.3)
	(39.6)
Restated	(39.6)

15. INVESTMENT PROPERTIES

	New Zealand and Australia held under freehold <i>HK\$'000</i>	Hong Kong held under long leases <i>HK\$'000</i>	Hong Kong held under medium- term leases <i>HK\$'000</i>	PRC held under medium- term leases <i>HK\$'000</i>	Australia held under long leases <i>HK\$'000</i>	New Zealand held under medium- term leases <i>HK\$'000</i>	New Zealand held under long leases <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP								
VALUATION								
At 1st January, 2003	3,019,602	83,000	1,900,000	36,400	108,290	13,172	95,798	5,256,262
Exchange adjustments	592,460	—	—	—	34,168	3,404	22,477	652,509
Additions	13,403	—	—	—	—	3	1,823	15,229
Disposals	(2,132,678)	—	—	—	—	—	—	(2,132,678)
Transfer from properties under development	202,235	—	—	—	—	—	—	202,235
Reclassification	—	—	—	—	—	313	(313)	—
Surplus (deficit) on valuation	316	(2,000)	(100,000)	2,900	4,608	2,683	(577)	(92,070)
	3,165,603	81,000	1,800,000	39,300	147,066	19,575	119,208	3,901,487
At 31st December, 2003	1,695,338	81,000	1,800,000	39,300	147,066	19,575	119,208	3,901,487

The Group's investment properties have been revalued as at 31st December, 2003 on an open market value basis by independent professional valuers as follows:

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

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

The above-mentioned valuations have been adopted by the directors in these financial statements. The net deficit arising on revaluation amounting to HK\$92,070,000 of which HK\$93,501,000 attributable to the Group has been debited to the investment properties revaluation reserve.

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

16. PROPERTY, PLANT AND EQUIPMENT

	Properties under development held for investment <i>HK\$'000</i>	Land and buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Leasehold improvements <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE GROUP							
COST							
At 1st January, 2003	325,052	502	21,577	10,471	2,914	2,465	362,981
Exchange adjustments	30,043	21	1,695	885	—	—	32,644
Additions	128,741	—	640	3,260	93	216	132,950
Disposals	—	—	(3,741)	(4,128)	—	(46)	(7,915)
Transfer from properties held for sale	106,015	—	—	—	—	—	106,015
Transfer to investment properties	(202,235)	—	—	—	—	—	(202,235)
At 31st December, 2003	387,616	523	20,171	10,488	3,007	2,635	424,440
DEPRECIATION AND AMORTISATION/ IMPAIRMENT							
At 1st January, 2003	—	130	16,069	6,788	1,448	2,420	26,855
Exchange adjustments	—	6	1,158	296	—	—	1,460
Provided for the year	—	19	1,861	1,669	170	31	3,750
Eliminated on disposals	—	—	(1,922)	(2,657)	—	—	(4,579)
At 31st December, 2003	—	155	17,166	6,096	1,618	2,451	27,486
NET BOOK VALUES							
At 31st December, 2003	387,616	368	3,005	4,392	1,389	184	396,954
At 31st December, 2002	325,052	372	5,508	3,683	1,466	45	336,126

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

The net book values of properties shown above comprises:

	Properties under development held for investment		Land and buildings	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
In PRC held under long leases	188,005	188,478	101	104
In Hong Kong held under medium-term leases	106,015	—	—	—
In New Zealand held under freehold	93,596	—	—	—
In Australia held under freehold	—	136,574	—	—
In Indonesia under long leases	—	—	267	268
	<u>387,616</u>	<u>325,052</u>	<u>368</u>	<u>372</u>

At 31st December, 2003, the total borrowing costs capitalised to properties under development held for investment were HK\$10,730,000 (2002: HK\$4,207,000).

At 31st December, 2002, the carrying value of furniture, fixtures and equipment and motor vehicles include an amount of HK\$1,151,000 and HK\$1,150,000 respectively in respect of assets held under finance leases. There were no assets held under finance leases at 31st December, 2003.

17. PERMANENT QUOTAS

	THE GROUP <i>HK\$'000</i>
COST	
At 1st January, 2003 and at 31st December, 2003	85,511
AMORTISATION	
At 1st January, 2003 and at 31st December, 2003	<u>(85,511)</u>
CARRYING AMOUNT	
At 31st December, 2003 and at 31st December, 2002	<u>—</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

18. NEGATIVE GOODWILL

	THE GROUP <i>HK\$'000</i>
GROSS AMOUNT	
At 1st January, 2003	258,880
Exchange adjustments	16,267
Arising on acquisition of further interests in subsidiaries	<u>148,702</u>
At 31st December, 2003	<u>423,849</u>
RELEASED TO INCOME	
At 1st January, 2003	115,373
Exchange adjustments	4,841
Released in the year	<u>56,510</u>
At 31st December, 2003	<u>176,724</u>
CARRYING AMOUNT	
At 31st December, 2003	<u><u>247,125</u></u>
At 31st December, 2002	<u><u>143,507</u></u>

The negative goodwill is released to income on a straight-line basis over 20 years, being the estimated remaining weighted average useful life of the depreciable assets acquired.

During the year, HK\$44,244,000 was released to income upon disposal of certain depreciable assets of the subsidiaries.

19. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, at cost (net of amounts written off)	259,461	259,461
<i>Less:</i> Impairment losses recognised	<u>(122,875)</u>	<u>(122,875)</u>
	<u><u>136,586</u></u>	<u><u>136,586</u></u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

Details of the principal subsidiaries, all of which are companies with limited liability, at 31st December, 2003 are set out below:

Name of subsidiary	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective percentage of issued equity share capital/registered capital held by the Company	Principal activities
<i>Direct subsidiary</i>				
Chisel Limited	The British Virgin Islands/ Republic of Indonesia	2 ordinary shares of US\$1 each	100	Investment holding
SEABO Pacific Limited	Bermuda/ PRC	767,919 ordinary shares of HK\$1 each	100	Investment holding
South-East Asia Investment and Agency Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Investment holding
<i>Indirect subsidiary</i>				
Australian Growth Properties Limited	Australia	301,629,886 ordinary shares of no par value	60	Property investment and development
AGP Management Limited	Australia	350,000 shares of no par value	100	Property and asset management
Chengdu Huashang House Development Co., Ltd.*	PRC	RMB133,420,000 registered capital	97	Property development
Guangzhou Yingfat House Property Development Co., Ltd. ("Yingfat")*	PRC	US\$20,110,000 registered capital	100	Property development
Handy View Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment and garment trading
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Property development and financing
Shinning Worldwide Limited	The British Virgin Islands/ Hong Kong	1,000 ordinary shares of US\$1 each	55	Property development
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property development
Trans Tasman Properties Limited ("TTP")	New Zealand	594,824,424 shares of no par value	60	Property investment and development

Name of subsidiary	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective percentage of issued equity share capital/registered capital held by the Company	Principal activities
UniMilo's Knitwear Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	60	Garment manufacturing
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment

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

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

Except for the 2007 bonds issued by TTP, none of the subsidiaries had issued any debt securities at the end of the year.

20. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets — unlisted	16,484	17,968
Goodwill on acquisition of associates	80,396	80,396
Impairment loss recognised	(80,396)	(80,396)
	<u>16,484</u>	<u>17,968</u>

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

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

Details of the Group's associates at 31st December, 2003, all of which are companies with limited liability, are as follows:

Name of associate	Place/ country of incorporation/ operation	Class of shares held	Effective percentage of issued equity share capital indirectly held by the Company	Principal activities
e-commerce Logistics Limited	Hong Kong	Ordinary	29	e-fulfillment, warehousing and delivery services
GSB Supplycorp Limited	New Zealand	Ordinary	43	Public sector e-procurement
Professional Service Brokers Limited	New Zealand	Ordinary Preference	43 43	e-procurement management
Supplynet Limited	New Zealand	Ordinary	41	e-commerce marketplace

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets	3,979	—

As at 31st December, 2003, the Group had interests in the following principal jointly controlled entity formed as a Sino-foreign equity joint venture:

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

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

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

22. OTHER INVESTMENTS

	Non-trading securities		Trading securities		Total	
	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Investments in securities						
Equity securities:						
Listed — Hong Kong	54,755	49,906	914	1,069	55,669	50,975
— overseas	16,940	16,149	—	—	16,940	16,149
	<u>71,695</u>	<u>66,055</u>	<u>914</u>	<u>1,069</u>	<u>72,609</u>	<u>67,124</u>
Unlisted	8	—	18,231	18,231	18,239	18,231
	<u>71,703</u>	<u>66,055</u>	<u>19,145</u>	<u>19,300</u>	<u>90,848</u>	<u>85,355</u>
Club debentures/memberships:						
Unlisted	8,574	8,574	—	—	8,574	8,574
	<u>80,277</u>	<u>74,629</u>	<u>19,145</u>	<u>19,300</u>	<u>99,422</u>	<u>93,929</u>
Market value of listed securities	<u>71,695</u>	<u>66,078</u>	<u>914</u>	<u>1,069</u>	<u>72,609</u>	<u>67,147</u>
Carrying amount analysed for reporting purposes as:						
Non-current	80,277	74,629	—	—	80,277	74,629
Current	—	—	19,145	19,300	19,145	19,300
	<u>80,277</u>	<u>74,629</u>	<u>19,145</u>	<u>19,300</u>	<u>99,422</u>	<u>93,929</u>

23. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The Group

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

24. OTHER LOANS RECEIVABLE

The Group

Included in other loans receivable is a loan of NZ\$812,000 (equivalent to approximately HK\$4,119,000) (2002: nil) advanced to New Zealand Land Trust Limited (“NZLT”), a company owned as to 50% by a company associated with Mr. John Darby. Mr. John Darby is a director and has 25% interest in a non-wholly owned subsidiary of the Company. The loan is guaranteed and indemnified by Islands Limited and Ruboc Holdings Limited (the “Guarantors”) and secured by a second charge over all shares held by the Guarantors in NZLT and is repayable on demand and, in any event, no later than 30th April, 2004. No interest will be required if the loan is repaid within two months from the advancement. However, if the loan is not repaid within that period, interest at 9% per annum will be calculated commencing from the date of advancement.

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

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

25. INVENTORIES

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	122	339
Work-in-progress	1,527	7,857
Finished goods	252	346
	1,901	8,542
	1,901	8,542

Included above are finished goods of HK\$252,000 (2002: HK\$252,000) carried at net realisable value.

26. PROPERTIES HELD FOR SALE

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Completed	16,384	13,794
Under development	524,072	576,062
	540,456	589,856
	540,456	589,856

At 31st December, 2003, the total borrowing costs capitalised to properties held for sale were HK\$6,515,000 (2002: HK\$20,797,000).

Included in the above are completed properties held for sale and properties under development of nil (2002: HK\$8,857,000) and HK\$326,644,000 (2002: HK\$523,021,000) respectively which are carried at net realisable value.

27. DEBTORS, DEPOSITS AND PREPAYMENTS

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

Included in the Group's debtors, deposits and prepayments are trade debtors of HK\$36,081,000 (2002: HK\$41,380,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	17,588	32,673
61 to 90 days	15,899	1,892
91 to 365 days	972	2,575
Over 365 days	1,622	4,240
	36,081	41,380
	36,081	41,380

28. ADVANCE TO A DIRECTOR OF AN INDIRECT SUBSIDIARY

THE GROUP
HK\$'000

Mr. Donald I. Fletcher

Balance at 1st January, 2003	<u>1,302</u>
Balance at 31st December, 2003	<u>1,606</u>
Maximum amount outstanding during the year	<u>1,606</u>

The above advance is denominated in NZ\$317,000 equivalent to HK\$1,606,000 (2002: NZ\$317,000, equivalent to HK\$1,302,000), unsecured, non-interest bearing and repayable on demand.

29. AMOUNTS DUE FROM (TO) SUBSIDIARIES

The Company

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

30. AMOUNT DUE FROM (TO) AN ASSOCIATE

The Group

The amount due from an associate is secured by a floating charge over certain assets of the associate, bears interest at commercial rate and repayable within one year.

The amount due to an associate was unsecured, non-interest bearing and fully repaid during the year.

31. CREDITORS, DEPOSITS RECEIVED AND ACCRUED CHARGES

Included in the Group's creditors, deposits received and accrued charges are trade creditors of HK\$50,942,000 (2002: HK\$50,303,000), an aged analysis of which at the balance sheet date is as follows:

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	31,256	36,493
61 to 90 days	15,087	9,341
91 to 365 days	573	441
Over 365 days	<u>4,026</u>	<u>4,028</u>
	<u>50,942</u>	<u>50,303</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

32. PROVISIONS

	THE GROUP		
	Rehousing compensation	Rental guarantee	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January, 2002	67,032	—	67,032
Provision in the year	1,881	—	1,881
Exchange adjustments	(49)	—	(49)
	<hr/>	<hr/>	<hr/>
At 31st December, 2002	68,864	—	68,864
Provision in the year	1,717	48,940	50,657
Reversal of provision in the year	(9,880)	—	(9,880)
Payment for the year	—	(9,912)	(9,912)
Exchange adjustments	(168)	5,111	4,943
	<hr/>	<hr/>	<hr/>
At 31st December, 2003	<u>60,533</u>	<u>44,139</u>	<u>104,672</u>

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

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

33. BORROWINGS

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		
— secured	2,779,599	2,598,305
— unsecured	27,173	222,611
2007 bonds (<i>note a</i>)	71,409	170,257
Preference convertible promissory notes (<i>note b</i>)	—	15,600
Other loans — unsecured	5,584	7,698
	<hr/>	<hr/>
Total borrowings	2,883,765	3,014,471
Less: Unamortised transactions costs on bank loans raised	(5,700)	(6,900)
	<hr/>	<hr/>
Total net borrowings	<u>2,878,065</u>	<u>3,007,571</u>

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
The borrowings are repayable as follows:		
Bank loans:		
Within one year	201,442	425,507
More than one year, but not exceeding two years	1,510,843	136,463
More than two years, but not exceeding five years	955,101	1,514,472
More than five years	139,386	744,474
	<u>2,806,772</u>	<u>2,820,916</u>
2007 bonds	<u>71,409</u>	<u>170,257</u>
Preference convertible promissory notes	<u>—</u>	<u>15,600</u>
Other loans:		
Within one year	4,101	3,435
More than one year, but not exceeding two years	1,483	3,131
More than two years, but not exceeding five years	—	1,132
	<u>5,584</u>	<u>7,698</u>
Unamortised transaction costs on bank loans raised	<u>(5,700)</u>	<u>(6,900)</u>
Total	2,878,065	3,007,571
Less: Amounts due within one year shown under current liabilities	<u>(205,543)</u>	<u>(428,942)</u>
Amount due after one year	<u><u>2,672,522</u></u>	<u><u>2,578,629</u></u>

	THE COMPANY	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans		
— unsecured, due within one year	<u>20,549</u>	<u>218,435</u>

Notes:

(a) **2007 bonds**

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

The 2007 bonds are secured by a floating charge over all the assets of TTP. TTP has the option to redeem the 2007 bonds, in full or on a pro-rata basis, with effect from 27th June, 2003 and thereafter on any interest payment date while the holders of the 2007 bonds have the option to require TTP to redeem 50% of the 2007 bonds with effect from 27th December, 2005. At 31st December, 2003, the outstanding 2007 bonds amounted to NZ\$14,085,000 (2002: NZ\$41,425,000).

TTP is a New Zealand public listed investment holding company and 60.0% (2002: 55.2%) of the shares in TTP is held by the Group as at 31st December, 2003.

(b) Preference convertible promissory notes

A subsidiary of the Company issued preference convertible promissory note (the “Note”) with an aggregate principal of US\$2,000,000 to an independent third party on 1st August, 2001.

The notesholder has voting rights in the subsidiary as specified in the subsidiary’s Memorandum and Articles of Association. The Note bears zero interest rate and will mature on 6th July, 2004. The Note will be converted into Series B preferences shares/stocks of the subsidiary upon maturity in accordance with the terms of the Agreements. At the option of the holder of the Note and at any time during the term of the Note, the holder of the Note may convert some or all the principal into the convertible preferred shares/stocks of the subsidiary.

The Group repurchased the Note during the year.

34. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum		Present value	
	lease payments		of minimum	
	2003	2002	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amounts payable under finance leases:				
Within one year	—	1,108	—	911
In the second to fifth year inclusive	—	1,438	—	1,407
	—	2,546		2,318
Less: Future finance charges	—	(228)	N/A	N/A
Present value of lease obligations	—	2,318	—	2,318
Less: Amount due for settlement within 12 months			—	(911)
Amount due for settlement after 12 months			—	1,407

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

35. OTHER PAYABLES

The Group

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

36. SHARE CAPITAL

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

	Number of shares		Nominal value	
	2003	2002	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning and end of year	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:				
At beginning and end of year	<u>511,246,868</u>	<u>511,246,868</u>	<u>51,125</u>	<u>51,125</u>

37. WARRANTS

The Company had outstanding warrants expiring in 2008 entitling the registered holders to subscribe in cash for fully paid shares of HK\$0.1 each of the Company at a subscription price of HK\$1.38 per share, subject to adjustment, until 3rd December, 2008. At 31st December, 2003, the aggregate par value of shares issuable against the outstanding warrants amounted to HK\$12,101,985 (2002: HK\$12,101,985) and the amount receivable by the Company upon full exercise of the warrants amounted to HK\$167,007,394 (2002: HK\$167,007,394).

Exercise in full of the rights attached to the 2008 warrants still outstanding at the balance sheet date would, under the present capital structure of the Company, result in the issue of 121,019,850 (2002: 121,019,850) additional shares of HK\$0.1 each.

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

38. RESERVES

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Dividend reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
THE COMPANY						
At 1st January, 2002	155,588	4,451	190,081	51,125	1,730,047	2,131,292
Net loss for the year	—	—	—	—	(954)	(954)
Dividend paid	—	—	—	(51,125)	—	(51,125)
At 31st December, 2002	155,588	4,451	190,081	—	1,729,093	2,079,213
Net loss for the year	—	—	—	—	(2,710)	(2,710)
Dividend proposed	—	—	—	30,675	(30,675)	—
Dividend paid	—	—	—	—	(20,450)	(20,450)
At 31st December, 2003	<u>155,588</u>	<u>4,451</u>	<u>190,081</u>	<u>30,675</u>	<u>1,675,258</u>	<u>2,056,053</u>

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for their acquisition at the time of the group reorganisation.

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

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

In the opinion of the directors, the Company's reserves available for distribution to shareholders were as follows:

	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i>
Contributed surplus	190,081	190,081
Accumulated profits	1,675,258	1,729,093
Dividend reserve	<u>30,675</u>	<u>—</u>
	<u>1,896,014</u>	<u>1,919,174</u>

39. DEFERRED TAXATION

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

The Group

	Accelerated tax depreciation	Revaluation on properties	Tax losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1st January, 2002				
— as previously reported	—	—	—	—
— adjustment on adoption of SSAP 12 (Revised)	102,690	13,387	(96,987)	19,090
— as restated	102,690	13,387	(96,987)	19,090
Exchange adjustments	27,407	—	(27,407)	—
Charge to income for the year	16,413	—	(14,580)	1,833
Charge to equity for the year	—	1,913	—	1,913
At 31st December, 2002	146,510	15,300	(138,974)	22,836
Exchange adjustments	24,022	—	(24,022)	—
(Credit) charge to income for the year	(75,858)	—	77,959	2,101
Effect of change in tax rate				
— charge (credit) to income	691	—	(46)	645
Charge to equity for the year	—	2,582	—	2,582
At 31st December, 2003	<u>95,365</u>	<u>17,882</u>	<u>(85,083)</u>	<u>28,164</u>

For the purposes of balance sheet presentation, deferred tax assets and liabilities above have been offset in accordance with the conditions set out in SSAP 12 (Revised) and shown under non-current liabilities.

At the balance sheet date, the Group has unused tax losses of HK\$1,002,738,000 (2002: HK\$1,192,141,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$261,521,000 (2002: HK\$447,737,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$741,217,000 (2002: HK\$744,404,000) due to the unpredictability of future profit streams.

At the balance sheet date, the Group has deductible temporary differences of HK\$175,328,000 (2002: HK\$252,045,000). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the balance sheet date, the Company has unused tax losses of HK\$17,499,000 (2002: HK\$13,630,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

40. MINORITY INTERESTS

Included in minority interests are amounts due to minority shareholders amounting to HK\$89,316,000 (2002: HK\$135,209,000).

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

41. PURCHASES OF SUBSIDIARIES

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET ASSETS ACQUIRED		
Debtors, deposits and prepayments	—	2,007
Bank balances and cash	—	33,318
Creditors, deposits and accrued charges	—	(2,263)
Minority interests	—	(10,486)
	<u>—</u>	<u>(10,486)</u>
	—	22,576
Carrying value of other investments/associates prior to becoming subsidiaries on acquisition	—	(17,602)
Goodwill arising from acquisition of subsidiaries	—	(4,974)
	<u>—</u>	<u>(4,974)</u>
	<u>—</u>	<u>—</u>
Satisfied by:		
Cash consideration	<u>—</u>	<u>—</u>

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

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries:		
Cash and cash equivalents acquired	<u>—</u>	<u>33,318</u>

The subsidiary acquired in 2002 had no significant contribution to the Group's cash flows, turnover or loss from operations for the year.

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

42. DISPOSAL OF A SUBSIDIARY

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET LIABILITIES DISPOSED OF		
Debtors, deposits and prepayments	—	766
Bank balances and cash	—	4,584
Creditors, deposits received and accrued charges	—	(1,058)
Preference convertible promissory note	—	(7,800)
Minority interests	—	1,121
	—	(2,387)
Gain on disposal of a subsidiary	—	3,745
	—	1,358
Satisfied by:		
Other investments	—	1,358
	—	1,358

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

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and cash equivalent disposed of	—	4,584

The subsidiary disposed of during 2002 had no significant contribution to the Group's cash flows, turnover or loss from operations for that year.

43. MAJOR NON-CASH TRANSACTIONS

During the prior year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$733,000. The Group did not enter into finance lease arrangements during the current year.

44. CAPITAL COMMITMENTS

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

	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised but not contracted for		
Hong Kong	73,380	318,060
PRC	438,000	354,000
New Zealand and Australia	—	1,945
	<u>511,380</u>	<u>674,005</u>
Contracted for but not provided for in the financial statements		
Hong Kong	281,558	55,359
PRC	3,000	73,000
New Zealand and Australia	2,083	51,345
	<u>286,641</u>	<u>179,704</u>

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

45. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At 31st December, 2003, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follow:

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	5,874	5,915
In the second to fifth year inclusive	21,462	18,695
Over five years	50,796	47,097
	<u>78,132</u>	<u>71,707</u>

Leases are negotiated for the range of 1 to 14 years (2002: 3 to 15 years) with fixed monthly rentals.

The Group as lessor

Certain of the Group's properties held for rental purposes, with a carrying amount of approximately HK\$2,133 million (2002: HK\$713 million), have been disposed of during the year. The remaining properties are expected to generate rental yields of 6% on an ongoing basis. All of the properties held have committed tenants for the range of 1 to 6 years (2002: 3 to 7 years).

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

	THE GROUP	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	221,541	353,042
In the second to fifth year inclusive	585,199	870,494
Over five years	117,735	371,528
	924,475	1,595,064

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

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

46. CONTINGENT LIABILITIES

At 31st December, 2003, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to HK\$1,128,000 (2002: HK\$57,739,000). The guarantee will be released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

In addition, the Group has given guarantees to purchasers of the disposed investment properties that, for a maximum period of 36 months from the date of disposal of the properties, certain areas of the properties will receive an agreed minimum monthly rent until leased. A provision of HK\$48,940,000 has been made at the time of disposal of the properties as set out in note 32.

At 31st December, 2003, the Company and a minority shareholder of a subsidiary agreed to provide funding to cover any overrun and any pre-completion expenses and to undertake completion of a property development project in order to secure a banking facility granted to a subsidiary. Other than this, the Company did not have any significant contingent liabilities.

47. PLEDGE OF ASSETS

At 31st December, 2003, the Group had the following mortgages and/or pledges over its assets to secure banking facilities and other loans granted to the Group.

- (a) Fixed and floating charges on investment properties with an aggregate book value of HK\$3,644,483,000 (2002: HK\$4,383,298,000).
- (b) Properties held for sale with an aggregate book value of HK\$529,213,000 (2002: HK\$346,062,000).
- (c) Properties under development held for investment with an aggregate book value of HK\$106,015,000 (2002: nil).
- (d) Bank deposits of HK\$69,655,000 (2002: HK\$157,744,000).

- (e) Listed shares of a subsidiary principally comprised of investment properties including in (a) above.
- (f) Unlisted shares of certain subsidiaries with assets principally comprised of investment properties and properties under development held for investment including in (a) and (c) above.

48. SHARE OPTION SCHEME

The Company operates an employee share option scheme (the “Scheme”) for the primary purpose of providing incentive to directors and eligible employee. The original scheme was approved and adopted on 30th June, 1990. A new scheme was approved and adopted on 23rd June, 2000, which will be effective until 29th June, 2010. At 31st December, 2003, the number of shares in respect of which options had been granted and remained outstanding under the original and new Scheme was 2,200,000 and 28,000,000, representing approximately 0.4% and 5.5% respectively of the shares of the Company in issue at that date.

Under the Scheme, the board of directors of the Company may offer to any director or full time employee/ chief executive of the Company, or any of its subsidiaries, options to subscribe for shares in the Company at a price equal to the higher of the nominal value of the shares, and the average of the closing prices of shares on the Stock Exchange on each of the five business days immediately preceding the date of the grant of the options and the minimum price as the Stock Exchange may from time to time prescribe, subject to a maximum of 10% or such other percentage limit as the Stock Exchange may from time to time prescribe, of the issued share capital of the Company. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the share of the Company in issue at any point in time, without prior approval from the Company’s shareholders.

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

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

For the year ended 31st December, 2003

Date of grant	Exercisable period	Exercise price (HK\$)	Number of share options		
			Outstanding at 1.1.2003	Expired during the year	Outstanding at 31.12.2003
Directors					
18.11.1993	18.11.1993 — 17.11.2003	2.78	3,500,000	(3,500,000)	—
21.2.1994	21.2.1994 — 20.2.2004	4.40	2,200,000	—	2,200,000
4.12.2000	4.12.2000 — 3.12.2010	1.44	28,000,000	—	28,000,000
			33,700,000	(3,500,000)	30,200,000
Employees					
18.11.1993	18.11.1993 — 17.11.2003	2.78	10,000,000	(10,000,000)	—
			<u>43,700,000</u>	<u>(13,500,000)</u>	<u>30,200,000</u>

APPENDIX III FINANCIAL INFORMATION RELATING TO THE SEA GROUP

For the year ended 31st December, 2002

Date of grant	Exercisable period	Exercise price (HK\$)	Number of share options		
			Outstanding at 1.1.2002	Expired during the year	Outstanding at 31.12.2002
Directors					
11.8.1992	18.11.1992 — 10.8.2002	1.85	21,000,000	(21,000,000)	—
18.11.1993	18.11.1993 — 17.11.2003	2.78	3,500,000	—	3,500,000
21.2.1994	21.2.1994 — 20.2.2004	4.40	2,200,000	—	2,200,000
4.12.2000	4.12.2000 — 3.12.2010	1.44	28,000,000	—	28,000,000
			54,700,000	(21,000,000)	33,700,000
Employees					
18.11.1993	18.11.1993 — 17.11.2003	2.78	10,000,000	—	10,000,000
			64,700,000	(21,000,000)	43,700,000

No options were granted or exercised during the year.

49. RETIREMENT BENEFITS PLANS

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

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

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

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

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

Forfeited contributions for the year amounting to HK\$857,000 (2002: HK\$119,000) has been used to reduce the level of contributions. The total cost charged to income of HK\$2,619,000 (2002: HK\$2,851,000) represents contribution payable to these schemes by the Group in respect of the current year.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect;
- (b) there are no matters the omission of which would make any statement in this circular misleading in any material respect; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

(a) Long position in shares and underlying shares of the Company

Name of Director	No. of Shares		Number of underlying shares (warrants)		Number of underlying shares (share option)	Total	% of shares in issue
	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation			
Lu Wing Yuk, Andrew	—	—	—	—	3,000,000	3,000,000	0.59
Lu Wing Chi	—	—	—	—	12,500,000	12,500,000	2.44
Lu Wing Lin	94,000	—	—	—	12,500,000	12,594,000	2.46
Lincoln Lu	618,000	256,669,811	572,717	73,897,812	—	331,758,340*	64.88
Lambert Lu	610,000	256,669,811	572,717	73,897,812	—	331,750,340*	64.88

Note: *Of these shares and warrants of the Company, 256,669,811 shares and warrants carrying 73,897,812 underlying shares deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO. 256,669,811 shares and warrants carrying 71,786,743 underlying shares out of such shares were held by Nan Luen International Limited, which was 62.77% owned by JCS Limited (“JCS”), and warrants carrying 2,111,069 underlying shares were held directly by JCS. JCS was 26.09% owned by a discretionary trust, of which both directors are beneficiaries. In addition, Messrs. Lincoln Lu and Lambert Lu were each interested in 10.87% in JCS directly. JCS is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

(b) Long positions in shares and underlying shares of associated corporations

(i) JCS Limited

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

(ii) Nan Luen International Limited

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

Notes:

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

Saved as disclosed herein, as at the Latest Practicable Date, none of the directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under Section 352 of the SFO, or as otherwise, notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. SUBSTANTIAL SHAREHOLDERS' DISCLOSURE OF INTERESTS

So far as is known to any director or chief executive of the Company, as at the Latest Practicable Date, persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Number of underlying shares (warrants)	Total	% of shares in issue
JCS Limited	Beneficial interests	—	2,111,069	2,111,069	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554*	
				<u>330,567,623</u>	64.65
Eaver Company Limited	Beneficial interests	608,000	—	608,000	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554*	
				<u>329,064,554</u>	64.36
Nan Luen International Limited	Beneficial interests	256,669,811	71,786,743	328,456,554*	64.24
Pacific Rose Enterprises Limited	Beneficial interests	31,955,873	3,581,257	35,537,130	6.95
Cyress Gold Limited	Beneficial interests	20,013,043	7,711,957	27,725,000	5.42

*Note:** 256,669,811 shares and warrants carrying 71,786,743 underlying shares deemed to be interested by JCS Limited, Eaver Company Limited and Nan Luen International Limited represented the same interests and were therefore duplicated amongst these three shareholders for the purpose of the SFO. JCS Limited and Eaver Company Limited were respectively interested in 62.77% and 37.23% in Nan Luen International Limited, which in turn was interested in these shares and warrants.

Save as disclosed above, the directors are not aware of any other person who, as at the Latest Practicable Date, had an interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

4. DIRECTORS' AND VALUERS' INTEREST IN CONTRACTS

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors nor the Valuer has or has had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, each of the following Directors and his associates are considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group, other than those businesses where such Directors have been appointed to represent the interests of the Company and/or other members of the Group:

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

Messrs. Lincoln Lu and Lambert Lu are sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses which Mr. Lu Wing Chi is deemed interested or through shareholdings (on behalf of themselves and their associates) and directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates.

Mr. Lu Wing Yuk, Andrew is also the managing director of Kian Nan Trading Company Limited which businesses includes textile manufacturing and trading. Mr. Lu Wing Yuk, Andrew is also a relative of Messrs. Lu Wing Chi and Lu Wing Lin and holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu Wing Yuk, Andrew is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Lu Yong Lee holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu Yong Lee is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Leung Hok Lim is also director of a number of private and listed companies. Some of these companies and their associates are involved in property development and investment. In addition, Mr. Leung Hok Lim and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Leung Hok Lim is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Walujo Santoso, Wally and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Walujo Santoso, Wally is considered to have interests in businesses which compete with or might compete with, either directly or indirectly, with the businesses of the Group.

6. SERVICE CONTRACTS

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

7. EXPERTS

The following is the qualifications of the Valuer who has given an opinion or advice which is contained in this circular:

Name	Qualification
CB Richard Ellis Limited	Professional surveyors and valuer

The Valuer has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CONSENTS

The Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports and references to its name and letter or reports in the form and context in which it appears.

9. LITIGATION

In February 2003, Latimer Holdings Limited (“Latimer”) filed a statement of claim against SEA Holdings New Zealand Limited (“SEANZ”) under Section 174 of the New Zealand Companies Act 1993 alleging that the affairs of TTP has been conducted in a manner which is oppressive, unfairly discriminatory or unfairly prejudicial to Latimer and other minority shareholders. In September 2003, summary judgment (and costs) was given in favour SEANZ by the court of New Zealand. Following the judgment, Latimer lodged a notice of intention to appeal and the points of appeal. The hearing shall be conducted in August 2004.

Save as disclosed herein, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and, so far as the Directors are aware, no litigation or arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

10. MISCELLANEOUS

- (a) The Qualified Accountant of the Company is Mr. Lee Bo Yuen, Tom, *MBA, BSc., FCCA, FHKSA, ACIS, ACS*.
- (b) The Secretary of the Company is Mrs. Jenifer Sin, *MBA, LLB, FCIS*.
- (c) The ultimate controlling shareholder of the Company is JCS Limited.
- (d) The Company’s Hong Kong branch share registrar and transfer office is Standard Registrars Limited, which is situated at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

- (f) No member of the Group has entered into any material contracts (not being contracts entered into in the ordinary course of business) for the last two years immediately the Latest Practicable Date.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at any weekday (public holidays excepted) at the office of Stephenson Harwood & Lo, 18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong up to and including 11th June, 2004:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the valuation report on the Property from CB Richard Ellis Limited dated 25th May, 2004, the text of which is set out in Appendix II to this circular;
- (c) the written consents of the Valuer referred to on page 70 of this Appendix;
- (d) the audited financial statements of the SEA Group for the two years ended 31st December, 2002 and 31st December, 2003; and
- (e) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or Chapter 14A which has been issued since the date of the latest published audited accounts of the Company.