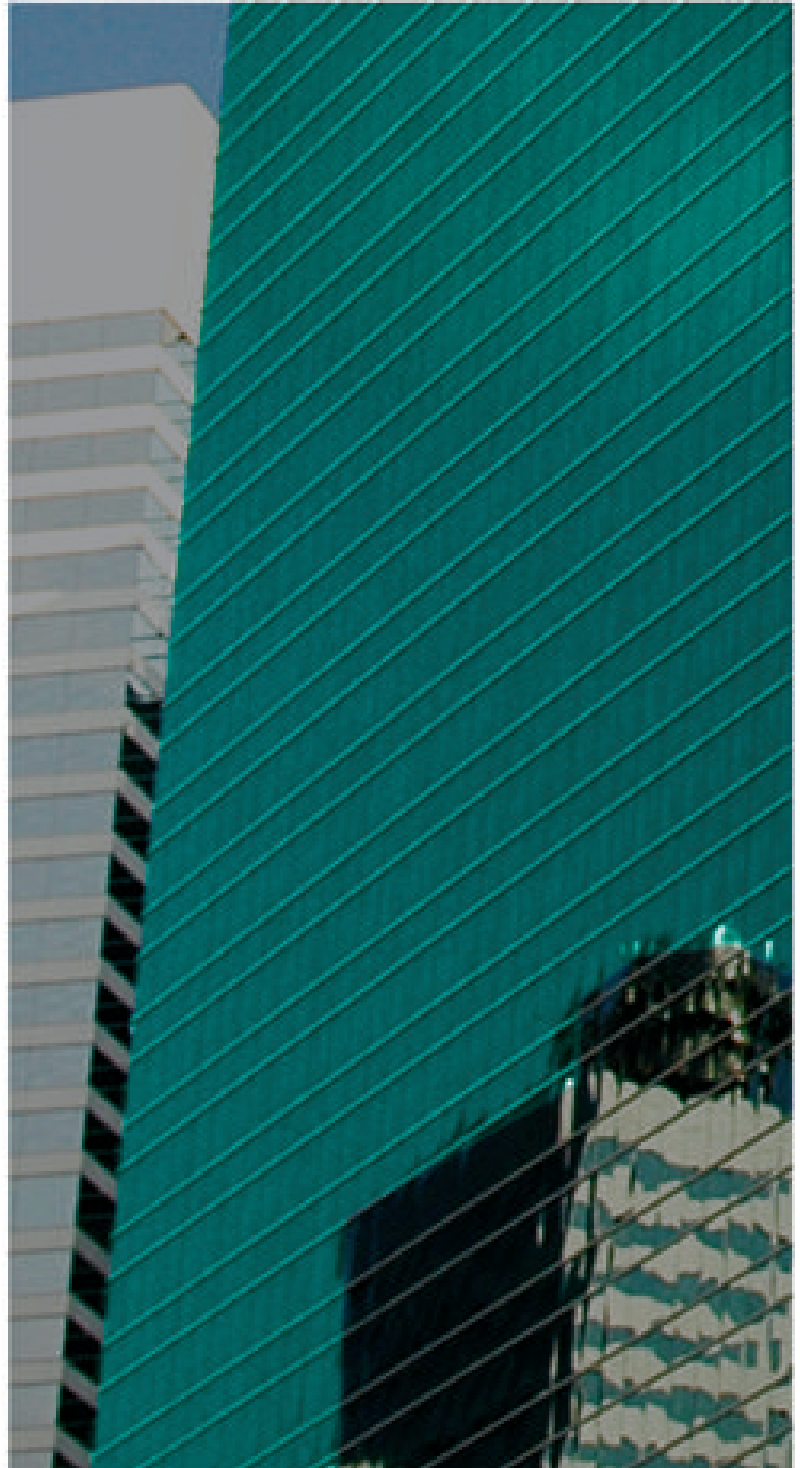


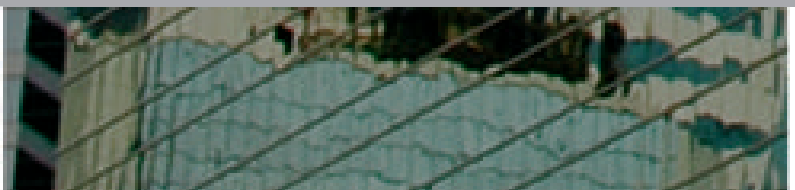


SEA HOLDINGS LIMITED
爪哇控股有限公司

(Stock Code 股票代號: 251)



INTERIM REPORT 2006
中期報告



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lu Wing Chi, *Chairman and Managing Director*

Lincoln Lu

Lambert Lu

Lu Wing Yuk, Andrew

Tse Man Bun

Non-executive Director

Lam Sing Tai

Independent Non-executive Directors

Waluyo Santoso, Wally

Leung Hok Lim

Chung Pui Lam

AUDIT COMMITTEE

Leung Hok Lim (*Chairman*)

Waluyo Santoso, Wally

Chung Pui Lam

REMUNERATION COMMITTEE

Chung Pui Lam (*Chairman*)

Lu Wing Chi

Tse Man Bun

Waluyo Santoso, Wally

Leung Hok Lim

QUALIFIED ACCOUNTANT

Chan Ka Wing

COMPANY SECRETARY

Kwok Siu Man, Seaman

SOLICITORS

Stephenson Harwood & Lo

AUDITORS

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

Bank of China (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

Dah Sing Bank Limited

REGISTERED OFFICE

Clarendon House

Church Street

Hamilton HM11

Bermuda

PRINCIPAL OFFICE

26th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai, Hong Kong

BRANCH REGISTRARS IN HONG KONG

Standard Registrars Limited

26/F., Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

LISTING

The shares and warrants of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

Stock code: 251

Warrant code: 920

The shares of Asian Growth Properties Limited, a subsidiary of the Company are listed and traded on the AIM Market of London Stock Exchange Plc.

The shares of Trans Tasman Properties Limited, another subsidiary of the Company are listed and traded on New Zealand Exchange Limited.

WEBSITE

www.seaholdings.com

Contents

| | |
|---|----|
| Chairman’s Statement | 2 |
| Condensed Consolidated Income Statement | 8 |
| Condensed Consolidated Balance Sheet | 9 |
| Condensed Consolidated Statement of Changes in Equity | 11 |
| Condensed Consolidated Cash Flow Statement | 13 |
| Notes to the Condensed Financial Statements | 14 |
| Corporate Governance and Other Information | 27 |



CHINA

- 1** Westmin Plaza Phase II, Guangzhou, Guangdong
- 3** New Century Plaza, Chengdu, Sichuan
- 4** Plaza Central, Chengdu, Sichuan

HONG KONG

- 2** 97 Po Kong Village Road, Diamond Hill
- 5** The Morrison, Wanchai
- 6** Dah Sing Financial Centre, Wanchai



CHAIRMAN'S STATEMENT

OVERVIEW

As a result of the continued increase in interest rates and high oil prices, activities in the local property market significantly reduced in the first half of 2006. However, the Group continues to benefit from the rise in office rental rates in Hong Kong and the upward revaluations of investment properties. Given the moderate growth of the Hong Kong economy and interest rate hike nearing its peak, the outlook for the Group's property investment and development businesses remains optimistic.

RESULTS

The Group's unaudited consolidated profit attributable to the equity holders of the Company for the six months ended 30th June 2006 was HK\$524.1 million which, compared to HK\$730.7 million for the corresponding period last year, represented a decrease of 28.3%. Diluted earnings per share were HK84.1 cents (2005: HK124.2 cents).

DIVIDEND

The Board has declared an interim dividend of HK5 cents (2005: HK4 cents) per share for the six months ended 30th June, 2006 payable on Monday, 23rd October, 2006 to the shareholders of the Company whose names appear in the Register of Members on Friday, 20th October, 2006. Total dividends payable as at the date of this Report amount to HK\$29,134,000, which will be increased by HK\$3,880,000 to HK\$33,014,000 if warrant holders and holders of share options exercise their outstanding subscription rights for shares of the Company before the stipulated period for the closure of the Register of Members.

BUSINESS REVIEW

Property Investments and Developments

Hong Kong

Dah Sing Financial Centre, Gloucester Road, Wanchai

Gross rental income generated for the six months ended 30th June, 2006 was HK\$33.6 million, compared with HK\$30.5 million for the corresponding period in 2005. The rise in income resulted from an improved occupancy rate from 86.4% to 87.6% and the increase in average base rent of 12.5%. The Group expects a better rental return from lease renewals and new leases negotiated in the second half of the year.

Royal Green, Sheung Shui

Due to the continued rise in interest rate in the United States, sentiment in the property market for the past six months was low, and therefore there were no major sales promotion programs launched for this joint development project with Henderson Land. Turnover recognized for the period represented the completion of sales made in 2005 amounted to HK\$285.3 million, which contributed a net profit of HK\$143.9 million. Sale of the remaining units of the project was relaunched in July 2006 and as at the date of this Report, 148 units were sold in this sales launch. So far, approximately two-thirds of the units in Royal Green have been sold.



CHAIRMAN'S STATEMENT

The Morrison, Wanchai

In April 2006, the Group completed the purchase of an adjoining property at 2 Morrison Hill Road for HK\$77.2 million, which was financed by an increase in the existing bank loan facility. Upon amalgamation of the two sites, the total marketing area of the development would be increased to approximately 70,900 square feet, and an additional four floors to the existing development would be added.

Foundation work was completed and superstructure work contracts have been awarded. The pre-sale of the project, now known as "The Morrison", is expected to commence in the fourth quarter of 2006. The development is expected to be completed by the third quarter of 2007.

Leighton Road, Causeway Bay

The Leighton Road development comprises two adjoining lots, which are currently under construction. It is intended that the site will be developed into a 30-storey hotel with 206 guest rooms. The proposed hotel is scheduled to be completed by the end of 2008.

Po Kong Village Road, Diamond Hill

The site will be developed into a 48-storey composite building, with a total marketing area of approximately 258,100 square feet, comprising 304 residential units above a 7-level retail podium, a clubhouse and 156 car parking spaces. Pre-sale of the residential units is planned for early 2007. The superstructure construction work has already commenced since April 2006 and the project is expected to be completed by the fourth quarter of 2007.

Fo Tan, Sha Tin

Planning works for the development of the Fo Tan project continue. Several master layout plans have been submitted to the Town Planning Board for consideration. The property is currently leased out as an industrial site.

China

Guangzhou

The Westmin Plaza Phase II project, which has a total construction floor area of approximately 118,500 square meters, comprising four residential blocks and one office block on top of a commercial podium, is expected to be completed in early 2007. Nearly 87% of the planned 646 residential units have been sold to date, sales proceeds of which will be recognized in the income statement of 2007 upon completion of the development.

Chengdu

Leasing work for the office space of Plaza Central is in progress. Subsequent to the period end, all of the remaining retail space has been leased to a reputable nation-wide departmental store chain under a long-term lease. Stable recurrent income from this property is expected.



CHAIRMAN'S STATEMENT

Australia and New Zealand

Trans Tasman Properties Limited ("TTP") reported a net deficit for the six months ended 30th June, 2006 of NZ\$2.6 million compared to a net surplus of NZ\$6.5 million for the corresponding period in 2005. The deficit was mainly caused by the decrease in the property sales activities in current period as most of the current development properties and projects are still under construction, thereby affecting revenue stream.

Following the completion of the sale of 97.5% of its investment in Asian Growth Properties Limited ("AGP") by an off-market pro-rata share buyback and the subsequent cancellation of TTP shares, the shareholders' equity of the Company decreased from NZ\$394.1 million to NZ\$102.4 million as at 30th June, 2006, with reported net asset value per share decreased from NZ67.9 cents to NZ66.1 cents.

Garment Operation

Due to the general softening of the garment sector, turnover generated from the garment business for the six months ended 30th June, 2006 was HK\$14.1 million which, compared to HK\$16.4 million for the same period in 2005, represented a drop of 14%. The operation reported a small loss of HK\$0.5 million as compared to a profit of HK\$0.2 million for the same period in 2005. Pricing pressure is expected to continue. Management will continue to exercise tighter control over costs to improve profit margin and strengthen competitiveness.

CORPORATE CHANGES IN TTP

As the shares in TTP continued to be traded below their net asset value on New Zealand Exchange Limited, the Group continued to acquire shares in TTP from the market. Subsequent to the period end, the Group made an unconditional offer to acquire all of the remaining voting shares in TTP for NZ\$0.55 per share. The offer has been extended to 10th October, 2006. So far, the Group's interest in TTP has further increased to 78.05%.

CORPORATE CHANGES IN AGP

To provide the TTP public shareholders who exchanged shares in TTP for AGP shares with an opportunity to realize their investment in AGP, the Group made a cash offer to them at NZ\$1.00 per AGP share (which was below its net asset value) and acquired approximately 23.3 million AGP shares within the first five trading days of the AGP shares being listed on the AIM of the London Stock Exchange in mid January 2006. As the AGP shares were also traded below their net asset value, the Group acquired further AGP shares from the market during the period under review and the Group's effective interest in AGP increased to 85.42% as at the date of this report. The share purchases had resulted in a discount on acquisition of HK\$53.1 million, which was recognized in the income statement.

To achieve a transparent and non-competitive investment strategy for the Company and AGP in Asia, the Group will transfer to AGP its aggregate attributable interest in six properties and development projects, namely Dah Sing Financial Centre, 28/F., 9 Queen's Road Central, Leighton Road, Royal Green, Plaza Central and Westmin Plaza Phase II, valued by an independent valuer at HK\$6,425 million for a consideration of about HK\$4,430 million. The said consideration is based on the net asset value of the relevant companies which hold the above six properties. Following the completion of the transfer in early October 2006, the Group will hold all its material property assets in Hong Kong and Mainland China through AGP and the Group will have about 96.42% effective shareholding interest in AGP. Details of the transfer are contained in the Company's announcement dated 18th September, 2006.



CHAIRMAN'S STATEMENT

FINANCIAL REVIEW

Turnover for the six months ended 30th June, 2006 amounted to HK\$487.3 million (2005: HK\$664.8 million), which represented a 26.7% decrease over the same period last year. The decrease was mainly the result of the Group implementing its strategy to dispose of a number of TTP's investment and development properties in New Zealand and Australia in 2005, but less significant disposals were made in the current period.

Net profit attributable to equity holders of the Company for the period amounted to HK\$524.1 million (2005: HK\$730.7 million), representing a 28.3% decrease compared with the corresponding period last year. The decrease was mainly due to the moderate revaluation surplus recognized on the investment properties in the current period compared with the substantial surplus of HK\$778.0 million recognized in relation to the first time adoption of the new Hong Kong Financial Reporting Standards in 2005.

Financial Resources and Liquidity

Shareholders' Equity

As at 30th June, 2006, the Group's equity attributable to equity holders of the Company amounted to HK\$4,872.1 million (31st December, 2005: HK\$4,354.4 million), an increase of 11.9% over that at the last year end date. The net asset value per share to equity holders of the Company was HK\$8.36 (31st December, 2005: HK\$7.94).

Working Capital and Loan Facilities

As at 30th June, 2006, the Group's cash balance was HK\$1,160.2 million (31st December, 2005: HK\$979.1 million) and unutilized facilities were HK\$1,238.7 million (31st December, 2005: HK\$1,412.2 million). Its current (working capital) ratio improved from 2.59 as at 31st December, 2005 to 2.77 as at 30th June, 2006.

Gearing ratio as at 30th June, 2006, calculated on the basis of net interest bearing debts minus cash as a percentage of total property assets, reduced from 19.9% as at 31st December, 2005 to 16.5%.

As at 30th June, 2006, maturities of the Group's outstanding borrowings were as follows:

| | 30th June, 2006 HK\$ million | 31st December, 2005 HK\$ million |
|---------------|---|-------------------------------------|
| Due | | |
| Within 1 year | 740.3 | 917.7 |
| 1-2 years | 866.5 | 608.6 |
| 3-5 years | 214.2 | 254.3 |
| Over 5 years | 620.5 | 649.4 |
| | 2,441.5 | 2,430.0 |



CHAIRMAN'S STATEMENT

Pledge of Assets

For the Group's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30th June, 2006 amounted to HK\$2,113.2 million (31st December, 2005: HK\$1,542.0 million), which were secured by properties valued at HK\$5,739.2 million (31st December, 2005: HK\$4,783.0 million).

As at 30th June, 2006, certain subsidiaries of the Group operating in New Zealand and Australia have pledged their properties with an aggregate carrying value of HK\$462.4 million (31st December, 2005: HK\$1,498.0 million) to secure the total bank loans of HK\$272.0 million (31st December, 2005: HK\$834.4 million).

In Indonesia, the total bank loans drawn by certain subsidiaries as at 30th June, 2006 amounted to HK\$56.3 million (31st December, 2005: HK\$53.3 million), which were secured by fixed deposits of HK\$45.7 million (31st December, 2005: HK\$44.5 million).

Treasury policies

The Group adheres to prudent treasury policies. As at 30th June, 2006, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no derivative financial instruments employed.

MANAGEMENT AND STAFF

The Group had 182 employees at 30th June, 2006. Salary and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances and voluntary employer contributions to retirement schemes are offered to most employees.

The Board wishes to thank the management and its staff for their hard work and contribution to the Group, and the customers and tenants for their continuing support.



CHAIRMAN'S STATEMENT

OUTLOOK

The Hong Kong economy in the first half of 2006 has been strong despite pressure from increased interest rates and high energy prices. The recent decision by the Federal Reserve in the U.S. to hold the Fed rate unchanged at its present level on the back of slowing housing markets and moderate inflationary expectations, has shed light on a more stabilized interest rates environment in the near term. Furthermore, the drop in oil and commodity prices recently has also helped in alleviating some pressure on costs. With the anticipation of a solid external trade performance, strong internal consumption and an improved unemployment situation, the outlook for Hong Kong's economy in the second half of the year should remain positive, though its GDP growth may moderate. Therefore, we expect that demand for residential properties should remain stable.

China has continued to grow at fast pace. The macro-economic measures introduced in June this year by the authorities in the Mainland, to curb rapid increases in housing prices and regulate property activities, have begun to take effect, as witnessed by a slow-down in property transactions. However, we believe that these measures should have little adverse effect on the overall property market in China in the medium term. On the other hand, they would help promote the market to become a more healthy and sustainable one in the long run.

Rental rates for good quality office premises in Hong Kong are expected to rise further in the second half of the year in view of the continuing strong demand for office space, which will no doubt benefit the Group's rental income.

In the months ahead, we will focus on the planned completion and pre-sales of various development projects on hand and will also actively look for suitable investment opportunities within the Asian Pacific region in order to strengthen our asset base. The Group is well positioned to take advantage of the business opportunities as they arise and to expand its business growth to generate increased returns for shareholders.

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 25th September, 2006



CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2006

| | NOTES | Six months ended 30th June, | |
|--|-------|---------------------------------|---------------------------------|
| | | 2006 HK\$'000 (unaudited) | 2005 HK\$'000 (unaudited) |
| Revenue | 3 | 487,283 | 664,845 |
| Other income | | 25,706 | 19,826 |
| Operating costs: | | | |
| Property and related costs | 4 | (234,129) | (372,842) |
| Staff costs | | (33,304) | (32,335) |
| Depreciation and amortisation | | (1,830) | (2,575) |
| Other expenses | | (52,217) | (72,568) |
| Loss on disposal of investment properties | | — | (11,035) |
| Net gain on disposal of investments | | 10,452 | 448 |
| Recognition of discount on acquisition/gain on deemed acquisition | 5 | 54,597 | 15,077 |
| Share of results of associates | | 1,917 | 258 |
| Share of results of jointly controlled entities | | — | (810) |
| Finance costs | | (43,682) | (37,324) |
| Fair value changes on investment properties | | 505,831 | 777,978 |
| Profit before taxation | 6 | 720,624 | 948,943 |
| Income tax expense | 7 | (142,996) | (159,975) |
| Profit for the period | | 577,628 | 788,968 |
| Attributable to: | | | |
| Equity holders of the Company | | 524,087 | 730,743 |
| Minority interests | | 53,541 | 58,225 |
| | | 577,628 | 788,968 |
| Dividends paid | 8 | 34,705 | 30,739 |
| Earnings per share | 9 | HK cents | HK cents |
| Basic | | 93.8 | 142.8 |
| Diluted | | 84.1 | 124.2 |



CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2006

| | NOTES | As at 30th June, 2006 HK\$'000 (unaudited) | As at 31st December, 2005 HK\$'000 (audited) |
|---|-------|--|--|
| Non-current Assets | | | |
| Investment properties | 10 | 4,563,885 | 4,018,159 |
| Property, plant and equipment | 10 | 46,210 | 31,740 |
| Prepaid lease payments | 10 | 317,973 | 327,365 |
| Interests in associates | | 15,788 | 15,330 |
| Interests in jointly controlled entities | | — | — |
| Club memberships | 11 | 8,574 | 8,574 |
| Available-for-sale investments | 11 | 31,001 | 81,591 |
| Amount due from an associate | | 26,930 | 34,172 |
| Amounts due from jointly controlled entities | | 2,790 | 2,790 |
| Other loans receivable | | 60,594 | 60,963 |
| | | 5,073,745 | 4,580,684 |
| Current Assets | | | |
| Inventories | | 1,403 | 2,259 |
| Properties held for sale | | 2,845,836 | 2,919,250 |
| Prepaid lease payments | | 5,076 | 5,076 |
| Held for trading investments | 11 | 407 | 784 |
| Other loans receivable | | 32,708 | 19,390 |
| Receivables, deposits and prepayments | 12 | 131,940 | 189,720 |
| Income tax recoverable | | 1,557 | 1,544 |
| Amounts due from jointly controlled entities | | 3,310 | 3,310 |
| Pledged bank deposits | | 124,155 | 183,395 |
| Restricted bank balances and deposits | 13 | 226,560 | — |
| Bank balances and deposits | | 809,533 | 795,707 |
| | | 4,182,485 | 4,120,435 |
| Current Liabilities | | | |
| Payables, deposits received and accrued charges | 14 | 220,551 | 313,797 |
| Sales deposits on properties for sale received | | 353,501 | 133,659 |
| Provisions | | 16,749 | 18,861 |
| Income tax payable | | 96,969 | 63,610 |
| Borrowings — due within one year | 15 | 740,329 | 917,655 |
| Amounts due to minority shareholders | | 84,287 | 141,949 |
| | | 1,512,386 | 1,589,531 |
| Net Current Assets | | 2,670,099 | 2,530,904 |
| | | 7,743,844 | 7,111,588 |



CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2006

| | NOTES | As at 30th June, 2006 HK\$'000 (unaudited) | As at 31st December, 2005 HK\$'000 (audited) |
|--|-------|--|--|
| Capital and Reserves | | | |
| Share capital | 16 | 58,267 | 54,844 |
| Reserves | | 4,813,821 | 4,299,577 |
| Equity attributable to equity holders of the Company | | 4,872,088 | 4,354,421 |
| Minority interests | | 579,876 | 760,679 |
| Total Equity | | 5,451,964 | 5,115,100 |
| Non-current Liabilities | | | |
| Amounts due to minority shareholders | | 65,914 | 70,376 |
| Borrowings — due after one year | 15 | 1,701,207 | 1,512,316 |
| Other payables — due after one year | | 16,986 | 16,582 |
| Deferred taxation | | 507,773 | 397,214 |
| | | 2,291,880 | 1,996,488 |
| | | 7,743,844 | 7,111,588 |



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2006

| | Attributable to equity holders of the Company | | | | | | | | | | |
|---|---|---------------------------|---------------------------------|---|--|---------------------------------|------------------------------|---------------------------------|-------------------|-------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium 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 | Minority interest HK\$'000 | Total HK\$'000 |
| At 1st January, 2005 | 51,154 | 155,961 | 71,843 | 9,608 | 4,451 | 277,707 | 30,692 | 2,697,505 | 3,298,921 | 828,800 | 4,127,721 |
| Exchange movement during the period | — | — | (22,343) | — | — | — | — | — | (22,343) | (26,883) | (49,226) |
| Fair value changes on available-for-sale investments | — | — | — | 1,370 | — | — | — | — | 1,370 | — | 1,370 |
| Net (loss) profit recognised directly in equity | — | — | (22,343) | 1,370 | — | — | — | — | (20,973) | (26,883) | (47,856) |
| Profit for the period | — | — | — | — | — | — | — | 730,743 | 730,743 | 58,225 | 788,968 |
| Total (loss) profit recognised for the period | — | — | (22,343) | 1,370 | — | — | — | 730,743 | 709,770 | 31,342 | 741,112 |
| Share issue on exercise of warrants | 188 | 2,403 | — | — | — | — | — | — | 2,591 | — | 2,591 |
| Dividend proposed | — | — | — | — | — | — | 21,313 | (21,313) | — | — | — |
| Dividend paid | — | — | — | — | — | — | (30,692) | — | (30,692) | (513) | (31,205) |
| Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements | — | — | — | — | — | — | — | (47) | (47) | — | (47) |
| Acquisition of additional interests in subsidiaries | — | — | — | — | — | — | — | — | — | (20,746) | (20,746) |
| At 30th June, 2005 | 51,342 | 158,364 | 49,500 | 10,978 | 4,451 | 277,707 | 21,313 | 3,406,888 | 3,980,543 | 838,883 | 4,819,426 |
| Exchange movement during the period | — | — | 2,857 | — | — | — | — | — | 2,857 | (3,495) | (638) |
| Fair value changes on available-for-sale investments | — | — | — | 1,268 | — | — | — | — | 1,268 | — | 1,268 |
| Net profit (loss) recognised directly in equity | — | — | 2,857 | 1,268 | — | — | — | — | 4,125 | (3,495) | 630 |
| Released upon disposal of available-for-sale investment | — | — | — | 866 | — | — | — | — | 866 | — | 866 |
| Profit for the period | — | — | — | — | — | — | — | 341,530 | 341,530 | 18,626 | 360,156 |
| Total profit recognised for the period | — | — | 2,857 | 2,134 | — | — | — | 341,530 | 346,521 | 15,131 | 361,652 |
| Share issue on exercise of warrants | 3,502 | 45,270 | — | — | — | — | — | — | 48,772 | — | 48,772 |
| Dividend proposed | — | — | — | — | — | — | 33,094 | (33,094) | — | — | — |
| Dividend paid | — | — | — | — | — | — | (21,313) | — | (21,313) | (567) | (21,880) |
| Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements | — | — | — | — | — | — | — | (102) | (102) | — | (102) |
| Acquisition of additional interests in subsidiaries | — | — | — | — | — | — | — | — | — | (92,768) | (92,768) |
| At 1st January, 2006 | 54,844 | 203,634 | 52,357 | 13,112 | 4,451 | 277,707 | 33,094 | 3,715,222 | 4,354,421 | 760,679 | 5,115,100 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2006

| | Attributable to equity holders of the Company | | | | | | | | | | |
|---|---|---------------------------|---------------------------------|---|--|---------------------------------|------------------------------|---------------------------------|-------------------|-------------------------------|-------------------|
| | Share capital HK\$'000 | Share premium 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 | Minority interest HK\$'000 | Total HK\$'000 |
| Exchange movement during the period | — | — | (19,917) | — | — | — | — | — | (19,917) | (13,621) | (33,538) |
| Fair value changes on available-for-sale investments | — | — | — | 9,512 | — | — | — | — | 9,512 | — | 9,512 |
| Net profit recognised directly in equity | — | — | (19,917) | 9,512 | — | — | — | — | (10,405) | (13,621) | (24,026) |
| Released upon disposal of available-for-sale investment | — | — | — | (9,611) | — | — | — | — | (9,611) | — | (9,611) |
| Profit for the period | — | — | — | — | — | — | — | 524,087 | 524,087 | 53,541 | 577,628 |
| Total profit (loss) recognised for the period | — | — | (19,917) | (99) | — | — | — | 524,087 | 504,071 | 39,920 | 543,991 |
| Share issue on exercise of warrants | 1,648 | 21,093 | — | — | — | — | — | — | 22,741 | — | 22,741 |
| Share issue on exercise of share options | 1,775 | 23,785 | — | — | — | — | — | — | 25,560 | — | 25,560 |
| Dividend proposed | — | — | — | — | — | — | 29,134 | (29,134) | — | — | — |
| Dividend paid | — | — | — | — | — | — | (33,094) | — | (33,094) | — | (33,094) |
| Additional prior year's final dividend paid on exercise of warrants subsequent to the issue of the financial statements | — | — | — | — | — | — | — | (1,611) | (1,611) | — | (1,611) |
| Acquisition of additional interests in subsidiaries | — | — | — | — | — | — | — | — | — | (220,723) | (220,723) |
| At 30th June, 2006 | 58,267 | 248,512 | 32,440 | 13,013 | 4,451 | 277,707 | 29,134 | 4,208,564 | 4,872,088 | 579,876 | 5,451,964 |



CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2006

| | NOTE | Six months ended 30th June, | |
|---|------|---------------------------------|---------------------------------|
| | | 2006 HK\$'000 (unaudited) | 2005 HK\$'000 (unaudited) |
| Net cash from (used in) operating activities | | 360,715 | (301,239) |
| Investing activities | | | |
| Decrease in pledged bank deposits | | 59,240 | 19,226 |
| Increase in restricted bank balances and deposits | 13 | (226,560) | — |
| Proceeds on disposal of investment properties | | — | 859,306 |
| Proceeds on disposal of available-for-sale investments | | 61,135 | — |
| Acquisition of investment properties | | (40,840) | (3,051) |
| Acquisition of property, plant and equipment | | (9,950) | (47,199) |
| Acquisition of further interest in subsidiaries | | (166,126) | — |
| Others | | (1,155) | (2,904) |
| Net cash (used in) from investing activities | | (324,256) | 825,378 |
| Financing activities | | | |
| Bank borrowings raised | | 445,942 | 275,199 |
| Repayment of bank borrowings | | (412,910) | (789,221) |
| Net (repayment to) advance from minority shareholders | | (62,124) | 29,469 |
| Proceeds on issuance of shares | | 48,301 | 2,591 |
| Dividends paid | | (34,705) | (30,739) |
| Others | | (510) | 30,740 |
| Net cash used in financing activities | | (16,006) | (481,961) |
| Net increase in cash and cash equivalents | | 20,453 | 42,178 |
| Cash and cash equivalents at 1st January | | 795,707 | 732,316 |
| Effect of foreign exchange rate changes | | (6,627) | (21,327) |
| Cash and cash equivalents at 30th June, represented by bank balances and deposits | | 809,533 | 753,167 |



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2005.

In the current interim period, the Group has applied, for the first time, a number of new standard, amendments and interpretations (“new HKFRSs”) issued by the HKICPA, which are effective for accounting periods beginning either on or after 1st December, 2005* or 1st January, 2006**.

| | |
|-----------------------------------|---|
| HKAS 19 (Amendment) | Actuarial Gains and Losses, Group Plans and Disclosures ** |
| HKAS 21 (Amendment) | Net Investment in a foreign operation ** |
| HKAS 39 (Amendment) | Cash Flow Hedge Accounting of Forecast Intragroup Transactions ** |
| HKAS 39 (Amendment) | The Fair Value Option ** |
| HKAS 39 & HKFRS 4 (Amendments) | Financial Guarantee Contracts ** |
| HKFRS 6 | Exploration for and Evaluation of Mineral Resources ** |
| HK (IFRIC) — INT 4 | Determining whether an Arrangement contains a lease ** |
| HK (IFRIC) — INT 5 | Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds ** |
| HK (IFRIC) — INT 6 | Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment * |

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

The Group has not early applied the following new standard, amendment or interpretations that have been issued but are not yet effective. The directors of the Company are still not in the position to reasonably estimate the impact that may arise from the application of these standards, amendment or interpretations.

| | |
|--------------------|---|
| HKAS 1 (Amendment) | Capital Disclosures ¹ |
| HKFRS 7 | Financial Instruments: Disclosures ¹ |
| HK (IFRIC) — INT 7 | Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies ² |
| HK (IFRIC) — INT 8 | Scope of HKFRS 2 ³ |
| HK (IFRIC) — INT 9 | Reassessment of Embedded Derivatives ⁴ |

¹ Effective for annual periods beginning on or after 1st January, 2007.

² Effective for annual periods beginning on or after 1st March, 2006.

³ Effective for annual periods beginning on or after 1st May, 2006.

⁴ Effective for annual periods beginning on or after 1st June, 2006.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

3. SEGMENT INFORMATION

Geographical Segments

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

Six months ended 30th June, 2006

| | 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 | 124,007 | 19,990 | 738 | 342,548 | — | — | 487,283 |
| Inter-segment sales* | — | — | — | 23,824 | — | (23,824) | — |
| Total | 124,007 | 19,990 | 738 | 366,372 | — | (23,824) | 487,283 |

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

| | | | | | | | |
|---|-------|-------|---------|---------|-------|---|-----------|
| SEGMENT PROFIT (LOSS) | 3,830 | 2,550 | 113,076 | 600,402 | (380) | — | 719,478 |
| Interest income | | | | | | | 21,700 |
| Recognition of discount on acquisition | | | | | | | 54,597 |
| Unallocated corporate expenses | | | | | | | (33,386) |
| Share of results of associates | 1,917 | — | — | — | — | — | 1,917 |
| Finance costs | | | | | | | (43,682) |
| Profit before taxation | | | | | | | 720,624 |
| Income tax expense | | | | | | | (142,996) |
| PROFIT FOR THE PERIOD | | | | | | | 577,628 |

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

3. SEGMENT INFORMATION (Continued)

Six months ended 30th June, 2005

| | 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 | 163,191 | 168,351 | 2,035 | 331,268 | — | — | 664,845 |
| Inter-segment sales* | — | — | — | 17,984 | — | (17,984) | — |
| Total | 163,191 | 168,351 | 2,035 | 349,252 | — | (17,984) | 664,845 |

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

| | | | | | | | |
|---|--------|--------|--------|---------|-------|---|-----------|
| SEGMENT PROFIT (LOSS) | 13,868 | 17,379 | 16,086 | 927,185 | (341) | — | 974,177 |
| Interest income | | | | | | | 16,973 |
| Recognition of discount on acquisition | | | | | | | 15,077 |
| Unallocated corporate expenses | | | | | | | (19,408) |
| Share of results of associates | 89 | 169 | — | — | — | — | 258 |
| Share of results of jointly controlled entities | — | — | (810) | — | — | — | (810) |
| Finance costs | | | | | | | (37,324) |
| Profit before taxation | | | | | | | 948,943 |
| Income tax expense | | | | | | | (159,975) |
| PROFIT FOR THE PERIOD | | | | | | | 788,968 |



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

3. SEGMENT INFORMATION (Continued)

Business Segments

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

Six months ended 30th June, 2006

| | Property investment HK\$'000 | Garment manufacturing and trading HK\$'000 | Investment HK\$'000 | Property development HK\$'000 | Others HK\$'000 | Eliminations HK\$'000 | Consolidated HK\$'000 |
|---|---------------------------------|---|------------------------|-------------------------------------|--------------------|--------------------------|--------------------------|
| REVENUE | | | | | | | |
| External | 55,574 | 14,150 | 797 | 416,762 | — | — | 487,283 |
| Inter-segment sales* | 2,586 | — | — | — | — | (2,586) | — |
| Total | 58,160 | 14,150 | 797 | 416,762 | — | (2,586) | 487,283 |
| SEGMENT PROFIT (LOSS) | 558,561 | (673) | 12,198 | 149,503 | (111) | — | 719,478 |
| Interest income | | | | | | | 21,700 |
| Recognition of discount on acquisition | | | | | | | 54,597 |
| Unallocated corporate expenses | | | | | | | (33,386) |
| Share of results of associates | — | — | — | — | 1,917 | — | 1,917 |
| Finance costs | | | | | | | (43,682) |
| Profit before taxation | | | | | | | 720,624 |
| Income tax expense | | | | | | | (142,996) |
| PROFIT FOR THE PERIOD | | | | | | | 577,628 |

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



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

3. SEGMENT INFORMATION (Continued)

Six months ended 30th June, 2005

| | Property investment HK\$'000 | Garment manufacturing and trading HK\$'000 | Investment HK\$'000 | Property development HK\$'000 | Others HK\$'000 | Eliminations HK\$'000 | Consolidated HK\$'000 |
|---|------------------------------------|---|------------------------|-------------------------------------|--------------------|--------------------------|--------------------------|
| REVENUE | | | | | | | |
| External | 74,030 | 16,365 | 1,695 | 567,640 | 5,115 | — | 664,845 |
| Inter-segment sales* | 1,502 | — | — | — | — | (1,502) | — |
| Total | 75,532 | 16,365 | 1,695 | 567,640 | 5,115 | (1,502) | 664,845 |
| <i>* Inter-segment sales are charged at prevailing market rates</i> | | | | | | | |
| SEGMENT PROFIT (LOSS) | 818,161 | 10 | 2,946 | 154,862 | (1,802) | — | 974,177 |
| Interest income | | | | | | | 16,973 |
| Recognition of discount on acquisition | | | | | | | 15,077 |
| Unallocated corporate expenses | | | | | | | (19,408) |
| Share of results of associates | — | — | — | — | 258 | — | 258 |
| Share of results of jointly controlled entities | — | — | — | (810) | — | — | (810) |
| Finance costs | | | | | | | (37,324) |
| Profit before taxation | | | | | | | 948,943 |
| Income tax expense | | | | | | | (159,975) |
| PROFIT FOR THE PERIOD | | | | | | | 788,968 |



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

4. PROPERTY AND RELATED COSTS

| | Six months ended 30th June, | |
|---|--------------------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 |
| Changes in inventories of finished goods and work-in-progress | 181 | 860 |
| Raw materials and consumables used | (11,528) | (14,909) |
| Changes in inventories of properties for sale | (73,414) | (233,215) |
| Costs incurred on properties under development held for sale | (149,368) | (125,578) |
| | (234,129) | (372,842) |

5. RECOGNITION OF DISCOUNT ON ACQUISITION/GAIN ON DEEMED ACQUISITION

| | Six months ended 30th June, | |
|---|--------------------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 |
| Recognition of discount on acquisition arising from the acquisition of additional interests in subsidiaries | 53,139 | — |
| Recognition of gain on deemed acquisition | 1,458 | 15,077 |
| | 54,597 | 15,077 |

On 15th December, 2005, a 66% subsidiary of the Group, Trans Tasman Properties Limited ("TTP"), which is listed on New Zealand Stock Exchange Limited, offered to its shareholders to exchange two shares in TTP for one share in a wholly-owned subsidiary of TTP, Asian Growth Properties Limited ("AGP") for the purpose of listing the shares of AGP on the Alternative Investment Market ("AIM") of The London Stock Exchange Plc. During the period, AGP was successfully listed on the AIM. The spin off of AGP had no significant financial impact to the Group. Subsequently, the Group acquired further AGP shares resulting in a discount on acquisition of HK\$53 million.

During the period, TTP repurchased its shares from minority shareholders resulting in a gain on deemed acquisition of HK\$2 million.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

6. PROFIT BEFORE TAXATION

| | Six months ended 30th June, | |
|--|--------------------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 |
| Profit before taxation has been arrived at after charging (crediting): | | |
| Interest earned on bank deposits | (19,108) | (11,667) |
| Other interest income | (2,592) | (5,306) |
| | (21,700) | (16,973) |
| Dividend income from equity investments | (345) | (1,113) |
| Loss (gain) on disposal of property, plant and equipment | 91 | (51) |

7. INCOME TAX EXPENSE

| | Six months ended 30th June, | |
|------------------------------|--------------------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 |
| The charge comprises: | | |
| Hong Kong Profits Tax | 33,761 | 28,623 |
| Income tax outside Hong Kong | 15 | 335 |
| | 33,776 | 28,958 |
| Deferred taxation | 109,220 | 131,017 |
| | 142,996 | 159,975 |

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) on the estimated assessable profits for the period.

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



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

8. DIVIDENDS PAID

During the period, a dividend of HK6 cents (2005: final dividend for 2004 at HK6 cents) per share amounting to HK\$34,705,000 (2005: final dividend for 2004 of HK\$30,739,000) was paid to the shareholders as the final dividend for 2005.

On 25th September, 2006, the directors have approved that an interim dividend for 2006 of HK5 cents (2005: HK4 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on Friday, 20th October, 2006.

9. EARNINGS PER SHARE

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

| | Six months ended 30th June, | |
|---|--------------------------------|------------------|
| | 2006 HK\$'000 | 2005 HK\$'000 |
| Earnings for the purposes of basic and diluted earnings per share | 524,087 | 730,743 |
| | Number of shares | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 558,500,617 | 511,886,456 |
| Effect of dilutive potential ordinary shares | | |
| Options | 9,872,646 | 14,086,957 |
| Warrants | 54,723,422 | 62,519,201 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 623,096,685 | 588,492,614 |

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

During the period, additions of investment properties amounted to HK\$41 million. In addition, there was an exchange realignment of HK\$1 million which contributed to a decrease in the carrying value of investment properties brought forward from 1st January, 2006.

The Group's major investment properties of HK\$4,309 million were fair valued by independent professional valuers, Savills Valuation and Professional Services Limited, at 30th June, 2006. The directors assessed the fair value of the remaining investment properties of HK\$255 million at 30th June, 2006 and in the opinion that the corresponding carrying values approximate fair value.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

10. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS *(Continued)*

The changes in fair value of investment properties amounting to HK\$506 million was credited to the condensed consolidated income statement

During the period, the Group acquired property, plant and equipment at a cost of HK\$10 million and capitalised amortisation of prepaid lease payments with a carrying value of HK\$9 million to property under development included in property, plant and equipment.

11. CLUB MEMBERSHIPS/AVAILABLE-FOR-SALE INVESTMENTS/HELD FOR TRADING INVESTMENTS

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|--------------------------------|--------------------------------|------------------------------------|
| Equity securities: | | |
| Listed — Hong Kong | 31,001 | 78,461 |
| — overseas | 407 | 3,914 |
| | 31,408 | 82,375 |
| Club memberships | | |
| Unlisted | 8,574 | 8,574 |
| | 39,982 | 90,949 |
| Classified as: | | |
| Club memberships | 8,574 | 8,574 |
| Available-for-sale investments | 31,001 | 81,591 |
| Held for trading investments | 407 | 784 |
| | 39,982 | 90,949 |

The directors of the Company are of the opinion that the Group would derive benefits from the use of club memberships continuously and therefore is considered as having an indefinite useful life. The club memberships will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired.

Investments in listed equity securities offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on bid price quoted in relevant exchange market.

Fair value changes on available-for-sale investment amounting to HK\$9,512,000 were credited to investments revaluation reserve for the six months ended 30th June, 2006.

In the current period, the Group disposed of certain equity securities with a carrying amount of HK\$60 million, which had been carried at fair value before the disposal. A gain on disposal of HK\$10 million has been recognised in the condensed consolidated income statement for the current period.



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|--|---|------------------------------------|
| Trade receivables | 8,024 | 9,275 |
| Other receivables, deposits received and prepayments | 123,916 | 180,445 |
| | 131,940 | 189,720 |

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

Included in receivables, deposits received and prepayments are trade receivables with an aged analysis as follows:

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|----------------|---|------------------------------------|
| 0 to 60 days | 6,694 | 7,037 |
| 61 to 90 days | 128 | 202 |
| 91 to 365 days | 503 | 1,461 |
| Over 365 days | 699 | 575 |
| | 8,024 | 9,275 |

13. RESTRICTED BANK BALANCES AND DEPOSITS

Bank deposits of HK\$227 million being proceeds received upon the pre-sale of certain units of a property under development are placed in several banks and to be used solely for tax payment and settlement of the construction cost of the related property.

14. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|---|---|------------------------------------|
| Trade payables | 73,420 | 81,440 |
| Other payables, deposits received and accrued charges | 147,131 | 232,357 |
| | 220,551 | 313,797 |



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

14. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES (Continued)

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

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|----------------|--------------------------------|------------------------------------|
| 0 to 60 days | 73,034 | 77,166 |
| 61 to 90 days | 161 | 400 |
| 91 to 365 days | 98 | 686 |
| Over 365 days | 127 | 3,188 |
| | 73,420 | 81,440 |

15. BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$413 million and obtained new bank loans in the amount of HK\$445 million. In addition, there was an exchange realignment of HK\$21 million contributed to a decrease in carrying value of borrowings brought forward from 1st January, 2006. The new loans bear interest at market rates and are repayable by instalments up to respective maturity period. The proceeds were used to finance the construction costs of properties under development and for working capital purpose.

16. SHARE CAPITAL

| | Number of shares | Amount HK\$'000 |
|--|---------------------|--------------------|
| Ordinary share of HK\$0.1 each | | |
| Authorised: | | |
| At 31st December, 2005 and 30th June, 2006 | 1,000,000,000 | 100,000 |
| Issued and fully paid: | | |
| At 1st January, 2006 | 548,443,165 | 54,844 |
| Exercise of warrants | 16,478,286 | 1,648 |
| Exercise of share options | 17,750,000 | 1,775 |
| At 30th June, 2006 | 582,671,451 | 58,267 |



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

17. CAPITAL COMMITMENTS

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

| | 30th June, 2006 HK\$'000 | 31st December, 2005 HK\$'000 |
|---|---|------------------------------------|
| Authorised but not contracted for | | |
| Hong Kong | 269,072 | 286,313 |
| PRC | 26,000 | 55,000 |
| | 295,072 | 341,313 |
| Contracted for but not provided for in the condensed financial statements | | |
| Hong Kong | 21,413 | 8,110 |
| PRC | 97,800 | 162,000 |
| | 119,213 | 170,110 |

18. PLEDGE OF ASSETS

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

- a. Fixed and floating charges on investment properties with an aggregate carrying value of HK\$4,539,054,000 (31st December, 2005: HK\$4,013,559,000).
- b. Properties held for sale with an aggregate carrying value of HK\$1,304,384,000 (31st December, 2005: HK\$1,925,191,000).
- c. Fixed and floating charges on properties under development included in property, plant and equipment with an aggregate carrying value of HK\$27,827,000 (31st December, 2005: HK\$10,022,000).
- d. Prepaid lease payments with an aggregate carrying value of HK\$323,049,000 (31st December, 2005: HK\$332,441,000).
- e. Motor vehicles with an aggregate carrying value at HK\$7,297,000 (31st December, 2005: HK\$7,097,000).



NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2006

18. PLEDGE OF ASSETS *(Continued)*

- f. Bank deposits of HK\$92,555,000 (31st December, 2005: HK\$183,395,000).
- g. Listed shares of a subsidiary with assets principally comprised of investment properties and properties held for sales included in (a) and (b) above.
- h. Unlisted shares of certain subsidiaries with assets principally comprised of investment properties, properties under development and prepaid lease payments included in (a), (c) and (d) above.

19. POST BALANCE SHEET EVENTS

On 16th June, 2006, an indirect wholly-owned subsidiary of the Company, SEA Holdings New Zealand Limited ("SEANZ"), has lodged with TTP, New Zealand Exchange Limited and the New Zealand Takeovers Panel a notice of takeover to acquire the remaining 47.31% of the issued share capital of TTP which it does not own ("Offer"). Details of this transaction are set out in the announcement of the Company dated 20th June, 2006.

On 17th July, 2006, SEANZ agreed to increase its offer price under the Offer from NZ\$0.51 (HK\$2.47) to NZ\$0.55 (HK\$2.66) for every TTP Share, payable in cash. The maximum cash consideration which would be payable by SEANZ if acceptances are received in respect of all TTP Shares in issue is approximately NZ\$40.34 million (HK\$195.25 million). Details of this transaction are set out in the announcement of the Company dated 18th July, 2006.

The conditions subsequent to the original offering remained unchanged in the extension to 15th September, 2006 and the further extension to 10th October, 2006.



CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

Throughout the period for the six months ended 30th June, 2006, the Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices as contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for code provision A.2.1, which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.

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

MODEL CODE FOR DIRECTORS’ SHARE DEALING

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company.

In response to the specific enquiry made on them, all the directors of the Company confirm that they have complied with the required standard as set out in the Model Code throughout the six-month period ended 30th June, 2006.

REVIEW BY AUDITORS

The interim financial report of the Company for the six months ended 30th June, 2006 has been reviewed by our auditors, Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants (“DTT”) in accordance with the Statement of Auditing Standards 700 “Engagements to Review Interim Financial Reports” issued by the Hong Kong Institute of Certified Public Accountants and an unmodified review conclusion has been issued.

AUDIT COMMITTEE

In consultation with DTT, the audit committee has reviewed with management the consolidated results of the Company for the period ended 30th June, 2006.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30th June, 2006, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO), as required to be entered in the register kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:—

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

| Name of Directors | Number of shares | | Number of underlying shares | | | Total | % of shares in issue |
|---------------------|----------------------|--|-----------------------------|--|----------------------|--------------|----------------------|
| | Beneficial interests | Interests held by controlled corporation | Beneficial interests | Interests held by controlled corporation | Beneficial interests | | |
| Lincoln Lu | 618,000 | 304,090,506 | 572,717 | 50,612,582 | — | 355,893,805* | 61.08 |
| Lambert Lu | 610,000 | 304,090,506 | 572,717 | 50,612,582 | — | 355,885,805* | 61.08 |
| Lu Wing Yuk, Andrew | — | — | — | — | 3,000,000 | 3,000,000 | 0.51 |
| Tse Man Bun | 100,000 | — | — | — | — | 100,000 | 0.02 |
| Lam Sing Tai | 90,000 | — | 11,478 [‡] | — | — | 101,478 | 0.02 |

Notes * (1) Of these shares and warrants of the Company, 304,090,506 shares and warrants carrying 50,612,582 underlying shares deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated between these two directors for the purpose of the SFO. The said 304,090,506 shares and warrants carrying 50,612,582 underlying shares were held by Nan Luen International Limited ("NLI"), which was 63.58% owned by JCS Limited ("JCS") and was 3.21% owned by each of Messrs. Lincoln Lu and Lambert Lu.

(2) 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 11.95% of the issued shares 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.

[‡] Of these shares, 5,739 shares were held by the spouse of Mr. Lam Sing Tai.



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

(a) JCS

| Name of Directors | Number of shares | | Total | % of shares in issue |
|-------------------|-------------------------|--|--------|-------------------------|
| | Beneficial interests | Interests as discretionary trust beneficiary | | |
| Lu Wing Chi | 3,000 | 12,000 ¹ | 15,000 | 32.61 |
| Lincoln Lu | 5,500 | 12,000 ¹ | 17,500 | 38.04 |
| Lambert Lu | 5,500 | 12,000 ¹ | 17,500 | 38.04 |

(b) NLI

| Name of Directors | Number of shares | | Total | % of shares in issue |
|-------------------|-------------------------|--|---------|-------------------------|
| | Beneficial interests | Interests held by controlled corporation | | |
| Lu Wing Chi | 46,938 | — | 46,938 | 30.00 |
| Lincoln Lu | 5,021 | 99,480 ² | 104,501 | 66.79 |
| Lambert Lu | 5,021 | 99,480 ² | 104,501 | 66.79 |

Notes:

- 12,000 shares in JCS deemed to be interested by Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated amongst these three directors for the purpose of the SFO. Such shares were held by a discretionary trust, of which all three directors are beneficiaries.
- 99,480 shares in NLI deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated between these two directors for the purpose of the SFO. These shares were held by JCS, which is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

Further details of the interests of the directors and chief executive in the share options are stated in the section headed "Employee Share Option Schemes" below.

Saved as disclosed above, as at 30th June, 2006, none of the directors and chief executive nor their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



CORPORATE GOVERNANCE AND OTHER INFORMATION

EMPLOYEE SHARE OPTION SCHEMES

Old scheme

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

New scheme

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

Options granted

During the period for the six months ended 30th June, 2006, the Company did not grant any share option under the New Scheme. All options granted prior to the termination of the Old Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Scheme. No options were cancelled or lapsed during the period under review.

Details of the outstanding share options granted pursuant to the Old Scheme and held by a director as at 30th June, 2006, and of another director and a participant who exercised their rights to subscribe for shares in the Company during the period under review are as follows:

| Directors/Participant | Date of grant | Exercise price (HK\$) | Exercise period | Number of share options | | |
|-----------------------|---------------|-----------------------|-----------------------|----------------------------|-------------------------------------|-----------------------------|
| | | | | Outstanding as at 1.1.2006 | Exercised during the review period* | Outstanding as at 30.6.2006 |
| Lu Wing Chi | 4.12.2000 | 1.44 | 4.12.2000 — 3.12.2010 | 12,500,000 | 12,500,000 | 0 |
| Lu Wing Yuk, Andrew | 4.12.2000 | 1.44 | 4.12.2000 — 3.12.2010 | 3,000,000 | — | 3,000,000 |
| A participant | 4.12.2000 | 1.44 | 4.12.2000 — 3.12.2010 | 5,250,000 | 5,250,000 | 0 |
| | | | | 20,750,000 | 17,750,000 | 3,000,000 |

* The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$4.16 per share.



CORPORATE GOVERNANCE AND OTHER INFORMATION

Saved as disclosed above, none of directors or their spouses or children under the age of 18 years exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) during the six months ended 30th June, 2006.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to any director or chief executive of the Company, as at 30th June, 2006, corporations or persons (other than a director or the 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 ² | Held by controlled corporation | 304,090,506 | 50,612,582 | 354,703,088 ¹ | 60.88 |
| NLI ³ | Beneficial interests | 304,090,506 | 50,612,582 | 354,703,088 ¹ | 60.88 |
| Pacific Rose Enterprises Limited | Beneficial interests | 31,955,873 | 3,581,257 | 35,537,130 | 6.10 |

Notes:

1. 304,090,506 shares and warrants carrying 50,612,582 underlying shares interested by NLI and deemed to be interested by JCS represented the same interests and were, therefore, duplicated amongst these two shareholders for the purpose of the SFO. JCS was interested in 63.58% of the shares in NLI.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all of whom are directors of the Company, are also directors of JCS.
3. Messrs. Lu Wing Chi, Lincoln Lu, Lambert Lu and Lu Wing Yuk, Andrew, all of whom are directors of the Company, are also directors of NLI.

Save as disclosed above, the directors are not aware of any other corporation or person who, as at 30th June, 2006, had any 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.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2006, the Company did not redeem any of its listed shares or warrants nor did the Company and its subsidiaries purchase or sell any of the Company's listed shares or warrants.

SHARE REGISTRATION

The Register of Members of the Company will be closed from Tuesday, 17th October, 2006 to Friday, 20th October, 2006, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited of 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Monday, 16th October, 2006. Warrantholders who wish to be entitled to the interim dividend must exercise their subscription rights not later than 4:00 p.m. on Monday, 16th October, 2006.

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