



**S E A HOLDINGS LIMITED**  
**爪哇控股有限公司\***

(Incorporated in Bermuda with limited liability )  
 (Stock Code : 251)

**PRELIMINARY ANNOUNCEMENT OF 2007 INTERIM RESULTS**

The board of directors (the “Board”) of S E A Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30<sup>th</sup> June, 2007 together with the comparative figures for the corresponding period in 2006 are as follows:

**1. CONDENSED CONSOLIDATED INCOME STATEMENT**

	Notes	Six months ended 30 <sup>th</sup> June	
		2007 HK\$'000 (unaudited)	2006 HK\$'000 (unaudited)
Revenue	(iii)	<b>694,906</b>	487,283
Other income		<b>49,550</b>	25,706
Operating costs:			
Property and related costs	(iv)	<b>(383,549)</b>	(234,129)
Staff costs		<b>(40,681)</b>	(33,304)
Depreciation		<b>(2,357)</b>	(1,830)
Other expenses		<b>(109,760)</b>	(52,217)
		<b>(536,347)</b>	(321,480)
Net gain on investments		-	10,452
Profit from operations before fair value changes on investment properties		<b>208,109</b>	201,961
Fair value changes on investment properties		<b>175,598</b>	505,831
Profit from operations after fair value changes on investment properties		<b>383,707</b>	707,792
Recognition of discount on acquisition/ gain on deemed acquisition		-	54,597
Share of results of associates		<b>1,497</b>	1,917
Finance costs		<b>(52,132)</b>	(43,682)
Profit before taxation	(v)	<b>333,072</b>	720,624
Income tax expense	(vi)	<b>(24,152)</b>	(142,996)
Profit for the period		<b>308,920</b>	577,628
Attributable to:			
Company's shareholders		<b>250,383</b>	524,087
Minority interests		<b>58,537</b>	53,541
		<b>308,920</b>	577,628
Dividends paid	(vii)	<b>41,632</b>	34,705
Earnings per share	(viii)		
Basic		<b>HK42.4cents</b>	HK93.8cents
Diluted		<b>HK39.1cents</b>	HK84.1cents

\* For identification purpose only

## 2. CONDENSED CONSOLIDATED BALANCE SHEET

	As at 30 <sup>th</sup> June, 2007 HK\$'000 (unaudited)	As at 31 <sup>st</sup> December, 2006 HK\$'000 (audited)
<b>Non-current Assets</b>		
Investment properties	5,046,213	4,820,302
Property, plant and equipment	106,079	68,591
Prepaid lease payments	358,974	367,362
Interests in associates	20,324	17,766
Interests in jointly controlled entities	-	-
Club memberships	8,574	8,574
Available-for-sale investments	65,833	51,312
Other loans receivable	126,328	153,717
	<u>5,732,325</u>	<u>5,487,624</u>
<b>Current Assets</b>		
Inventories	373	1,014
Properties held for sale	612,158	758,327
Properties under development held for sale	2,360,261	2,312,471
Prepaid lease payments	8,607	8,696
Held for trading investments	514	453
Other loans receivable	45,783	35,670
Receivables, deposits and prepayments	249,678	166,589
Income tax recoverable	15,808	14,923
Amounts due from jointly controlled entities	10,600	8,700
Amount due from a minority shareholder	109,581	-
Pledged bank deposits	483,881	200,708
Restricted bank balances and deposits	316,012	332,404
Bank balances and deposits	737,222	570,445
	<u>4,950,478</u>	<u>4,410,400</u>
<b>Current Liabilities</b>		
Payables, deposits received and accrued charges	279,893	439,203
Sales deposits on properties held for sale received	568,262	449,094
Provisions	15,343	15,148
Income tax payable	68,327	42,954
Borrowings – due within one year	2,217,386	1,538,744
Amount due to a minority shareholder	-	36,209
	<u>3,149,211</u>	<u>2,521,352</u>
<b>Net Current Assets</b>	<u>1,801,267</u>	<u>1,889,048</u>
	<u>7,533,592</u>	<u>7,376,672</u>
<b>Capital and Reserves</b>		
Share capital	59,473	58,310
Share premium and reserves	5,420,547	5,134,418
Equity attributable to the Company's shareholders	5,480,020	5,192,728
Minority interests	479,425	533,487
<b>Total Equity</b>	<u>5,959,445</u>	<u>5,726,215</u>
<b>Non-current Liabilities</b>		
Amounts due to minority shareholders	92,766	80,814
Borrowings – due after one year	917,835	1,019,675
Deferred taxation	563,546	549,968
	<u>1,574,147</u>	<u>1,650,457</u>
	<u>7,533,592</u>	<u>7,376,672</u>

## Notes to the condensed consolidated financial statements:

### (i) Basis of preparation

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

### (ii) Principal accounting policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31<sup>st</sup> December, 2006.

In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations issued by the HKICPA, which are effective for the Group’s financial year beginning on 1<sup>st</sup> January, 2007.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies <sup>2</sup>
HK(IFRIC) – Int 8	Scope of HKFRS 2 <sup>3</sup>
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives <sup>4</sup>
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment <sup>5</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1<sup>st</sup> January, 2007

<sup>2</sup>Effective for annual periods beginning on or after 1<sup>st</sup> March, 2006

<sup>3</sup>Effective for annual periods beginning on or after 1<sup>st</sup> May, 2006

<sup>4</sup>Effective for annual periods beginning on or after 1<sup>st</sup> June, 2006

<sup>5</sup>Effective for annual periods beginning on or after 1<sup>st</sup> November, 2006

The adoption of these new standard, amendment and interpretations had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards or interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKFRS 8	Operating Segments <sup>2</sup>
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>2</sup>
HK(IFRIC) – Int 12	Service Concession Arrangements <sup>3</sup>

<sup>1</sup>Effective for annual periods beginning on or after 1<sup>st</sup> January, 2009

<sup>2</sup>Effective for annual periods beginning on or after 1<sup>st</sup> March, 2007

<sup>3</sup>Effective for annual periods beginning on or after 1<sup>st</sup> January, 2008

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

(iii) SEGMENT INFORMATION

(a) Geographical segments  
Six months ended 30<sup>th</sup> June, 2007

	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	299,990	8,667	18,693	367,556	-	-	694,906
Inter-segment sales*	-	-	-	16,694	-	(16,694)	-
Total	<u>299,990</u>	<u>8,667</u>	<u>18,693</u>	<u>384,250</u>	<u>-</u>	<u>(16,694)</u>	<u>694,906</u>

\* Inter-segment sales were charged at prevailing market rates.

SEGMENT PROFIT (LOSS)	<u>21,764</u>	<u>9,920</u>	<u>2,702</u>	<u>349,830</u>	<u>(414)</u>	<u>-</u>	<u>383,802</u>
Interest income							31,959
Unallocated corporate expenses							(32,054)
Share of results of associates	1,497	-	-	-	-	-	1,497
Finance costs							(52,132)
Profit before taxation							<u>333,072</u>
Income tax expense							(24,152)
PROFIT FOR THE PERIOD							<u>308,920</u>

Six months ended 30<sup>th</sup> 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	<u>124,007</u>	<u>19,990</u>	<u>738</u>	<u>366,372</u>	<u>-</u>	<u>(23,824)</u>	<u>487,283</u>

\* Inter-segment sales were charged at prevailing market rates.

SEGMENT PROFIT (LOSS)	<u>3,830</u>	<u>2,550</u>	<u>113,076</u>	<u>600,402</u>	<u>(380)</u>	<u>-</u>	<u>719,478</u>
Interest income							21,700
Recognition of discount on acquisition / gain on deemed acquisition	20,338	-	-	34,259	-	-	54,597
Unallocated corporate expenses							(33,386)
Share of results of associates	1,917	-	-	-	-	-	1,917
Finance costs							(43,682)
Profit before taxation							<u>720,624</u>
Income tax expense							(142,996)
PROFIT FOR THE PERIOD							<u>577,628</u>

(b) **Business segments**  
**Six months ended 30<sup>th</sup> June, 2007**

	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
<b>REVENUE</b>							
External	82,820	9,915	744	601,427	-	-	694,906
Inter-segment sales*	7,381	-	-	-	-	(7,381)	-
<b>Total</b>	<b>90,201</b>	<b>9,915</b>	<b>744</b>	<b>601,427</b>	<b>-</b>	<b>(7,381)</b>	<b>694,906</b>

\* Inter-segment sales were charged at prevailing market rates.

<b>SEGMENT PROFIT (LOSS)</b>	<b>244,193</b>	<b>(529)</b>	<b>(177)</b>	<b>140,568</b>	<b>(253)</b>	<b>-</b>	<b>383,802</b>
Interest income							31,959
Unallocated corporate expenses							(32,054)
Share of results of associates	-	-	-	-	1,497	-	1,497
Finance costs							(52,132)
Profit before taxation							333,072
Income tax expense							(24,152)
<b>PROFIT FOR THE PERIOD</b>							<b>308,920</b>

Six months ended 30<sup>th</sup> 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
<b>REVENUE</b>							
External	55,574	14,150	797	416,762	-	-	487,283
Inter-segment sales*	2,586	-	-	-	-	(2,586)	-
<b>Total</b>	<b>58,160</b>	<b>14,150</b>	<b>797</b>	<b>416,762</b>	<b>-</b>	<b>(2,586)</b>	<b>487,283</b>

\* Inter-segment sales were charged at prevailing market rates.

<b>SEGMENT PROFIT (LOSS)</b>	<b>558,561</b>	<b>(673)</b>	<b>12,198</b>	<b>149,503</b>	<b>(111)</b>	<b>-</b>	<b>719,478</b>
Interest income							21,700
Recognition of discount on acquisition / gain on deemed 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)
<b>PROFIT FOR THE PERIOD</b>							<b>577,628</b>

(iv) **Property and related costs**

	<b>Six months ended 30<sup>th</sup> June,</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Changes in inventories of finished goods and work-in-progress	<b>(641)</b>	181
Raw materials and consumables used	<b>(6,369)</b>	(11,528)
Changes in properties held for sale/properties under development held for sale	<b>(98,379)</b>	(73,414)
Costs incurred on properties held for sale/properties under development held for sale	<b>(278,160)</b>	(149,368)
	<b><u>(383,549)</u></b>	<b><u>(234,129)</u></b>

(v) **Profit before taxation**

	<b>Six months ended 30<sup>th</sup> June,</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit before taxation has been arrived at after charging (crediting):		
Loss on disposal of property, plant and equipment	<b>194</b>	91
Dividend income from equity investments	<b>(272)</b>	(345)
Interest earned on bank deposits	<b>(20,675)</b>	(19,108)
Other interest income	<b>(11,284)</b>	(2,592)
	<b><u>(31,959)</u></b>	<b><u>(21,700)</u></b>

(vi) **Income tax expense**

	<b>Six months ended 30<sup>th</sup> June,</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong Profits Tax	<b>24,704</b>	33,761
Income tax outside Hong Kong	<b>613</b>	15
	<b><u>25,317</u></b>	<b><u>33,776</u></b>
Deferred taxation		
Current period	<b>32,113</b>	109,220
Attributable to change in tax rates	<b>(33,278)</b>	-
	<b><u>(1,165)</u></b>	<b><u>109,220</u></b>
	<b><u>24,152</u></b>	<b><u>142,996</u></b>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full year. The estimated average annual tax rate used is 17.5% (2006: 17.5%) for the six months ended 30<sup>th</sup> June, 2007.

Taxation arising in jurisdictions other than Hong Kong is recognised based on management's best estimate of weighted average annual income tax rate expected for the full year. The estimated average annual tax rate used is 33% (2006: 33%) for the six months ended 30<sup>th</sup> June, 2007.

On 16<sup>th</sup> March, 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax by Order No.63, which will change the tax rate from 33% to 25% for certain subsidiaries from 1<sup>st</sup> January, 2008. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

**(vii) Dividends paid**

	<b>Six months ended 30<sup>th</sup> June,</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Final dividend of HK7 cents for 2006 (2006: final dividend for 2005: HK6 cents) per share	<b>41,632</b>	34,705

**(viii) Earnings per share**

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

	<b>Six months ended 30<sup>th</sup> June,</b>	
	<b>2007</b>	<b>2006</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Earnings for the purposes of basic and diluted earnings per share	<b>250,383</b>	<b>524,087</b>
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>591,057,786</b>	558,500,617
Effect of dilutive potential ordinary shares		
Options	<b>2,068,002</b>	9,872,646
Warrants	<b>46,481,654</b>	54,723,422
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>639,607,442</b>	623,096,685

**(ix) Review by auditors**

The interim consolidated financial results of the Company for the six months ended 30<sup>th</sup> June, 2007 have been reviewed by our external auditor, Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants ("DTT") in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA and an unmodified review conclusion will be issued.

**3. INTERIM DIVIDEND**

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended 30<sup>th</sup> June, 2007 (2006: HK5 cents) on Tuesday, 30<sup>th</sup> October, 2007 to the shareholders of the Company whose names appear on the Register of Members at the close of business on Wednesday, 24<sup>th</sup> October, 2007. Total interim dividends payable at the date of this Announcement are HK\$30.1 million which will be increased by a maximum of HK\$2.9 million if additional ordinary shares are issued upon the exercise by the respective holders of the subscription rights attached to all the outstanding warrants and share options before the fixed period of closure of the Register of Members mentioned in Section 4 below.

#### **4. CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Thursday, 18<sup>th</sup> October, 2007 to Wednesday, 24<sup>th</sup> October, 2007, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the above interim dividend, all duly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited ("TSL") of 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 17<sup>th</sup> October, 2007.

Holders of 2008 warrants who wish to be entitled to the above interim dividend must exercise their rights to subscribe for shares in the Company and lodge the duly completed subscription forms together with the relevant warrant certificates and subscription moneys with TSL not later than 4:00 p.m. on Wednesday, 17<sup>th</sup> October, 2007.

#### **5. MANAGEMENT DISCUSSION AND ANALYSIS**

##### **FINANCIAL SUMMARY**

Turnover for the six months ended 30th June, 2007 amounted to HK\$694.9 million (2006: HK\$487.3 million), which represented a 42.6% increase over the turnover for the corresponding period in 2006. The increase was mainly attributable to the recognition of the sales of the residential units and carparks of Royal Green in Hong Kong and the sales of various development properties in New Zealand.

Profit attributable to the Company's shareholders for the period amounted to HK\$250.4 million (2006: HK\$524.1 million), which represented a 52.2% decrease compared with the profit for the corresponding period last year. During the period, the Group enjoyed a writeback of deferred tax provision of HK\$33.3 million as a result of reduced tax rate promulgated by the Chinese Government. However, there was a substantial reduction in the surplus arising from the revaluation of the investment properties.

Basic earnings per share for the period was HK\$0.42 (2006: HK\$0.94) while diluted earnings per share for the period was HK\$0.39 (2006: HK\$0.84).

As at 30th June, 2007, the Group's equity attributable to the Company's shareholders amounted to HK\$5,480.0 million, an increase of HK\$287.3 million over the comparable figure as at 31st December, 2006 of HK\$5,192.7 million. The net asset value per share to the Company's shareholders was HK\$9.21 (31st December, 2006: HK\$8.91) and taking into consideration the potential dilutive effect of outstanding warrants and share options, the net asset value per share to the Company's shareholders would become HK\$8.30 as at 30th June, 2007.

##### **BUSINESS REVIEW**

During the period, the Group has continued its development and investment activities in the Asia Pacific region. In Hong Kong, pre-sales of The Morrison development were launched in March 2007 with satisfactory responses received from buyers while sales of the remaining units of the Royal Green project continued. The Group's rental income from Dah Sing Financial Centre benefited from the increased demand resulting in higher average rentals. In Australia and New Zealand, the Group successfully privatized a subsidiary listed on New Zealand Exchange Limited and sold three development properties in New Zealand. In mainland China, the development of the Group's projects continued to progress.

##### **Property Investment and Development**

The Company through its 96.7% owned subsidiary, Asian Growth Properties Limited ("AGP"), which is listed on the Alternative Investment Market operated by London Stock Exchange Plc., holds the following property development and investment projects in Asia Pacific region:



## **Hong Kong**

### *Dah Sing Financial Centre, Gloucester Road, Wanchai*

Demand for office space in Dah Sing Financial Centre was strong during the period attributable to the continued economic growth and buoyant stock market. Owing to higher rental from lease renewals and new leases, gross rental income generated for the six months ended 30th June, 2007 was HK\$50.0 million, compared with HK\$33.6 million for the corresponding period in 2006. Occupancy rate of the 39-storey commercial building (total gross floor area of approximately 37,171 square metres) slightly reduced from 88.1% to 85.5% during the period. As at 31st August, 2007, the total lettable area available for lease was 6.9% of that of Dah Sing Financial Centre.

### *Royal Green, Sheung Shui*

The Group has a 53.2% interest in Royal Green which is a private residential development comprising 922 residential units. Turnover recognized for the period was HK\$304.2 million which contributed a net profit of HK\$105.8 million.

During the period under review, demand for units in Royal Green improved attributable to the better Hong Kong economy and improved consumer confidence. As at 30th June, 2007, over three-quarters of the units of Royal Green were sold and marketing campaign for the remaining units is continuing.

### *The Morrison, Wanchai*

The property is being developed into a 30-storey residential and commercial building, with a total gross floor area of approximately 5,837 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. Superstructure construction works are in good progress. The development is expected to be completed in the fourth quarter of 2007.

As at 30th June, 2007, over two-thirds of the units were pre-sold and the sale proceeds will be recognized upon completion of the development. Marketing for the remaining unsold residential units is continuing while leasing activities of the commercial podium have commenced.

### *Po Kong Village Road, Diamond Hill*

The project now known as "The Forest Hills" is being developed into a 48-storey residential and commercial composite building, with a total gross floor area of approximately 18,825 square metres, comprising 304 residential units above a 7-storey commercial podium comprising retail space, a clubhouse and car-parking spaces.

Pre-sales of the residential units are expected to commence shortly. Superstructure construction works are in good progress and the project is expected to be completed by the first quarter of 2008.

### *Leighton Road, Causeway Bay*

The property is being developed into a 30-storey hotel comprising 285 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The whole project is scheduled to be completed in the first half of 2009. Superstructure construction works have commenced. The Group is having discussions with certain international hospitality companies for the purpose of appointing one of them to manage the operation of the hotel.

### *Fo Tan, Sha Tin*

The property with a site area of about 20,092 square metres is currently leased out as a logistic centre.

Re-zoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, amongst other facilities, residential units, car parks, educational facilities and a bus terminus.

### *Other Investment Properties*

Other investment properties held by the Group comprising a ground-floor shop at Excelsior Plaza in Causeway Bay and an office floor at 28/F, 9 Queen's Road Central are fully let to tenants until June 2008 and May 2009 respectively.

### **Mainland China**

#### *Westmin Plaza Phase II, Guangzhou*

The Westmin Plaza Phase II project, which has a total construction floor area of about 118,567 square metres, will comprise four residential blocks and an office block erected on a six-storey commercial/car-parking podium. Sales proceeds of 601 pre-sold residential units will be recognized in 2007 upon completion of the development expected to be in the fourth quarter of 2007. The remaining 45 residential units will be sold after such completion. A leasing agent has been appointed for marketing the commercial portion, including the office space of the development, which is expected to be held by the Group for investment purpose.

#### *Plaza Central, Chengdu*

Plaza Central comprises two 30-storey office blocks erected on a common podium having six commercial/retail floors and two car-parking floors at basement level. Leasing for the office space with a total construction floor area of approximately 50,467 square metres is progressing slowly as the Group has adopted a policy to select quality tenants. All the retail space with a total construction floor area of approximately 28,573 square metres has been leased with its majority being leased to a tenant in department store business.

### **Australia and New Zealand**

In March 2007, the Group made another offer at NZ\$0.60 per share to acquire all of the issued shares held by the minority shareholders, being approximately 19.5% of the issued share capital, in Trans Tasman Properties Limited ("TTP"). As a result of the offer, TTP was de-listed from New Zealand Exchange Limited on 27th April, 2007 and became a wholly-owned subsidiary of the Company on 14th May, 2007. The consideration was approximately NZ\$18.2 million which was funded by bank borrowings and internal resources.

Turnover generated from the property investment and development projects in Australia and New Zealand for the six months ended 30th June, 2007 was HK\$308.7 million (2006: HK\$144.0 million) which contributed a profit of HK\$31.7 million before unallocated income and expenses (2006: HK\$6.4 million). The increases were mainly attributable to the disposal of three development properties in New Zealand.

### **Garment Operation**

Turnover generated from the garment business for the six months ended 30th June, 2007 was HK\$9.9 million which compared to HK\$14.1 million for the corresponding period in 2006. The operation incurred a loss of HK\$0.5 million for the period (2006: HK\$0.7 million). The Directors were not optimistic about the future prospects of the garment manufacturing and trading business in which UniMilo's Knitwear Company Limited ("UniMilo") was engaged, which had been considered as a non-core business of the Group. On 8th August, 2007, the Group disposed of its 60% shareholding in UniMilo to the minority shareholder at a consideration of HK\$2.8 million. It is expected that the Group will record a loss of about HK\$1.1 million from the disposal which will be recognized in the Company's consolidated income statement for the year ending 31st December, 2007.

## **FINANCIAL RESOURCES AND LIQUIDITY**

### **Working Capital and Loan Facilities**

As at 30th June, 2007, the Group's cash balance was HK\$737.2 million (31st December, 2006: HK\$570.4 million) and unutilized facilities were HK\$1,363.6 million (31st December, 2006: HK\$1,416.8 million).

The gearing ratio as at 30th June, 2007, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, slightly increased from 17.5% to 18.9%.

As at 30th June, 2007, maturities of the Group's outstanding borrowings were as follows:

	<b>30th June, 2007</b>	31st December, 2006
	<b>HK\$' million</b>	HK\$' million
Due		
Within 1 year	<b>2,217.4</b>	1,538.7
1-2 years	<b>98.8</b>	148.5
3-5 years	<b>755.4</b>	789.9
Over 5 years	<b>63.6</b>	81.3
	<b>3,135.2</b>	2,558.4

### **Pledge of Assets**

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 30th June, 2007 amounted to HK\$2,637.7 million (31st December, 2006: HK\$2,056.1 million), which were mainly secured by properties valued at HK\$6,996.3 million (31st December, 2006: HK\$6,060.0 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$566.5 million as at 30th June, 2007 (31st December, 2006: HK\$489.6 million) to secure their banking facilities of HK\$435.0 million (31st December, 2006: HK\$442.6 million).

In Indonesia, the total bank loans drawn by certain subsidiaries as at 30th June, 2007 amounted to HK\$62.5 million (31st December, 2006: HK\$59.7 million), which were secured by fixed deposits of HK\$48.6 million (31st December, 2006: HK\$47.2 million).

### **Treasury Policies**

The Group adheres to prudent treasury policies. As at 30th June, 2007, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no material derivative financial instruments employed during the period.

### **MANAGEMENT AND STAFF**

The Group had 151 employees at 30th June, 2007 (31st December, 2006: 179). Salary and benefits are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances and voluntary employer contributions to retirement schemes are offered to most employees. The Company has adopted an employee share option scheme with options granted to the Group's employees (including directors of the Company) on a discretionary basis by the Board.

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

### **OUTLOOK**

Despite the implementation of a series of macro-economic measures to regulate the overheated property market by the Chinese government including the recent regulations restricting foreign investment in the property sector, the Company believes that the mainland property market will become more healthy and sustainable in the long run. Acquisition costs for property sites in major cities of mainland China have surged in recent months but the Group is still optimistic about the prospects of the mainland China property market in view of the continued economic expansion, increasing household income and rising demand for better quality housing.

The Hong Kong economy is expected to perform well in the second half of 2007 which should benefit the sales of the Group's development projects. Given the limited supply of good quality office premises, the Group expects that its rental income from Dah Sing Financial Centre will continue to improve in the second half of the year as a result of higher occupancy. The Group will focus on the planned completion of three existing development projects, namely The Morrison, The Forest Hills and Westmin Plaza Phase II. At the same time, the Group will continue to devote its efforts to marketing the sale of the remaining residential units of Royal Green.

The sub-prime mortgage problem originating from the United States has caused fluctuations in the global financial markets but we believe that the economies of mainland China and Hong Kong will remain healthy. The Group will continue its strategy to sell properties perceived to be of lower growth potential in Australia and New Zealand where the economies have been adversely affected by the increased interest rates compounded by the recent sub-prime mortgage problem. Going forward, the Group will continue to actively look for development and investment opportunities within the Asia Pacific region in order to create better value for our shareholders.

## **6. DEALINGS IN THE COMPANY'S LISTED SECURITIES**

During the six months ended 30<sup>th</sup> June, 2007, 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.

## **7. REVIEW BY AUDIT COMMITTEE**

In the presence of the representatives of DTT, the audit committee met on 17<sup>th</sup> September, 2007 and reviewed with the management the accounting policies adopted by the Group and the unaudited consolidated financial results of the Company for the six months ended 30<sup>th</sup> June, 2007.

## **8. CORPORATE GOVERNANCE**

Throughout the period for the six months ended 30<sup>th</sup> June, 2007, 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 Listing Rules 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.

As mentioned under the section headed "Corporate Governance Practices" in the Corporate Governance Report of the Company's 2006 Annual Report, the Board believes that the underlying rationale for the deviation from code provision A.2.1 still holds.

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 while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates.

The Board will continue to review and recommend such steps as appropriate in the circumstances of such non-compliance.

## **9. PUBLICATION OF INTERIM REPORT**

The 2007 Interim Report of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders and warrant-holders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and the Company at [www.seaholdings.com](http://www.seaholdings.com) on or around 29<sup>th</sup> September, 2007.

By order of the Board  
**Lu Wing Chi**  
*Chairman and Managing Director*

Hong Kong, 19<sup>th</sup> September, 2007

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

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

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

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