



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.



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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

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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



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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.



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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
* Inter-segment sales are charged at prevailing market rates							
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



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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.



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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.



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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.



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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.



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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

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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	<u>1,000,000,000</u>	<u>100,000</u>
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	<u>17,750,000</u>	<u>1,775</u>
At 30th June, 2006	<u>582,671,451</u>	<u>58,267</u>



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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).



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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.