爪哇集團
SEA Group

與時創建
Building with the times

Annual Report 2007 年報

Stock Code 股票代號 : 251

Directory

Directors

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*
Mr. Lu Wing Yuk, Andrew
Mr. David Hsu
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Directors

Mr. Lam Sing Tai
Mr. Tse Man Bun

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

Audit Committee

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Remuneration Committee

Mr. Chung Pui Lam *(Chairman)*
Mr. Lu Wing Chi
Mr. David Hsu
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Authorised Representatives

Mr. David Hsu
Mr. Kwok Siu Man, Seaman

Qualified Accountant

Mr. Chan Ka Wing

Company Secretary

Mr. Kwok Siu Man, Seaman

Solicitors

Stephenson Harwood & Lo
Conyers Dill & Pearman

Independent Auditor

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 Place of Business

26/F., Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
Fax: (852) 2598 6861
E-mail: info@seagroup.com.hk

Branch Registrars in Hong Kong

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2980 1768

Listing

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

Code and Board Lot

Stock: 251/2,000
Warrant: 920/2,000

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.

Website

www.seagroup.com.hk

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Front Cover Photo: The Forest Hills development in Hong Kong

Financial Highlights

Five-Year Financial Summary

RESULTS

	For the year ended 31 December				
	2003	2004	2005	2006	**2007**
	HK$'m	HK$'m	HK$'m	HK$'m	**HK$'m**
Turnover	592.9	474.7	940.2	1,060.2	**2,198.8**
Profit for the year before minority interests	297.8	143.6	1,149.1	926.2	**1,112.9**
Minority interests	(110.6)	(23.1)	(76.8)	(134.9)	**(147.4)**
Profit for the year attributable to the Company's shareholders	187.2	120.5	1,072.3	791.3	**965.5**

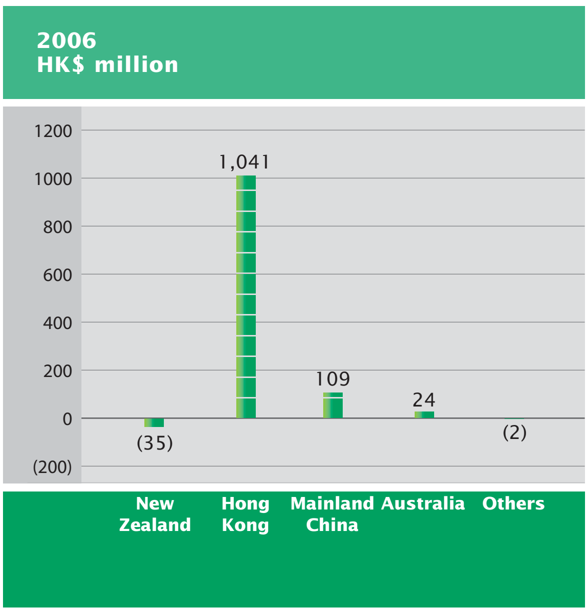
ASSETS AND LIABILITIES

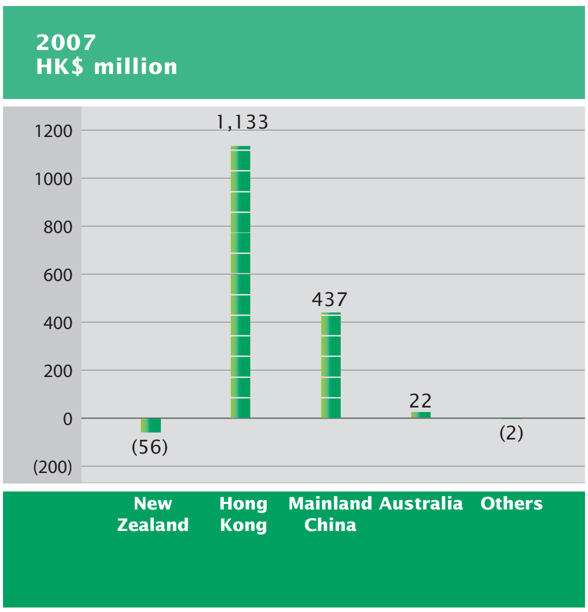
	At 31 December				
	2003 (restated)	2004	2005	2006	**2007**
	HK$'m	HK$'m	HK$'m	HK$'m	**HK$'m**
Total assets	6,881.5	7,747.7	8,701.1	9,898.0	**11,000.1**
Total liabilities	(3,329.8)	(3,854.2)	(3,586.0)	(4,171.8)	**(4,541.9)**
Minority interests	(875.0)	(821.4)	(760.7)	(533.5)	**(272.4)**
Equity attributable to the Company's shareholders	2,676.7	3,072.1	4,354.4	5,192.7	**6,185.8**

PERFORMANCE DATA (PER SHARE)

	2003	2004	2005	2006	**2007**
	HK$	HK$	HK$	HK$	**HK$**
Earnings for profit attributable to the Company's shareholders	0.37	0.24	2.05	1.39	**1.62**
Profit per share excluding changes in fair value of investment properties net of deferred tax	N/A	N/A	0.12	0.40	**0.43**
Dividends declared	0.10	0.10	0.10	0.12	**0.14**
Net asset value attributable to the Company's shareholders	5.24	6.01	7.94	8.91	**10.26**

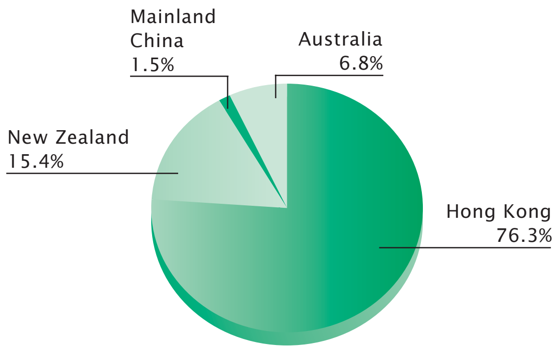
Segment Profit/Loss by Geographical Segments



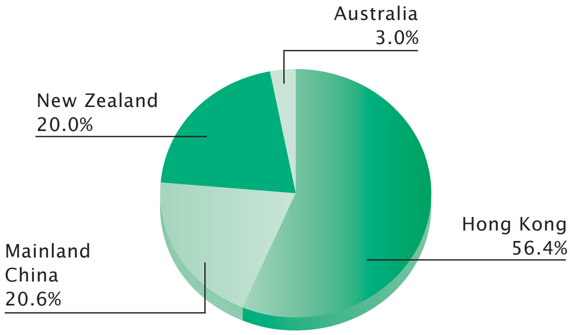


Revenue by Geographical Segments

2006

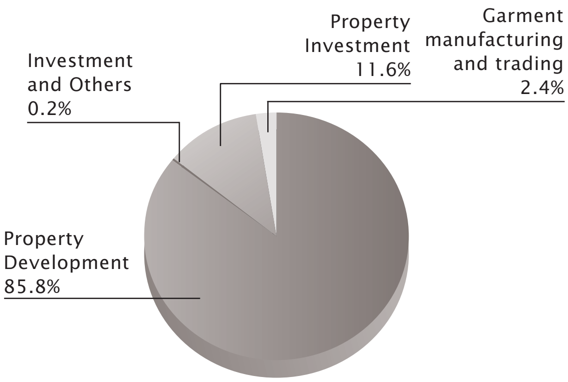


2007

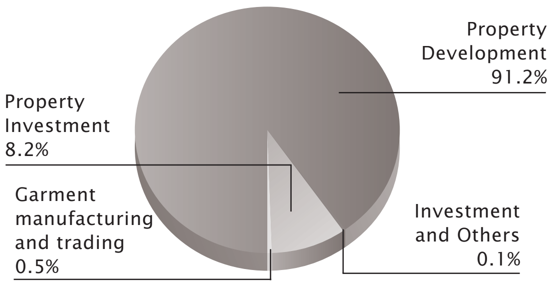


Sales Revenue by Business Segments

2006

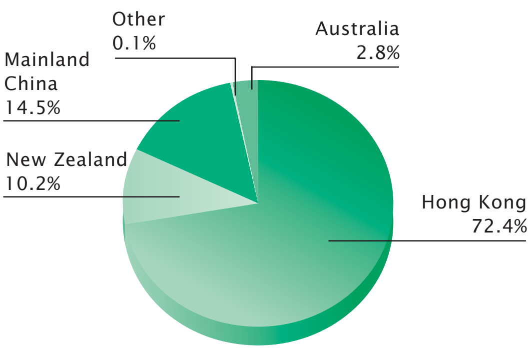


2007

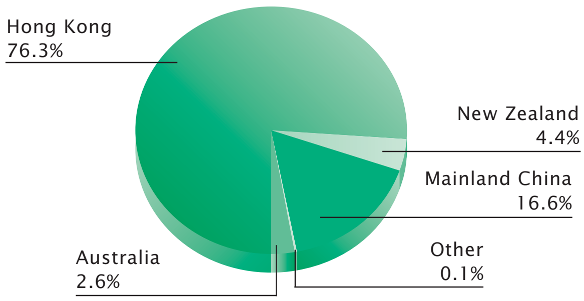


Total Segment Assets by Geographical Segments

2006



2007



Property Portfolio

As at 31 December 2007

Particulars of Investment Properties:

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
Hong Kong					
Dah Sing Financial Centre	108 Gloucester Road, Wanchai	30th June, 2047	Commercial/ Office	37,171 and 164 car-parking spaces	97.2
28/F., 9 Queen's Road Central	28/F., 9 Queen's Road Central, Central	15th November, 2854/ 20th January, 2856	Office	1,279	97.2
Shop No.22, Excelsior Plaza	Shop No. 22, Ground Floor, Excelsior Plaza, Chee On Building, No.24 East Point Road, Causeway Bay	24th June, 2842/ 23rd December, 2864	Retail	39	97.2
Mainland China					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6th October, 2063	Commercial/ Office	91,455	97.2
New Zealand					
Clearwater Clubhouse	Harewood, Christchurch	21st March, 2101	Commercial	644	34.1
Clearwater Unit 4	Harewood, Christchurch	Freehold	Commercial	558	34.1
Clearwater Unit 5	Harewood, Christchurch	Freehold	Commercial	212	34.1

Particulars of Properties Held for Sale:

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
Hong Kong					
Royal Green	18 Ching Hiu Road, Sheung Shui, New Territories	Completed	Residential	5,836 and 24 car-parking spaces*	53.4
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential/ Commercial	4,985	97.2
Mainland China					
Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Residential	3,899	97.2
New Zealand					
Man Street Carpark	12-26 Man Street, Queenstown	Completed	Carpark	530 car-parking spaces and 3,921 square metres development site	55.0
Jacks Point	Jacks Point, Queenstown	Completed	Residential	15,417	100.0
Kaikainui Block	Harewood, Christchurch	Completed	Residential	27,910	34.1

* Including residential units and car-parking spaces in respect of which the sale and purchase agreements had been signed but assignments were not completed

Particulars of Development Properties/Properties under Development:

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)/ Gross Floor Area (square metres)	Group's Interest (%)
Hong Kong						
Crowne Plaza Hong Kong Causeway Bay	4-20 Leighton Road, Causeway Bay	Superstructure work in progress	1st half of 2009	Hotel	996/14,945	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Superstructure work in progress	2nd quarter of 2008	Residential/ Commercial	2,250/18,825	97.2
Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744	1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories	Planning stage	Beyond 2009	Residential/ Commercial	20,092/84,306	97.2
Mainland China						
Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Renovation work in progress	2nd quarter of 2008 1st quarter of 2009	Office Commercial	13,109/66,196 (including car-parking floors)	97.2
New Zealand						
Clearwater Resort	Harewood, Christchurch	Planning	Beyond 2009	Commercial	Site area: 15,851	34.1
Clearwater Resort	Harewood, Christchurch	Planning	Beyond 2009	Residential	Site area: 290,780	34.1
Timperley Block	Harewood, Christchurch	Planning	2009	Residential	Site area: 356,505	55.0
Waterside Business Centre	Favona, Auckland	Planning	2nd quarter of 2009	Commercial	Site area: 62,952	100.0

Chairman's Statement

Superstructure works of Crowne Plaza
Hong Kong Causeway Bay

I am pleased to present the 2007 consolidated results of S E A Holdings Limited (the "Company") to the shareholders.

Financial Summary

Turnover for the year ended 31st December, 2007 amounted to HK$2,198.8 million (2006: HK$1,060.2 million). The turnover was principally attributable to the recognition of the sales of residential units in Royal Green and The Morrison in Hong Kong and the Westmin Plaza Phase II in mainland China, the sales of various properties in both Australia and New Zealand and the rental contribution from Dah Sing Financial Centre in Hong Kong.

Profit attributable to the Company's shareholders for the year amounted to HK$965.5 million (2006: HK$791.3 million). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the effect of such surplus, the Group would report a profit attributable to the Company's shareholders of HK$258.8 million (2006: HK$226.1 million).

As at 31st December, 2007, the Group's equity attributable to the Company's shareholders amounted to HK$6,185.8 million, an increase of HK$993.1 million over the comparable figure as at 31st December, 2006 of HK$5,192.7 million. The net asset value per share attributable to the Company's shareholders as at 31st December, 2007 was HK$10.26 (2006: HK$8.91) and taking into consideration the potential dilutive effect of outstanding warrants and share options, the net asset value per share attributable to the Company's shareholders would become HK$9.37.

Dividend

The Board has resolved to recommend for shareholders' approval at the forthcoming 2008 annual general meeting the payment of a final dividend of HK9 cents per share for the year ended 31st December, 2007 (2006: HK7 cents) on 5th June, 2008 to the shareholders of the Company whose names appear on the Register of Members at the close of business on 30th May, 2008. Together with the interim dividend of HK5 cents per share already paid (2006: HK5 cents), the total dividend for the year will be HK14 cents per share (2006: HK12 cents). As at 18th April, 2008, total final dividends payable are HK$58.9 million which will be increased by a maximum of HK$0.5 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 commencing on 23rd May, 2008.

Business Review

During the year, the Group has continued its development and investment activities in the Asia Pacific Region. In Hong Kong, most of the residential units of both The Morrison and the Royal Green projects have been sold. Pre-sales of The Forest Hills development were launched in September 2007 with satisfactory responses from the buyers. The Group's rental income from Dah Sing Financial Centre benefited from the increased demand resulting in higher occupancy and rental rates. In mainland China, the residential units of the Westmin Plaza Phase II project were delivered to the purchasers in December 2007 and the leasing activities for the office space in Plaza Central and commercial space in Westmin Plaza Phase II continued. In Australia and New Zealand, the Group successfully privatized a subsidiary listed on New Zealand Exchange Limited and continued the strategy to sell properties in that region.

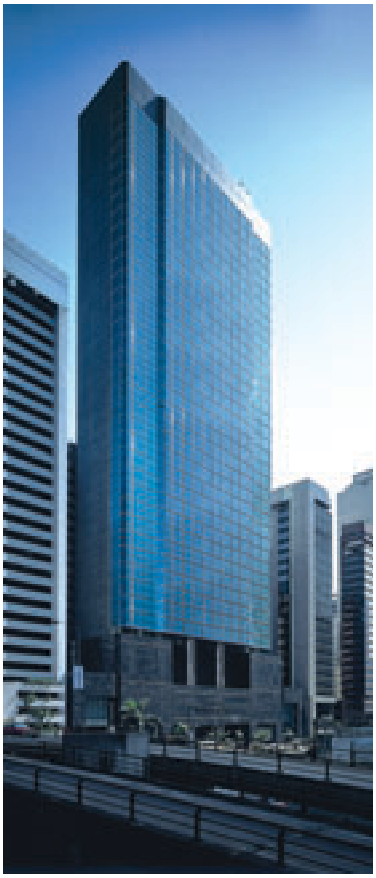
Property Investment and Development

The Company through its existing 97.2%-owned subsidiary Asian Growth Properties Limited ("AGP"), whose shares are listed on the AIM market of London Stock Exchange plc., holds the following property development and investment projects in Hong Kong and mainland China:

Hong Kong

1. *Dah Sing Financial Centre, Gloucester Road, Wanchai*

   Demand for office space in Dah Sing Financial Centre was strong during the year. Gross rental income generated for the year was HK$110.7 million compared with HK$78.6 million for 2006. During the year, occupancy rate increased from 88.1% to 90.7% at 31st December, 2007 with the average monthly rent increasing from HK$21.2 per square foot to HK$32.5 per square foot.



Dah Sing Financial Centre

2. Royal Green, Sheung Shui

The Group has a 53.4% interest in this private residential development comprising 922 residential units with ancillary recreational and car-parking facilities. Turnover for the year, representing completion of the sales of 323 residential units and 91 car-parking spaces, was HK$900.2 million which contributed a net profit of HK$303.6 million. During the year, a total of 325 residential units and 84 car-parking spaces were sold. The marketing campaign for the remaining 8 residential units and 20 car-parking spaces is continuing. Subsequent to 31st December, 2007, 6 further residential units have been sold.

Royal Green

3. The Morrison, Wanchai

The property is a 30-storey residential and commercial composite building comprising 104 residential units above a club-house floor and a 3-storey commercial podium. The development was completed in the fourth quarter of 2007. Turnover for the year, representing completion of the sales of 49 residential units, was HK$212.6 million generating a net profit of HK$33.2 million after taking into account the expenses directly related to the project.

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

The Morrison

The Forest Hills

4. *The Forest Hills, Diamond Hill*

The property is being developed into a 48-storey residential and commercial composite building comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. The relevant occupation permit has recently been obtained.

Pre-sale of the residential units in The Forest Hills was launched in September 2007. As at 31st December, 2007, nearly half of the units were sold and marketing for the remaining unsold residential units and retail podium is continuing.

5. *Leighton Road, Causeway Bay*

The project now known as "Crowne Plaza Hong Kong Causeway Bay" is being developed into a 29-storey hotel comprising 260 guest rooms with ancillary facilities. The Group has signed a hotel management agreement with a leading international hospitality company to manage the operation of this 5-star business hotel. Superstructure construction works are in progress and the whole project is scheduled to be completed in the first half of 2009.

6. *Fo Tan, Sha Tin*

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

7. *28/F., 9 Queen's Road Central, Central*

The property is the entire floor of a 35-storey Grade A commercial building in Central which is currently let to a tenant for a term of three years until May 2009.

8. *Excelsior Plaza Shop, Causeway Bay*

The shop is let to a retail tenant for a term of two years until June this year. Leasing activities for the shop at a higher rent after expiry of the current lease are in progress.

Mainland China

9. Westmin Plaza Phase II, Guangzhou

The Westmin Plaza Phase II project comprises four residential blocks and one office block erected on a six-storey commercial/car-parking podium. A majority of the residential units pre-sold in 2006 were delivered to the buyers in December 2007. Turnover for the year, representing completion of the sale of 595 residential units, was HK$412.3 million generating a net profit of HK$124.9 million after taking into account the expenses directly related to the project.

Westmin Plaza Phase II

Leasing campaign for the 14-storey office tower with a total gross floor area of about 16,092 square metres is in progress and a lease with an international insurance group for 6,195 square metres gross floor area of the office space together with a naming right has been signed recently for a term of six years. In addition, leasing campaign for the 3-storey shopping arcade with a total gross floor area of about 27,104 square metres is in progress. Stable recurrent rental income from this property is expected.

Plaza Central

10. Plaza Central, Chengdu

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

Australia and New Zealand

Clearwater Clubhouse

During the year, the Group sold further properties in Australia and New Zealand. However, the property markets in Australia and New Zealand have been severely affected by the credit crunch caused by the sub-prime mortgage crisis. Accordingly, the Group finds it prudent to make a provision for diminution in value of HK$75.6 million for certain property projects in New Zealand. Turnover generated from the property investment and development projects in Australia and New Zealand for the year ended 31st December, 2007 was HK$504.7 million (2006: HK$236.0 million) which incurred a net loss of HK$52.9 million after taking into account the above provision (2006: net profit of HK$88.0 million).

The value of the property portfolio in Australia and New Zealand was HK$588.5 million as at 31st December, 2007 as compared with HK$914.3 million as at 31st December, 2006.

Garment Operation

In August 2007, the Group disposed of its 60% shareholding in UniMilo's Knitwear Company Limited, which was engaged in garment manufacturing and trading business and had been considered as a non-core business of the Group, to the minority shareholder at a consideration of HK$2.8 million and recorded a loss of HK$1.1 million from the disposal. Turnover generated from the garment business from 1st January, 2007 up to the date of disposal was HK$10.7 million as compared with the turnover for the year ended 31st December, 2006 of HK$25.4 million. The operation incurred a loss of HK$1.1 million for the period as compared with a loss of HK$0.8 million for 2006.

Corporate Changes in TTP

As the shares of Trans Tasman Properties Limited ("TTP") continued to be traded below their net asset value, the Group further acquired shares in TTP from the market. In March 2007, the Group made another unconditional offer at NZ$0.60 per share to acquire all of the remaining issued shares held by the minority shareholders, being approximately 19.5% of the issued share capital, in TTP. Following the completion of the repurchase of TTP shares, 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.

Corporate Changes in AGP

The Group acquired approximately 5.3 million shares in AGP, representing 0.6% of its issued share capital from the market during the year. The share purchase had resulted in a discount on acquisition of HK$10.1 million, which was recognized in the consolidated income statement.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31st December, 2007, the Group's cash balance was HK$1,186.3 million (2006: HK$570.4 million) and unutilized facilities were HK$1,756.7 million (2006: HK$1,416.8 million).

Gearing ratio as at 31st December, 2007, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 12.9% (2006: 17.5%).

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

	31st December, 2007 HK$' million	31st December, 2006 HK$' million
Due		
Within 1 year	**1,991.5**	1,538.7
1-2 years	**64.4**	148.5
3-5 years	**733.1**	789.9
Over 5 years	**67.2**	81.3
	2,856.2	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 31st December, 2007 amounted to HK$2,400.8 million (2006: HK$2,056.1 million), which were secured by properties valued at HK$7,689.0 million (2006: HK$6,060.0 million) and fixed deposits of HK$370.3 million (2006: HK$153.5 million).

Certain subsidiaries of the Company operating in New Zealand and Australia have pledged their properties with an aggregate carrying value of HK$533.9 million (2006: HK$489.6 million) to secure bank loans of HK$405.3 million (2006: HK$442.6 million).

In Indonesia, the total bank loans drawn by certain subsidiaries as at 31st December, 2007 amounted to HK$50.1 million (2006: HK$59.7 million), which were secured by fixed deposits of HK$50.0 million (2006: HK$47.2 million).

Treasury Policies

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

Staff and Emolument Policy

The Group had 137 employees at 31st December, 2007 (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 employees. The Company has adopted an employee share option scheme with options granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis.

Outlook

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

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

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

In Australia and New Zealand, it is still the strategy of the Group to sell further properties but the intended disposal might be affected by the severe downturn of the markets in that region.

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

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

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 18th April, 2008

Directors' Biographical Information


Lu Wing Chi


Lu Wing Yuk, Andrew


David Hsu

Executive Directors

Mr. Lu Wing Chi, aged 61, joined the Group in 1969 and is the Chairman and Managing Director of the Company and a member of both the Executive Committee and Remuneration Committee of the Company. Mr. Lu is also an executive director of Asian Growth Properties Limited, the Company's subsidiary listed in London, and holds directorship in a number of the subsidiaries of the Company. He has over 40 years of experience in property development and investment in Hong Kong and overseas as well as godown and factory operations. To date, Mr. Lu continues to steer and chart the Group's development direction and strategies. He is the son of Mr. Lu Chu Mang, the founder of the Group, and the father of Mr. Lincoln Lu and Mr. Lambert Lu.

Mr. Lu Wing Yuk, Andrew, aged 61, joined the Group and has acted as an Executive Director of the Company since 1992. He is a member of the Executive Committee of the Company. Mr. Lu is also the Managing Director of Kian Nan Trading Company Limited. He has over 35 years of experience in the textile industry and international trading.

Mr. David Hsu, aged 55, joined the Group in June 2007 and was appointed an Executive Director of the Company in July 2007. He is a member of both the Executive Committee and Remuneration Committee of the Company. Mr. Hsu has over 30 years of experience in the commercial field, specializing in corporate finance. Currently in charge of the management functions of the Group, he is responsible for the Group's corporate development. He also holds a number of directorships in the Company's Hong Kong and overseas subsidiaries. Mr. Hsu obtained a Master's Degree in Business Administration from the Michigan State University in the United States of America.

Lincoln Lu

Lambert Lu

Lam Sing Tai

Tse Man Bun

Mr. Lincoln Lu, aged 33, is a member of Sichuan Committee of Chinese People's Political Consultative Conference. Mr. Lu joined the Group in 1998 and was appointed an Executive Director of the Company in 2003. He is presently a member of the Executive Committee of the Company and is primarily responsible for the Group's project management operations. He holds a Bachelor of Arts degree from the University of British Columbia in Canada. Mr. Lu is a son of Mr. Lu Wing Chi and the elder brother of Mr. Lambert Lu.

Mr. Lambert Lu, aged 31, joined the Group in 1999 and was appointed an Executive Director of the Company in 2003. Mr. Lu is in charge of financial activities as well as corporate finance and investment of the Group. He is a member of the Executive Committee of the Company and also holds a number of directorships in the Company's Hong Kong and overseas subsidiaries. Mr. Lu gained his Bachelor's degree in Statistics and Economics from the University of British Columbia in Canada. He is a son of Mr. Lu Wing Chi and the brother of Mr. Lincoln Lu.

Non-executive Directors

Mr. Lam Sing Tai, aged 61, joined the Group in 1973 and was appointed a Non-executive Director of the Company in April 2006. Mr. Lam has over 30 years of solid experience in property development and investment. He is currently a Director and the General Manager of South-East Asia Investment And Agency Company, Limited, a wholly-owned subsidiary of the Company and is primarily responsible for the sales and marketing matters of the Group's properties in Hong Kong and mainland China.

Mr. Tse Man Bun, aged 65, joined the Group as Executive Director of the Company in 2004 and has been redesignated as a Non-executive Director of the Company since September 2007. Mr. Tse has over 40 years of experience in the banking and finance industry. He is presently an independent non-executive director of HSBC Insurance (Asia) Limited, HSBC Life (International) Limited, Crystal International Limited, China Fishery Group Limited, a company listed in Singapore and Tysan Holdings Limited, a company listed in Hong Kong.

Directors' Biographical Information

Walujo Santoso, Wally

Leung Hok Lim

Chung Pui Lam

Independent Non-executive Directors

Mr. Walujo Santoso, Wally, aged 54, has acted as Independent Non-executive Director of the Company since 1994 and is a member of both the Audit Committee and Remuneration Committee of the Company. He is also the Managing Director of Grand Ocean (International) Limited. Mr. Santoso holds a Diploma in Accounting and has over 30 years of experience in international trading and manufacturing.

Mr. Leung Hok Lim, *FCPA(Aust.), CPA(Macau), FCPA(Practising)*, aged 72, has acted as Independent Non-executive Director of the Company since 1999 and is the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. He is the founder and senior partner of PKF, Accountants and Business Advisers. Mr. Leung obtained his fellowship with the Hong Kong Institute of Certified Public Accountants in 1973. He is a non-executive director of Beijing Hong Kong Exchange of Personnel Centre Limited and a number of listed companies in Hong Kong.

Mr. Chung Pui Lam, *SBS, OBE, JP*, aged 67, has acted as Independent Non-executive Director of the Company since 2004 and is a practising solicitor in Hong Kong. He is presently the chairman of the Remuneration Committee and a member of the Audit Committee of the Company. Mr. Chung is serving as members on several advisory committees of the Government of the Hong Kong Special Administrative Region. He is also a non-executive director of Chow Sang Sang Holdings International Limited and an independent non-executive director of Datronix Holdings Limited, both being listed companies in Hong Kong.

Corporate Governance Report

The Company recognizes the importance of good corporate governance to the Company's development and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Company's needs. The Board, having regard to the size and nature of businesses of the Group, periodically reviews the Company's corporate governance practices to meet the rising expectations of shareholders and comply with increasingly stringent regulatory requirements.

Corporate Governance Practices

Throughout the year ended 31st December, 2007, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices of the Code on Corporate Governance Practices (the "CGP Code") 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 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 proposals as appropriate in the circumstances of such non-compliance.

Board of Directors

Composition

As at 31st December, 2007 and the date of this report, the Board comprises the following ten members:

Executive Directors

Mr. Lu Wing Chi *(Chairman and Managing Director)*	
Mr. Lu Wing Yuk, Andrew	
Mr. David Hsu	(appointed on 9th July, 2007)
Mr. Lincoln Lu	
Mr. Lambert Lu	

Non-executive Directors

Mr. Lam Sing Tai	
Mr. Tse Man Bun	(re-designated from Executive Director on 1st September, 2007)

Independent Non-executive Directors ("INEDs")

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

The brief biographical particulars of the existing directors are set out in the "Directors' Biographical Information" on pages 14 to 16.

Role and Function

The directors are accountable to the shareholders for the activities and performance of the Group. The Board has reserved for its decision and consideration the following matters:

i) adoption and overall oversight of objectives and strategic plans;

ii) amendment to memorandum of association and bye-laws as well as alteration of share capital;

iii) approval of interim dividends and recommendation of final dividends for shareholders' approval;

iv) establishment of board committees and delegation of powers of the Board to same;

v) appointment of board members;

vi) approval of significant accounting policies and practices;

vii) oversight of corporate governance and internal controls; and

viii) other significant matters.

Matters other than the above mentioned have been delegated by the Board to the management and the major ones are execution of business strategies and initiatives adopted by the Board, preparation of annual and interim financial statements for the Board's approval before public reporting, implementation of adequate systems of internal control and risk management procedures, and compliance with relevant requirements, rules and regulations.

Meetings

The Board conducts meetings on a regular basis and on an ad hoc basis that are required for significant and important issues. The Board held four regular Board meetings during the year to approve the 2006 final results and 2007 interim results respectively and consider financial and operating performances and change of directors of the Group. The Company Secretary attended all regular Board meetings to advise on corporate governance and statutory compliance when necessary and the Group Financial Controller also attended the Board meetings to advise on accounting, financial and internal control matters. All businesses transacted at the Board meetings are well-documented and the records are maintained properly. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments.

Relationship

Of the directors, Mr. Lu Wing Chi is the father of Messrs. Lincoln Lu and Lambert Lu and a cousin of Mr. Lu Wing Yuk, Andrew who is an uncle of Messrs. Lincoln Lu and Lambert Lu. Other than these, there is no financial, business, family and other material relationship among other members of the Board.

Notwithstanding the above relationships, there has been an effective and balanced board collectively responsible for the Company's affairs. Currently, half of the Board members are executive directors and the other half are non-executive directors (including INEDs). The Board members have been free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

Enhancement and Insurance

To further enhance the directors' consciousness of the importance of directors' duty under common law and comply with the requirement of the Companies Ordinance (Chapter 32, Laws of Hong Kong), a "Non-statutory Guidelines on Directors' Duties" in which the general principles a director should follow in the performance of his functions and exercise of his powers has been distributed in early 2008 to each of the Group's directors of companies incorporated or registered under the said Ordinance.

The Company also encourages its directors to participate in relevant professional development courses to continually update their relevant skills. The Company has arranged for appropriate liability insurance for the directors for indemnifying their liabilities arising out of corporate activities.

Non-Executive Directors

The non-executive directors (including the INEDs) of the Company are subject to retirement by rotation at least once every three years. They have brought independent judgement and provided the Group with invaluable guidance and advice on the Group's development.

INEDs

Throughout the year ended 31st December, 2007, the Board met the requirements of the Listing Rules relating to the appointment of at least three INEDs with at least an independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The three INEDs come from diverse business and professional background in the fields of accounting and laws, rendering valuable expertise and experience to promote the best interests of the Group and its shareholders as a whole and ensuring that issues are considered in an independent and a more objective manner.

The Company has received annually from each of the INEDs a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers that all of the INEDs have been independent since their appointment.

Board Committees

The Board has established several Board Committees, namely Audit Committee, Remuneration Committee and Executive Committee to oversee particular aspects of the Company's affairs and assist in the execution of the Board's responsibilities.

Audit Committee

Composition

The Audit Committee was established in 1999 and its terms of reference were revised during 2005 in accordance with the code provisions of the CGP Code. The Audit Committee currently comprises three members and all of them are INEDs, namely:

Mr. Leung Hok Lim *(Chairman)*
Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam

Role and Function

The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting and the effectiveness of the audit process in accordance with applicable standards as well as to maintain an appropriate relationship with the external independent auditor of the Company.

During the year ended 31st December, 2007, the Audit Committee met three times with the representatives of the management and the independent auditors of the Company to discuss the auditing, financial reporting and internal control matters. During the meetings, the Audit Committee in particular reviewed and discussed about:

i) the accounting principles and policies adopted by the Group;

ii) the annual results and the audited financial statements for the year ended 31st December, 2006;

iii) the interim results and the financial statements for the six months ended 30th June, 2007;

iv) the letters of management representations issued to the independent auditor in connection with the audit or review of the Group's relevant financial statements; and

v) the internal control system.

It also recommended to the Board for approval the re-appointment, and reviewed the fees, of the independent auditor.

On 15th April, 2008, the Audit Committee reviewed with representatives of the management and the independent auditor of the Company the results and consolidated financial statements of the Company for the year ended 31st December, 2007.

Remuneration Committee

Composition

The Company formulated written terms of reference for the Remuneration Committee in accordance with the code provisions of the CGP Code. The Remuneration Committee presently comprises the Chairman of the Company, another executive director and three INEDs. Members of the Remuneration Committee who served the Committee during the year under review and up to the date of this report are named below:

Mr. Chung Pui Lam *(Chairman)*	
Mr. Lu Wing Chi	
Mr. David Hsu	(appointed on 1st September, 2007)
Mr. Walujo Santoso, Wally	
Mr. Leung Hok Lim	
Mr. Tse Man Bun	(resigned on 1st September, 2007)

Role and Function

The Remuneration Committee is responsible for, amongst other matters, establishing a formal and transparent procedure for developing remuneration policies and overseeing the remuneration packages for the executive and non-executive directors and ensuring that no director will be involved in deciding his own remuneration. In determining the directors' emoluments, the Remuneration Committee takes into consideration factors such as the Company's profitability, emoluments paid by comparable companies, qualifications, experience, time commitment, responsibilities and performance of directors and employment conditions elsewhere in the Group. The Remuneration Committee notes that the Company is operating employee share option schemes as an incentive to directors of the Company and/or eligible employees of the Group on a discretionary basis by the Board, significant particulars of which are set out on pages 32 to 34.

At the 2005 annual general meeting, the shareholders of the Company approved the authorisation of the directors to fix the directors' fees if the aggregate amount did not exceed HK$1.0 million per annum. During the year, the Remuneration Committee met twice and assessed the performance of the executive directors and reviewed and/or approved the remuneration of the executive and non-executive directors.

In February 2008, the Remuneration Committee held a meeting to discuss the executive directors' salary increment with retrospective effect from 1st January, 2008 and the performance bonus for the year ended 31st December, 2007 and recommend to the Board for approval the remuneration of the non-executive directors for the current year.

Executive Committee

Composition

The Executive Committee was set up in 1990 and is currently comprised of the Chairman of the Company and all other executive directors. The Executive Committee members are as follows:

Mr. Lu Wing Chi *(Chairman and Managing Director)*	
Mr. Lu Wing Yuk, Andrew	
Mr. David Hsu	(appointed on 9th July, 2007)
Mr. Lincoln Lu	
Mr. Lambert Lu	
Mr. Tse Man Bun	(ceased on 1st September, 2007)

Role and Function

The Executive Committee is primarily responsible for supervising and undertaking the day-to-day operations of the Group. It exercises leadership and develops and keeps under review business development initiatives of the Group and monitors their implementation. The Executive Committee meets as and when necessary.

Attendance Record at Meetings

The attendance record of each director at Board meetings, Audit Committee meetings and Remuneration Committee meetings during the year are set out in the following table:

	Number of meetings attended/ Number of meetings held		
Directors	**Board**	**Audit Committee**	**Remuneration Committee**
Executive Directors			
Mr. Lu Wing Chi *(Chairman and Managing Director)*	4/4	—	2/2
Mr. Lu Wing Yuk, Andrew	4/4	—	—
Mr. David Hsu *	3/3	—	—
Mr. Lincoln Lu	3/4	—	—
Mr. Lambert Lu	4/4	—	—
Non-executive Directors			
Mr. Lam Sing Tai	3/4	—	—
Mr. Tse Man Bun **	4/4	—	2/2
INEDS			
Mr. Walujo Santoso, Wally	3/4	1/3	2/2
Mr. Leung Hok Lim	4/4	3/3	2/2
Mr. Chung Pui Lam	4/4	3/3	2/2

* Mr. Hsu was appointed an executive director and a member of the executive committee on 9th July, 2007 and a member of the remuneration committee on 1st September, 2007.

** Mr. Tse resigned as an executive director and was re-designated to a non-executive director on 1st September, 2007. He ceased to be a member of the executive committee and resigned as a member of the remuneration committee both on 1st September, 2007.

Therefore, the attendance of meetings by Mr. Hsu and Mr. Tse was counted based on the number of meetings held after Mr. Hsu's appointment or before Mr. Tse's resignation respectively.

Nomination, Retirement and Re-election of Directors

The Company has a formal and transparent procedure for the appointment of new directors and re-appointment of retiring directors. The Board assuming the role of the nomination committee reviews the structure, size and composition of the Board. An individual may be appointed as director based on the recommendation of a director or the management. Potential candidates should have the required skills, knowledge and expertise to add value to the Board and be of integrity and able to commit the necessary time to their position. A candidate for an independent non-executive director must also meet the independence criteria set out in the relevant rule of the Listing Rules. All directors' appointments shall be approved by the Board and/or the shareholders in general meetings.

In accordance with the Company's Bye-laws, every director shall retire from office no later than the third annual general meeting after he was last elected or re-elected. Further, any director appointed by the Board as an additional board member or to fill a casual vacancy shall hold office only until the next general meeting of the Company and shall then be eligible for re-election. Those directors subject to retirement and re-election at the forthcoming annual general meeting ("AGM") are set out in the Report of the Directors.

Directors' Securities Transactions

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 year ended 31st December, 2007.

Directors' interests in shares and underlying shares in the Company are contained in the Report of Directors on pages 30 and 31.

Directors' Responsibility for Preparing Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group which give a true and fair view of the state of the Group's affairs and of its results. In doing so, the directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the Accounts and Finance Department which is under the supervision of the Qualified Accountant of the Company, the directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards. The directors also ensure timely publication of the financial statements of the Group as required by the Listing Rules.

Auditor's Reporting Responsibility

The statement of Messrs. Deloitte Touche Tohmatsu ("DTT"), the independent auditor of the Company, about their reporting responsibility on the financial statements of the Group is set out in the "Independent Auditor's Report" on page 37.

Going Concern

The directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Internal Control

The Board has overall responsibility for the Group's system of internal control and the assessment and management of risks. The Group has implemented an effective internal control system which includes a defined management structure with clear lines of responsibility and limits of authority, proper procedures for income and expenditure, monthly review by the executive directors of operational and financial reports provided by the management, regular business meetings between the executive directors and the core management team and periodic review of the Group's financial results by the Board.

The Board and the Audit Committee continue to review the effectiveness and adequacy of the Group's system of internal control which includes financial, operational and compliance mechanisms in order to identify, evaluate and manage risks and take appropriate measures to mitigate those risks that could adversely impact the Group's business activities. The review process consists of assessment and implementation of control issues identified by external independent auditor during statutory audit.

Independent Auditor's Remuneration

At the annual general meeting of the Company held on 23rd May, 2007, DTT were re-appointed by the shareholders as independent auditor of the Company at a fee to be agreed by the Board. The Audit Committee has reviewed the terms of the engagement letter of DTT and agreed with DTT the fees for auditing the Group's financial statements for the year ended 31st December, 2007, which amounted to approximately HK$4.3 million. In addition, fees payable to DTT for non-audit services, being the review of the results announcements of the Company for the year under review, amount to HK$20,000.

Communication with Shareholders

The Company has established a number of channels to communicate with shareholders as follows:

i) printed copies of corporate communication such as annual reports, interim reports and circulars are issued;

ii) periodic announcements are made through the Stock Exchange and/or published in newspapers;

iii) corporate information is made available on the Company's website at www.seagroup.com.hk;

iv) AGMs and special general meetings provide a forum for shareholders to make comments and exchange views with the directors and senior management; and

v) the Company's share registrars serve the shareholders in respect of share registration and related matters.

To enhance corporate communication, separate resolutions have been proposed at general meetings on each substantially separate issue including the election of individual directors. Particulars of the voting procedures and rights of shareholders to demand a poll have been included in the circular to shareholders.

At the Company's last AGM held on 23rd May, 2007, all the resolutions relating to ordinary businesses and special businesses proposed thereat were passed. The forthcoming AGM will be held in Hong Kong on 30th May, 2008 and for details, shareholders may refer to the circular containing the Notice of such AGM which accompanies this Annual Report.

Investor Relations

The Company continues to promote investor relations and enhance communication with the investors. It welcomes suggestions from investors, stakeholders and the public who can contact the Company by phone on (852) 2828 6363, by fax at (852) 2598 6861 or by e-mail at info@seagroup.com.hk.

Looking Forward

The above corporate governance practices will be monitored, reviewed, amended and revoked from time to time as considered necessary by the Board and its committees. The Company will take appropriate actions to ensure compliance with the required practices and standards including the provisions of the CGP Code at all times.

Shareholders' Information

Taxation of Holders of Shares and Warrants

(a) Hong Kong

The purchase, sale and transfer of shares and warrants registered in the Company's Hong Kong branch register of members and register of warrant-holders respectively will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller (or transferee and transferor) is 0.1% of the consideration or, if higher, of the fair value of the shares or warrants being sold or transferred (rounded up to the nearest HK$'000).

Profits from dealings in the shares or warrants arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Bermuda

Under present Bermuda law, transfers and other dispositions of shares and warrants of the Company are exempt from Bermuda stamp duty.

(c) Consultation with professional advisers

Intending holders of shares and warrants are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of purchasing, holding, disposing of or dealing in shares or warrants or exercising any rights attaching to them. It is emphasised that none of the Company or the Directors will accept responsibility for any tax effect on, or liabilities of, holders of shares or warrants of the Company resulting from their purchase, holding, disposal of or dealing in shares or warrants or exercising any rights attaching to them.

Key Dates

Shareholders and investors are advised to note the following key dates of the Company and take appropriate action:

	Year 2008
2007 Annual results announcement	18th April
Closure of register of members	23rd to 30th May
Annual general meeting ("AGM")	30th May
Record date for entitlement to attending and voting at the AGM and proposed 2007 final dividend	30th May
Payment of 2007 final dividend	5th June
2008 Interim results announcement	on or before 30th September

Directors' Report

The directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31st December, 2007.

Principal Activities

During the year, the Company acted as an investment holding company and the activities of its principal subsidiaries were investment holding, property and asset management as well as property investment and development in Hong Kong, the mainland China, Australia and New Zealand.

The garment manufacturing and trading business carried on by a subsidiary of the Company discontinued following the Group's sale of its equity interest in that subsidiary to the minority shareholder in early August 2007. Significant particulars of the sale are contained in the section headed "Connected Transaction" below.

Other particulars of the principal subsidiaries of the Company as at 31st December, 2007 are set out in note 52 to the consolidated financial statements.

Segmental Analysis of Operations

An analysis of the Group's performance for the year by geographical and business segments is set out in note 8 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December, 2007 are set out in the consolidated income statement on page 38.

The state of affairs of the Group as at 31st December, 2007 is set out in the consolidated balance sheet on pages 39 and 40.

An interim dividend of HK5 cents per share (2006: HK5 cents) amounting to HK$30.1 million (2006: HK$29.2 million) was paid to the shareholders during the year. The board of directors has resolved to recommend for shareholders' approval at the forthcoming 2008 annual general meeting the payment of a final dividend of HK9 cents per share for the year under review (2006: HK7 cents) to the shareholders whose names appear on the register of members at the close of business on 30th May, 2008, amounting to about HK$58.9 million (2006: HK$41.6 million).

Share Capital and Warrants

Details of the movements in the share capital and outstanding warrants of the Company during the year are set out in notes 41 and 42 to the consolidated financial statements respectively.

The net proceeds from the issue of shares as a result of the conversion of the warrants are used for the general working capital requirements of the Group.

Distributable Reserves

The Company's reserves available for distribution to shareholders as at 31st December, 2007 were as follows:

	2007 HK$'000	2006 HK$'000
Contributed surplus	**190,081**	190,081
Retained profits	**1,454,088**	1,522,231
	1,644,169	1,712,312

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

(a) it is or would be unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate amount of its liabilities and its issued share capital and share premium accounts.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's Bye-laws, and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Investment Properties

All the investment properties of the Group were revalued at 31st December, 2007. The net increase in fair value of investment properties amounting to HK$834.7 million has been credited directly to the consolidated income statement (2006: HK$708.9 million).

Details of the movements during the year in the investment properties of the Group are set out in note 21 to the consolidated financial statements.

Property, Plant and Equipment

Details of the movements during the year in the property, plant and equipment of the Group are set out in note 22 to the consolidated financial statements.

Properties

Details of the properties of the Group held for investment and sale purposes and under development at 31st December, 2007 are set out in the Property Portfolio on pages 4 and 5.

Directors' Report

Directors

The directors of the Company who served during the year and up to the date of this report were:

Executive directors

Mr. Lu Wing Chi
(Chairman and Managing Director)
Mr. Lu Wing Yuk, Andrew
Mr. David Hsu (appointed on 9th July, 2007)
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive directors

Mr. Lam Sing Tai
Mr. Tse Man Bun (re-designated from Executive Director on 1st September, 2007)

Independent non-executive directors

Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim
Mr. Chung Pui Lam

In accordance with Bye-laws 88(A), 88(B) and 89 of the Company's Bye-laws, Messrs. Lu Wing Chi, Lu Wing Yuk, Andrew and Tse Man Bun will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming 2008 annual general meeting.

In accordance with Bye-law 95 of the Company's Bye-laws, Mr. David Hsu will retire as he was appointed by the Board as an executive director after the 2007 annual general meeting of the Company. Being eligible, he offers himself for re-election at the forthcoming 2008 annual general meeting ("AGM").

All other remaining directors shall continue in office.

Brief biographical particulars of the directors are set out on pages 14 to 16. Further particulars of the directors to be re-elected at the 2008 AGM are set out in the circular to the shareholders sent together with this Annual Report.

Directors' Service Contracts

None of the directors of the Company proposed for re-election at the forthcoming 2008 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts of Significance

No contracts of significance (in relation to the Group's business) to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party and in which a director or a controlling shareholder of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements for Directors to Acquire Shares and Debentures

Other than the share options as described in greater detail in the section headed "Share Options" below and note 48 to the consolidated financial statements, at no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Business

Pursuant to Rule 8.10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the following directors are considered to have interests in business which compete, or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where such directors have been appointed to represent the interests of the Company and/or other members of the Group:

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

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

(iii) Messrs. Lincoln Lu and Lambert Lu are the sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses in which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also have shareholdings (for themselves and on behalf of their associates) and hold directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

(iv) Mr. Tse Man Bun is also an independent non-executive director of the listed Tysan Holdings Limited whose principal businesses include building construction, and property development, investment and management. In this regard, he is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group. In addition, Mr. Tse and his associates also invest from time to time in real estate investment. Nevertheless, the scale and nature of such investments do not fit the investment profile of the Group. Hence, Mr. Tse is not considered by the Group to have interests in businesses which compete or are likely to compete with the businesses of the Group as a result of such investments.

However, the board of directors of the Company comprises ten members and as a whole is independent of the above individuals and the boards of directors of the above companies in which the relevant directors have personal interests. Further, all the directors are fully aware of, and have been discharging, their fiduciary duty to the Company. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the said competing businesses.

Management Contracts

No contracts of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its holding companies or subsidiaries were entered into or subsisted during the year.

Directors' and Chief Executives' Interests in Securities

At 31st December, 2007, the interests and short positions of the directors and the chief executive of the Company and their respective associates (as defined in the Listing Rules) 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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

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

	Number of shares of HK$0.1 each		Number of underlying shares (warrants)		(share options)		
Name of directors	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Total	Approximate % of shares in issue
Lu Wing Yuk, Andrew	–	–	–	–	3,000,000	3,000,000∆	0.50
Lincoln Lu	1,772,717	313,423,749	–	51,325,190	–	366,521,656*	60.80
Lambert Lu	1,200,000	313,423,749	572,717	51,325,190	–	366,521,656*	60.80
Lam Sing Tai	90,000	–	11,478#	–	–	101,478	0.02
Tse Man Bun	100,000	–	–	–	–	100,000	0.02

Notes: ∆ The options were granted on 4th December, 2000, the exercise price is HK$1.44 per share and the exercisable period is from 4th December, 2000 to 3rd December, 2010.

* (1) Of these shares and warrants of the Company, 313,423,749 shares and warrants carrying 51,325,190 underlying shares deemed to be the interests of 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 313,423,749 shares and warrants carrying 51,325,190 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 underlying shares, 5,739 shares were held by the spouse of Mr. Lam Sing Tai.

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

(a) JCS — ultimate holding company of the Company

Name of directors	Beneficial interests	Interests as discretionary trust beneficiary	Total	Approximate % of shares in issue
	Number of shares of HK$100.0 each			
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 — immediate holding company of the Company

Name of directors	Beneficial interests	Interests held by controlled corporation	Total	Approximate % of shares in issue
	Number of shares of HK$100.0 each			
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:

1. 12,000 shares in JCS deemed to be the interests of Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu represented the same interests and were, therefore, duplicated among these three directors for the purpose of the SFO. Such shares were held by a discretionary trust, of which all three directors are beneficiaries.

2. 99,480 shares in NLI deemed to be the interests of 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 a director's interest in the share options are stated in the section headed "Share Options" below.

Saved as disclosed above, as at 31st December, 2007, none of the directors and chief executive nor their respective associates (as defined in the Listing Rules) had any interests or short positions in the shares or underlying shares in, 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.

Share Options

Share options are unlisted derivatives physically settled in cash to subscribe for shares in the Company.

Old scheme

The Company operates an Employee Share Option Scheme (the "Old Scheme") adopted by an 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 has been amended to comply with the current requirements set out in the Listing Rules. The Company has not granted any share options under the Old Scheme 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") which has been in compliance with the new requirements set out in the Listing Rules at the special general meeting held on 19th August, 2005 (the "Approval Date").

A summary of the principal terms of the New Scheme is set out below:—

1. *Purpose*

   (a) The New Scheme is a share incentive scheme and is established to recognise and acknowledge the contributions which the Participants (as defined in paragraph 2 below) have made or may make to the Group.

   (b) The New Scheme will provide the Participants with an opportunity to have a personal stake in the Company with a view to motivating the Participants to utilise and further improve their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining an on-going relationship with the Participants whose contributions are or will be beneficial to the long term growth of the Group.

2. *Participants*

   The Board may at its discretion grant options to any director (whether executive or independent non-executive director) or full-time employee of any member of the Group.

3. *Total number of shares available for issue*

   (a) 30% limit

   The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 30% of the shares in issue from time to time (the "Scheme Limit").

   (b) 10% limit

   In addition to the Scheme Limit, and subject to the following paragraph, the total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the shares in issue as at the Approval Date, i.e. 53,066,578 shares (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the New Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the shareholders in general meeting. Once refreshed, the total number of securities which may be issued upon exercise of all options to be granted under the New Scheme and all other share option schemes of the Company under the limit, as refreshed, must not exceed 10% of the shares in issue as at the date of approval of the refreshment by the shareholders. Options previously granted under the New Scheme and any other share option schemes, including without limitation any options which are outstanding, cancelled, lapsed or exercised, will not be counted for the purpose of calculating the refreshed Scheme Mandate Limit.

The Company may seek separate approval of the shareholders in general meeting for granting options beyond the Scheme Mandate Limit or the refreshed Scheme Mandate Limit provided that the options in excess of such limit are granted only to the Participants specifically identified before such approval is sought. A circular containing a generic description of the specified Participants who may be granted such options, the number and terms of the options to be granted and the purpose of granting options to the specified Participants with an explanation as to how the terms of the options serve such purpose and other information required under the Listing Rules must be sent to the shareholders.

As at 18th April, 2008, the total number of shares available for issue under the New Scheme was 53,066,578, which represented approximately 8.1% of the issued share capital of the Company on that date.

4. *Maximum entitlement of each Participant*

Unless approved by the shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each Participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue as at the date of such new grant. Where any further grant of options to a Participant would result in the shares issued and to be issued upon exercise of all options granted and to be granted to such Participant (including exercised, lapsed, cancelled and outstanding Options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the relevant class of shares in issue, such further grant must be separately approved by the shareholders in general meeting with such Participant and his associates (as defined in the Listing Rules) abstaining from voting.

5. *Option period*

The period within which the shares must be taken up under an option will be determined by the Board at its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

6. *Amount payable upon acceptance of option*

HK$10.0 is payable by each Participant to the Company on acceptance of an offer of an option, which will be paid within 28 days from the offer date.

7. *Minimum vesting period*

Unless otherwise determined by the Board at its sole discretion, there is no requirement of a minimum period for which an option must be held before such an option can be exercised under the terms of the New Scheme.

8. Subscription price of shares

The subscription price must be at least the highest of: (a) the closing price of a share of the Company as stated in the daily quotations sheet of the Stock Exchange on the date of offer of the grant of option which must be a day on which the Stock Exchange is open for the business of dealing in securities (the "Business Day"), and (b) the average of the closing price of the shares as shown on the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the above date of offer, and (c) the nominal value of a share (i.e. HK$0.1).

9. Remaining life

The New Scheme commenced on 25th August, 2005 when it became unconditional and will continue in force until the tenth anniversary of such date.

Options granted

During the year ended 31st December, 2007, 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 year under review.

Details of the outstanding share options held by the remaining participant director during the year ended 31st December, 2007 pursuant to the Old Scheme are as follows:—

				Number of underlying shares comprised in share options		
Name of director	Date of grant	Exercise price per share HK$	Exercisable period	Balance as at 1.1.2007	Exercised during the year	Balance as at 31.12.2007
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 — 3.12.2010	3,000,000	—	3,000,000

Substantial Shareholders' Interests in Securities

So far as is known or otherwise notified to any director or the chief executive of the Company, as at 31st December, 2007, the particulars of corporations or persons (other than a director or chief executive of the Company) who had 5% or more interests or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:—

Long positions in shares and underlying shares of the Company

	Number of share of HK$0.1 each		Number of underlying shares (warrants)			
Name	Beneficial interests	Interests held by controlled corporation	Beneficial interests	Interests held by controlled corporation	Total	Approximate % of shares in issue
JCS[2]	—	313,423,749	—	51,325,190	364,748,939[1]	60.51
NLI[3]	313,423,749	—	51,325,190	—	364,748,939[1]	60.51

Notes:

As at 31st December, 2007,

1. 313,423,749 shares and warrants carrying 51,325,190 underlying shares held by NLI and deemed to be JCS' interest represented the same interests and were, therefore, duplicated between these two shareholders for the purpose of the SFO. JCS held about 63.58% of the issued shares in NLI.

2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS.

3. Messrs. Lu Wing Chi, Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of NLI. With effect from 1st January, 2008, Mr. Lu Wing Yuk, Andrew has ceased to be a director of NLI.

Saved as disclosed above, the directors are not aware of any other corporation or person (other than a director or chief executive) who, as at 31st December, 2007, had any interests or short positions in the shares or underlying shares of the Company recorded in the register required to be kept under Section 336 of the SFO.

Dealings in the Company's Shares and Warrants

During the year ended 31st December, 2007, the Company did not redeem any of its listed shares or warrants. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed shares or warrants during the year.

Major Suppliers and Major Customers

During the year, the aggregate amount of purchases and sales attributable to the five largest suppliers and customers of the Group accounted for less than 30% in aggregate of the Group's total purchases and sales respectively.

Connected Transaction

On 8th August, 2007, Smethurst Investments Ltd. ("Smethurst"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Link All Industries Limited ("Link All") whereby Smethurst disposed of 60% of the issued shares in UniMilo's Knitwear Company Limited ("UniMilo") that it owned to Link All at a cash consideration of HK$2.76 million (the "Disposal") on the same date.

Immediately before the Disposal, UniMilo was a 60% indirect subsidiary of the Company and Link All was a minority shareholder of UniMilo which directly held the remaining 40% of the issued share capital of UniMilo. Therefore, under the Listing Rules, Link All was a substantial shareholder of UniMilo and a connected person of the Company and accordingly, the Disposal constituted a connected transaction for the Company. Details of the Disposal were set out in the Company's announcement dated 8th August, 2007.

Management Contract

No contract of significance concerning the management and administration of the whole or any substantial part of the business of the Company or any of its holding companies or subsidiaries was entered into or subsisted during the year.

Corporate Governance

Throughout the year ended 31st December, 2007, the Company has applied the principles and complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules except for code provision A.2.1., i.e. the roles of the chairman and chief executive officer were not separated and was performed by the same individual.

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 17 to 24.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules during the year and up to the date of this report.

Charitable Donations

During the year, the Group made charitable donations amounting to HK$1,808,000 (2006: HK$354,000).

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the Financial Highlights on pages 2 and 3.

Audit Committee

In the presence of representatives of Messrs. Deloitte Touche Tohmatsu ("DTT"), Certified Public Accountants, the independent auditor of the Company, the audit committee met on 15th April, 2008 and reviewed with the management the accounting policies adopted by the Group and the audited consolidated financial results of the Company for the year ended 31st December, 2007.

Independent Auditor

The consolidated financial results of the Company for the year under review have been audited by DTT, who retire and, being eligible, offer themselves for re-appointment. Approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint DTT as independent auditor of the Company will be submitted to the forthcoming 2008 AGM for shareholders' approval.

On behalf of the Board

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 18th April, 2008

Independent Auditor's Report

Deloitte.
德勤

TO THE SHAREHOLDERS OF S E A HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 38 to 100, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

18 April 2008

Consolidated Income Statement

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Revenue	7	**2,198,842**	1,060,215
Interest income	9	**64,605**	57,379
Other income		**27,740**	21,991
Costs:			
Property and related costs	10	**(1,469,811)**	(561,449)
Staff costs		**(119,745)**	(100,562)
Depreciation		**(4,568)**	(4,098)
Other expenses		**(68,489)**	(106,917)
		(1,662,613)	(773,026)
Net gain on investments	11	**69,172**	11,159
Profit from operations before fair value changes on investment properties		**697,746**	377,718
Fair value changes on investment properties		**834,662**	708,911
Profit from operations after fair value changes on investment properties		**1,532,408**	1,086,629
Loss on disposal of a subsidiary		**(1,089)**	—
Gain on disposal of associates		**—**	66,361
Recognition of discount on acquisition/gain on deemed acquisition	12	**10,076**	81,975
Other loss	13	**—**	(2,223)
Share of results of associates		**2,041**	2,436
Finance costs	14	**(107,398)**	(101,163)
Profit before taxation	15	**1,436,038**	1,134,015
Income tax expense	18	**(323,175)**	(207,798)
Profit for the year		**1,112,863**	926,217
Attributable to:			
Company's shareholders		**965,497**	791,262
Minority interests		**147,366**	134,955
		1,112,863	926,217
Dividends	19		
Dividend paid		**71,772**	63,858
Dividend proposed		**58,925**	41,417
Earnings per share for profit attributable to the Company's shareholders	20		
Basic		**HK$1.62**	HK$1.39
Diluted		**HK$1.50**	HK$1.26
Earnings per share excluding changes in fair value of investment properties net of deferred tax	20		
Basic		**HK$0.43**	HK$0.40
Diluted		**HK$0.40**	HK$0.36

Consolidated Balance Sheet

At 31 December 2007

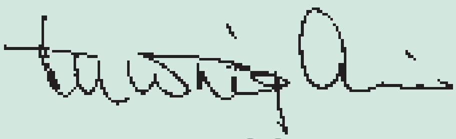
	Notes	2007 HK$'000	2006 HK$'000
Non-current Assets			
Investment properties	21	**5,752,782**	4,820,302
Property, plant and equipment	22	**146,375**	68,591
Prepaid lease payments	23	**358,448**	367,362
Interests in associates	24	**19,689**	17,766
Interests in jointly controlled entities	25	**—**	—
Club memberships	26	**8,574**	8,574
Available-for-sale investments	27	**—**	51,312
Other loans receivable	28	**125,235**	153,717
		6,411,103	5,487,624
Current Assets			
Inventories	29	**—**	1,014
Properties held for sale	30	**565,770**	758,327
Properties under development held for sale	30	**1,867,149**	2,312,471
Prepaid lease payments	23	**8,805**	8,696
Held for trading investments	27	**398**	453
Other loans receivable	28	**41,063**	35,670
Receivables, deposits and prepayments	31	**345,141**	166,589
Income tax recoverable		**2,794**	14,923
Amounts due from jointly controlled entities	32	**17,100**	8,700
Pledged bank deposits	33	**420,277**	200,708
Restricted bank balances and deposits	34	**134,240**	332,404
Bank balances and deposits	35	**1,186,259**	570,445
		4,588,996	4,410,400
Current Liabilities			
Payables, deposits received and accrued charges	36	**416,721**	439,203
Sales deposits on properties held for sale received		**357,498**	449,094
Provisions	37	**15,965**	15,148
Income tax payable		**109,200**	42,954
Bank borrowings — due within one year	38	**1,991,549**	1,538,744
Amounts due to minority shareholders	39	**87,177**	36,209
		2,978,110	2,521,352
Net Current Assets		**1,610,886**	1,889,048
Total Assets Less Current Liabilities		**8,021,989**	7,376,672

Consolidated Balance Sheet

At 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
Non-current Liabilities			
Amounts due to minority shareholders	39	**6,492**	80,814
Bank borrowings — due after one year	38	**864,687**	1,019,675
Deferred taxation	40	**692,574**	549,968
		1,563,753	1,650,457
Net Assets		**6,458,236**	7,376,672
Capital and Reserves			
Share capital	41	**60,283**	58,310
Reserves		**6,125,560**	5,134,418
Equity attributable to the Company's shareholders		**6,185,843**	5,192,728
Minority interests		**272,393**	533,487
Total Equity		**6,458,236**	5,726,215

The consolidated financial statements on pages 38 to 100 were approved and authorised for issue by the Board of Directors on 18 April 2008 and are signed on its behalf by:



LU WING CHI
CHAIRMAN AND MANAGING DIRECTOR

DAVID HSU
EXECUTIVE DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2007

	Attributable to the Company's shareholders										
	Share capital HK$'000	**Share premium** HK$'000	**Translation reserve** HK$'000	**Investments revaluation reserve** HK$'000	**Capital redemption reserve** HK$'000	**Contributed surplus** HK$'000	**Dividend reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Minority interests** HK$'000	**Total** HK$'000
At 1 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
Exchange movement during the year	–	–	45,805	–	–	–	–	–	45,805	(3,241)	42,564
Recognition of deferred tax liability arising from foreign currency translations	–	–	(7,430)	–	–	–	–	–	(7,430)	–	(7,430)
Fair value changes on available-for-sale investments	–	–	–	32,763	–	–	–	–	32,763	–	32,763
Net profit (loss) recognised directly in equity	–	–	38,375	32,763	–	–	–	–	71,138	(3,241)	67,897
Released upon disposal of available-for-sale investments	–	–	–	(9,130)	–	–	–	–	(9,130)	–	(9,130)
Profit for the year	–	–	–	–	–	–	–	791,262	791,262	134,955	926,217
Total recognised profit for the year	–	–	38,375	23,633	–	–	–	791,262	853,270	131,714	984,984
Shares issued on exercise of warrants and share options	3,466	45,429	–	–	–	–	–	–	48,895	–	48,895
Dividend proposed	–	–	–	–	–	–	41,417	(41,417)	–	–	–
Dividends paid	–	–	–	–	–	–	(33,094)	(29,153)	(62,247)	–	(62,247)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	–	–	–	–	–	–	–	(1,611)	(1,611)	–	(1,611)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	(358,906)	(358,906)
At 31 December 2006	58,310	249,063	90,732	36,745	4,451	277,707	41,417	4,434,303	5,192,728	533,487	5,726,215
Exchange movement during the year	–	–	100,363	–	–	–	–	–	100,363	1,379	101,742
Reversal of deferred tax liability arising from foreign currency translations	–	–	8,551	–	–	–	–	–	8,551	–	8,551
Fair value changes on available-for-sale investments	–	–	–	29,715	–	–	–	–	29,715	–	29,715
Net profit recognised directly in equity	–	–	108,914	29,715	–	–	–	–	138,629	1,379	140,008
Released upon disposal of available-for-sale investments	–	–	–	(66,460)	–	–	–	–	(66,460)	–	(66,460)
Profit for the year	–	–	–	–	–	–	–	965,497	965,497	147,366	1,112,863
Total recognised profit for the year	–	–	108,914	(36,745)	–	–	–	965,497	1,037,666	148,745	1,186,411
Shares issued on exercise of warrants	1,973	25,248	–	–	–	–	–	–	27,221	–	27,221
Dividends proposed	–	–	–	–	–	–	58,925	(58,925)	–	–	–
Dividends paid	–	–	–	–	–	–	(41,417)	(30,138)	(71,555)	–	(71,555)
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	(264,822)	(264,822)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	–	–	–	–	–	–	–	(217)	(217)	–	(217)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	(142,451)	(142,451)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(2,566)	(2,566)
At 31 December 2007	**60,283**	**274,311**	**199,646**	**–**	**4,451**	**277,707**	**58,925**	**5,310,520**	**6,185,843**	**272,393**	**6,458,236**

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

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	2007 HK$'000	2006 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**1,436,038**	1,134,015
Adjustments for:		
Share of results of associates	**(2,041)**	(2,436)
Interest expenses	**103,523**	90,168
Loss on disposal of a subsidiary	**1,089**	—
Depreciation	**4,568**	4,098
Fair value changes on investment properties	**(834,662)**	(708,911)
Net gain on disposal of equity investments	**(69,172)**	(10,289)
Write down of properties held for sale/property under development held for sale	**76,162**	1,693
Allowance for other loans receivable	**11,232**	10,000
Allowance (reversal of allowance) for receivables	**414**	(298)
Dividend income from equity investments	**(277)**	(567)
Interest income	**(64,605)**	(57,379)
Loss on disposal of property, plant and equipment	**2,585**	194
Gain on disposal of associates	**—**	(66,361)
Recognition of discount on acquisition/gain on deemed acquisition	**(10,076)**	(81,975)
Increase in provision for rental guarantee resulting from re-measurement	**—**	569
Operating cash flows before movements in working capital	**654,778**	312,521
Decrease in inventories	**697**	1,271
Decrease (increase) in properties held for sale/properties under development held for sale	**723,087**	(79,843)
(Increase) decrease in receivables, deposits and prepayments	**(177,342)**	41,445
(Decrease) increase in payables, deposits received and accrued charges	**(34,594)**	116,858
(Decrease) increase in sales deposits on properties held for sale received	**(105,389)**	307,342
Payment of rehousing compensation	**—**	(722)
Payment of compensation for rental guarantees	**(280)**	(3,936)
Cash generated from operations	**1,060,957**	694,936
Interest paid on bank and other borrowings	**(163,625)**	(137,010)
Hong Kong profits tax paid	**(105,697)**	(89,709)
Taxation paid in other jurisdictions	**(5,890)**	(13,319)
NET CASH FROM OPERATING ACTIVITIES	**785,745**	454,898

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Notes	2007 HK$'000	2006 HK$'000
INVESTING ACTIVITIES			
Purchase of investment properties		**(4,380)**	(50,239)
Proceeds on disposal of investment properties		**3,895**	—
Purchase of property, plant and equipment		**(65,394)**	(36,022)
Proceeds on disposal of property, plant and equipment		**7,983**	3,101
Additions of leasehold land		**—**	(51,085)
Dividend received from an associate		**2,530**	—
Dividend received from equity investments		**277**	567
Interest received		**58,805**	51,953
Purchase of equity investments		**(4)**	(453)
Proceeds on disposal of associates		**—**	41,771
Proceeds on disposal of equity investments		**83,836**	64,985
Advance to jointly controlled entities		**(8,400)**	(2,600)
Repayment of loan to associates		**—**	32,557
Additions of other loans receivable		**(30,015)**	(110,094)
Repayments of other loans receivable		**24,870**	6,477
Increase in pledged bank deposits		**(219,569)**	(17,313)
Decrease (increase) in restricted bank balances and deposits		**214,129**	(325,892)
Acquisition of additional interests in subsidiaries		**(132,375)**	(276,931)
Disposal of subsidiaries (net of cash and cash equivalents disposed of)	43	**(2,382)**	—
Acquisition of assets and liabilities through acquisition of subsidiaries	44	**30**	—
NET CASH USED IN INVESTING ACTIVITIES		**(66,164)**	(669,218)
FINANCING ACTIVITIES			
Repayments of bank borrowings		**(799,259)**	(975,742)
Proceeds from bank borrowings		**1,009,302**	1,067,878
Advances from minority shareholders		**13,600**	3,118
Repayments to minority shareholders		**(43,458)**	(105,740)
Dividends paid		**(71,772)**	(63,858)
Dividends paid to minority shareholders		**(264,822)**	—
Proceeds on issuance of shares		**27,221**	48,895
NET CASH USED IN FINANCING ACTIVITIES		**(129,188)**	(25,449)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**590,393**	(239,769)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**570,445**	795,707
Effect of foreign exchange rate changes		**25,421**	14,507
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and deposits		**1,186,259**	570,445

1. General

The Company is a public limited company incorporated in Bermuda as an exempted company with limited liability and its shares and warrants are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Nan Luen International Limited and its ultimate holding company is JCS Limited. Both of these companies are incorporated in Bermuda as an exempted company with limited liability. The addresses of the registered office and the principal place of business of the Company are disclosed in the directory of this annual report.

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

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 52.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied, for the first time, the following new standard, amendment to Hong Kong Accounting Standard ("HKAS") and interpretations ("HK(IFRIC)-Int") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for Group's financial year beginning on 1 January 2007.

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

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

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(continued)*

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

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

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

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The 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 explained in the accounting policies set out below. The principal accounting policies adopted are set out below.

3. Significant Accounting Policies *(continued)*

Basis of consolidation

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

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

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

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

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

Acquisition of additional interest in subsidiaries

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

Business combinations

The acquisition of business is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. Significant Accounting Policies *(continued)*

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operation policy decisions of the investees but is not or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss in the value of individual investments.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Interests in joint ventures

Jointly controlled assets

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of the jointly controlled assets and any liabilities incurred jointly with the other venturers are recognised in the consolidated financial statements and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured realisably.

3. Significant Accounting Policies *(continued)*

Interests in joint ventures *(continued)*

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss.

When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Revenue recognition

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

Sales of properties

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

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

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

3. Significant Accounting Policies *(continued)*

Revenue recognition *(continued)*

Others

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

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

Service income is recognised when services are provided.

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

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

Investment properties

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

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

Property, plant and equipment

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

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

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

3. Significant Accounting Policies *(continued)*

Prepaid lease payments/properties under development

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

Property being constructed or developed for future use as an investment property carried at fair value

Property that is being constructed or developed for future use as an investment property is classified as property, plant and equipment and carried at cost less recognised impairment loss until construction or development is complete, at which time it is reclassified to and subsequently accounted for as investment property. Any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Properties held for sale/properties under development held for sale

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

Impairment on assets (other than club memberships with indefinite useful lives (see the accounting policies in respect of club memberships))

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

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

3. Significant Accounting Policies *(continued)*

Borrowing costs

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

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Effective interest method

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

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

The Group's financial assets include loans and receivables, held for trading investments and available-for-sale investments.

Loans and receivables

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

Held for trading investments

At each balance sheet date subsequent to initial recognition, held for trading investments are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at held for trading investments or loans and receivables.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

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

For available-for-sale equity investments, a significant or prolonged decline in fair value of that investment below its cost is considered to be objective evidence of impairment.

For other financial assets, objective evidence of impairment could include:

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

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

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

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

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

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

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including payables, amounts due to minority shareholders and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

3. Significant Accounting Policies *(continued)*

Financial instruments *(continued)*

Derecognition

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

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

Provisions

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

Club memberships

On initial recognition, club memberships are recognised at cost. After initial recognition, club memberships with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of a club membership are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Club memberships with indefinite useful lives are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

3. Significant Accounting Policies *(continued)*

Leasing

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

The Group as lessor

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

The Group as lessee

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

Leasehold land and building

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

Taxation

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

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

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

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

3. Significant Accounting Policies *(continued)*

Taxation *(continued)*

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

Retirement benefit costs

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

4. Key Sources of Estimation Uncertainty

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

Income tax

No deferred tax asset has been recognised in respect of tax losses and deductible temporary differences of HK$659,327,000 and HK$40,133,000 (2006: HK$663,632,000 and HK$108,792,000) respectively due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are more than expected, additional recognition of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which it takes place.

5. Capital Risk Management

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

The capital structure of the Group consists of net debts, which includes bank borrowing as disclosed in note 38, net of cash and cash equivalents and equity attributable to the Company's shareholders, comprising issued share capital and reserves.

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

6. Financial Instruments

(a) Categories of financial instruments

	2007 **HK$'000**	2006 HK$'000
Financial assets		
Loans and receivables		
(including cash and cash equivalents)	**2,129,597**	1,400,449
Available-for-sale investments	**—**	51,312
Held for trading investments	**398**	453
	2,129,995	1,452,214
Financial liabilities		
At amortised costs	**3,145,286**	2,892,566

(b) Financial risk management objectives and policies

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

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

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

6. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk

(i) Foreign currency risk

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

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

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

Sensitivity analysis

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

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

6. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate borrowings (see note 38 for details of bank borrowings) and other loans receivable (see note 28 for details of other loans receivable). It is the Group's policy to keep its bank borrowings and other loans receivable at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Money Market Offer Rate, Hong Kong Prime Rate and People's Bank of China lending rate and interest rates in Australia, New Zealand and Indonesia on bank borrowings (note 38), and Hong Kong Prime Rate and New Zealand interest rate on other loans receivable (note 28).

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

Sensitivity analysis

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

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2007 would decrease/increase by HK$12,836,000 (2006: decrease/increase by HK$11,312,000).

Credit risk

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

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

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

6. Financial Instruments *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, by continuously monitoring forecast and actual cash flows.
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The following table details the Group's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 3 months HK$'000	4 months to 6 months HK$'000	7 months to 9 months HK$'000	10 months to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying value HK$'000
At 31 December 2007								
Payables and accrued charges	–	195,381	–	–	–	–	195,381	195,381
Amounts due to minority shareholders	–	79	–	–	87,098	6,492	93,669	93,669
Variable-rates bank borrowings	4.7 – 11.4	1,387,310	444,286	70,373	148,955	843,871	2,894,795	2,733,571
Fixed rate bank borrowings	7.25	–	–	–	–	157,497	157,497	122,665
		1,582,770	**444,286**	**70,373**	**236,053**	**1,007,860**	**3,341,342**	**3,145,286**

	Weighted average effective interest rate %	Less than 3 months HK$'000	4 months to 6 months HK$'000	7 months to 9 months HK$'000	10 months to 12 months HK$'000	Over 1 year HK$'000	Total undiscounted cash flows HK$'000	Carrying value HK$'000
At 31 December 2006								
Payables and accrued charges	–	217,124	–	–	–	–	217,124	217,124
Amounts due to minority shareholders	–	–	–	36,209	–	80,814	117,023	117,023
Variable-rates bank borrowings	4.5 – 12.5	307,443	230,612	428,292	638,554	1,056,107	2,661,008	2,451,732
Fixed rate bank borrowings	7.3	–	–	–	–	144,717	144,717	106,687
		524,567	230,612	464,501	638,554	1,281,638	3,139,872	2,892,566

6. Financial Instruments *(continued)*

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and

- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using the relevant prevailing market rates as input.

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

7. Revenue

	2007 **HK$'000**	2006 HK$'000
Gross rental income	**179,989**	136,216
Sales of properties	**2,006,820**	896,828
Sales of goods	**10,695**	25,364
Agency and service fees income	**397**	908
Dividend income	**277**	567
Project management fee income	**664**	332
	2,198,842	1,060,215

8. Geographical and Business Segments

Geographical segments

The operations of the Group are currently located in New Zealand, Australia, Hong Kong and the other regions of the Peoples' Republic of China (the "PRC"). The corresponding geographical locations of the Group's assets, which is the same as locations of customers, are the basis on which the Group reports its primary segment information.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE							
External sales	439,757	64,942	1,241,085	453,058	—	—	2,198,842
Inter-segment sales*	306	—	115,064	—	—	(115,370)	—
Total revenue	440,063	64,942	1,356,149	453,058	—	(115,370)	2,198,842

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

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULT							
Segment (loss) profit	(55,557)	21,924	1,132,626	436,719	(1,706)	—	1,534,006
Interest income							64,605
Recognition of discount on acquisition/gain on deemed acquisition							10,076
Unallocated corporate expenses							(67,292)
Share of results of associates	2,041	—	—	—	—	—	2,041
Finance costs							(107,398)
Profit before taxation							1,436,038
Income tax expense							(323,175)
Profit for the year							1,112,863

8. Geographical and Business Segments *(continued)*

Geographical segments *(continued)*

OTHER INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2007

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	470	11,019	64,748	4,917	—	81,154
Depreciation	1,075	664	2,246	528	55	4,568
(Loss) gain on disposal of property, plant and equipment	(1,325)	(1,212)	20	(68)	—	(2,585)
Fair value changes on investment properties	(4,243)	8,550	629,000	201,355	—	834,662
Allowance for other receivables	(414)	—	—	—	—	(414)
Allowance for other loans receivable	(83)	—	(11,149)	—	—	(11,232)
Net exchange (loss) gain	(236)	258	2,525	—	—	2,547

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	409,474	243,800	7,045,871	1,537,301	394	9,236,840
Interests in associates	19,689	—	—	—	—	19,689
Restricted bank balances and deposits	—	—	—	134,240	—	134,240
Income tax recoverable						2,794
Unallocated corporate assets						1,606,536
Consolidated total assets						11,000,099
LIABILITIES						
Segment liabilities	16,777	2,284	612,388	158,161	574	790,184
Bank borrowings						2,856,236
Amounts due to minority shareholders						93,669
Income tax payable						109,200
Deferred taxation						692,574
Consolidated total liabilities						4,541,863

8. Geographical and Business Segments *(continued)*

Geographical segments *(continued)*

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
REVENUE							
External sales	163,603	72,436	809,406	14,770	—	—	1,060,215
Inter-segment sales*	—	—	70,456	—	—	(70,456)	—
Total revenue	163,603	72,436	879,862	14,770	—	(70,456)	1,060,215

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

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
RESULT							
Segment (loss) profit	(34,950)	24,015	1,041,183	109,437	(1,429)	—	1,138,256
Interest income							57,379
Gain on disposal of associates	66,361	—	—	—	—	—	66,361
Recognition of discount on acquisition/gain on deemed acquisition							81,975
Unallocated corporate expenses							(111,229)
Share of results of associates	2,436	—	—	—	—	—	2,436
Finance costs							(101,163)
Profit before taxation							1,134,015
Income tax expense							(207,798)
Profit for the year							926,217

8. Geographical and Business Segments *(continued)*

Geographical segments *(continued)*

OTHER INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2006

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
Capital additions	1,798	—	32,878	51,415	170	86,261
Depreciation	1,273	713	1,571	430	111	4,098
(Loss) gain on disposal of property, plant and equipment	(246)	—	170	(118)	—	(194)
Fair value changes on investment properties	(601)	17,064	567,000	125,448	—	708,911
Reversal of allowance for trade and other receivables	298	—	—	—	—	298
Allowance for other loans receivable	—	—	10,000	—	—	10,000
Net exchange (loss) gain	(19,404)	372	1,437	(313)	—	(17,908)

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006

	New Zealand HK$'000	Australia HK$'000	Hong Kong HK$'000	PRC HK$'000	Others HK$'000	Consolidated HK$'000
ASSETS						
Segment assets	890,001	251,009	6,346,361	1,274,035	372	8,761,778
Interests in associates	17,766	—	—	—	—	17,766
Restricted bank balances and deposits	—	—	—	332,404	—	332,404
Income tax recoverable						14,923
Unallocated corporate assets						771,153
Consolidated total assets						9,898,024
LIABILITIES						
Segment liabilities	96,611	4,281	277,872	523,991	690	903,445
Bank Borrowings						2,558,419
Amounts due to minority shareholders						117,023
Income tax payable						42,954
Deferred taxation						549,968
Consolidated total liabilities						4,171,809

8. Geographical and Business Segments *(continued)*

Business segments

The Group was organised into four operating divisions — property investment, garment manufacturing and trading, investment and property development during the year.

Principal activities are as follows:

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

All the above divisions are operating in New Zealand, Australia, Hong Kong and the PRC.

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

	Sales revenue by business segment	
	2007	2006
	HK$'000	HK$'000
Property investment	**179,989**	123,256
Investment	**277**	567
Property development	**2,006,820**	909,788
Garment manufacturing and trading	**10,695**	25,364
Others	**1,061**	1,240
	2,198,842	1,060,215

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

	Carrying amount of segment assets		**Additions to investment properties and property, plant and equipment**	
	2007	2006	**2007**	2006
	HK$'000	HK$'000	**HK$'000**	HK$'000
Property investment	**5,816,494**	4,901,852	**15,793**	50,239
Investment	**14,220**	71,121	**311**	3,413
Property development	**2,909,561**	3,356,850	**635**	3,142
Others	**2,509**	697	**—**	712
Garment manufacturing and trading	**—**	8,617	**—**	—
	8,742,784	8,339,137	**16,739**	57,506
Unallocated corporate assets	**2,257,315**	1,558,887	**64,415**	28,755
	11,000,099	9,898,024	**81,154**	86,261

9. Interest Income

	2007 HK$'000	2006 HK$'000
Interest on other loans receivable	**16,461**	16,930
Interest on bank deposits	**48,144**	40,449
	64,605	57,379

10. Property and Related Costs

	2007 HK$'000	2006 HK$'000 (Restated)
Changes in inventories of manufactured finished goods and work-in-progress	**(698)**	(1,245)
Raw materials and consumables used	**(6,738)**	(10,387)
Changes in properties held for sale/properties under development held for sales	**(637,879)**	151,548
Costs incurred on properties held for sale/properties under development held for sales	**(478,176)**	(628,266)
Write down of properties held for sale/properties under development held for sales	**(76,162)**	(1,693)
Selling and marketing expenses	**(240,652)**	(49,132)
Direct operating expense from investment properties that generate rental income	**(29,506)**	(22,274)
	(1,469,811)	(561,449)

Certain property related costs for the year 2006 classified as other expenses or disclosed separately in the consolidated income statement have been reclassified to conform with the current year's presentation and are summarised as below:

	As originally stated HK$'000	**Reclassifications** HK$'000	**As restated** HK$'000
Property and related costs	488,350	73,099	561,449
Other expenses	178,323	(71,406)	106,917
Write down of properties held for sale	1,693	(1,693)	—
	668,366	—	668,366

11. Net Gain on Investments

	2007 HK$'000	2006 HK$'000
Net gain on disposal of investments (Note)	**69,172**	10,289
Others	—	870
	69,172	11,159

Note: Amount included adjustment on fair value gain on available-for-sale investments of HK$66,460,000 (2006: HK$9,130,000) released from investments revaluation reserve.

12. Recognition of Discount on Acquisition/Gain on Deemed Acquisition

	Notes	2007 HK$'000	2006 HK$'000
Recognition of discount on acquisition arising from the acquisition of additional interests in subsidiaries	(a)	**10,076**	60,622
Recognition of gain on deemed acquisition	(b)	—	21,353
		10,076	81,975

Notes:

(a) During the year, the Group acquired further shares of a non wholly-owned subsidiary, Asian Growth Properties Limited, on the AIM market of London Stock Exchange Plc., resulting in a discount on acquisition of HK$10,076,000 (2006: HK$53,139,000), which represented the difference between additional share of net asset value over consideration.

During the year, the Group acquired all of the remaining shares in Trans Tasman Properties Limited ("TTP"), which was originally listed on New Zealand Stock Exchange Limited ("NZX") from all minority shareholders at a consideration close to the additional share of net asset value of TTP and its subsidiaries. This acquisition has no significant financial impact to the Group. Subsequent to such acquisition, TTP was delisted from NZX and has become an indirectly wholly-owned subsidiary of the Company.

In December 2006, the Group acquired 3% additional interest in Chengdu Huashang House Development Co., Ltd 成都華商房屋開發有限公司 from another shareholder of that company resulting in a discount of acquisition of HK$7,483,000. Since then, that company had become a wholly-owned subsidiary of the Group. The directors considered the acquisition was conducted at arm's length.

(b) During the year ended 31 December 2006, TTP repurchased its shares from minority shareholders resulting in a gain on deemed acquisition of HK$21,353,000. All of the repurchased shares were cancelled.

13. Other Loss

On 5 October 2006, AGP issued 668,653,817 ordinary shares to the Group as part of the consideration paid for the acquisition of property interests through acquisition of a wholly-owned subsidiary of the Group. Since then, the Group's interests in this wholly-owned subsidiary and AGP had been decreased by 3.58% to 96.42% and increased by 11% to 96.42%, respectively, which resulted in a loss of HK$2,223,000 to the consolidated income statement.

14. Finance Costs

	2007 **HK$'000**	2006 HK$'000
Interest on:		
Bank loans wholly repayable within 5 years	**149,617**	123,852
Other loans wholly repayable within 5 years	**8,625**	6,541
Bank loans not wholly repayable within 5 years	**5,383**	6,617
	163,625	137,010
Less: Amounts capitalised to property development projects	**(61,972)**	(51,950)
	101,653	85,060
Facilities charges	**5,745**	10,995
Imputed interest on amounts due to minority shareholders	—	4,300
Imputed interest on other payables	—	808
	107,398	101,163

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 10% (2006: 8%) per annum to expenditure on qualifying assets.

15. Profit Before Taxation

	2007 HK$'000	2006 HK$'000
Profit before taxation has been arrived at after charging:		
Allowance for other loans receivable	**11,232**	10,000
Allowance for trade and other receivables	**414**	—
Auditor's remuneration		
Current year	**4,302**	4,256
Underprovision for prior years	**397**	977
Directors' emoluments (note 16)	**61,870**	49,680
Loss on disposal of property, plant and equipment	**2,585**	194
Minimum lease payments under operating leases	**6,169**	8,537
Net exchange loss	**—**	17,908
and crediting:		
Gross rental income from investment properties	**179,989**	123,256
Less: Direct operating expenses from investment property that generate rental income during the year	**(29,506)**	(22,274)
Net rental income from investment properties	**150,483**	100,982
Reversal of allowance for trade and other receivables	**—**	298
Dividend income from equity investments	**277**	567
Net exchange gain	**2,547**	—

16. Directors' Emoluments

The emoluments paid or payable to each of the directors are as follows:

	Lu Wing Chi HK$'000	Lu Wing Yuk, Andrew HK$'000	Lincoln Lu HK$'000	Lambert Lu HK$'000	David Hsu HK$'000 (Note a)	Tse Man Bun HK$'000	Lam Sing Tai HK$'000	Walujo Santoso Wally HK$'000	Leung Hok Lim HK$'000	Chung Pui Lam HK$'000	Total HK$'000
2007											
Fees	**20**	**20**	**20**	**20**	**10**	**20**	**20**	**150**	**170**	**170**	**620**
Other emoluments											
Salaries and other benefits	**3,000**	**720**	**1,800**	**1,800**	**1,503**	**1,600**	**1,236**	**–**	**–**	**–**	**11,659**
Retirement benefits scheme contribution	**450**	**90**	**180**	**180**	**150**	**160**	**185**	**–**	**–**	**–**	**1,395**
Discretionary and performance based bonus (Note b)	**38,627**	**300**	**3,219**	**3,219**	**1,764**	**667**	**400**	**–**	**–**	**–**	**48,196**
Total emolument	**42,097**	**1,130**	**5,219**	**5,219**	**3,427**	**2,447**	**1,841**	**150**	**170**	**170**	**61,870**
2006											
Fees	20	20	20	20	–	20	15	130	150	150	545
Other emoluments											
Salaries and other benefits	3,000	516	1,440	1,440	–	2,400	1,200	–	–	–	9,996
Retirement benefits scheme contribution	450	65	144	144	–	240	180	–	–	–	1,223
Discretionary and performance based bonus (Note b)	29,972	300	2,498	2,498	–	2,498	150	–	–	–	37,916
Total emolument	33,442	901	4,102	4,102	–	5,158	1,545	130	150	150	49,680

Notes:

(a) Mr. David Hsu was newly appointed as a director of the Company on 9 July 2007.

(b) The discretionary and performance bonus to the executive directors is calculated based on the profit before taxation attributable to the Company's shareholders.

(c) No directors waived any emoluments during the two years ended 31 December 2007.

17. Employees' Emoluments

Of the five individuals with the highest emoluments in the Group, four (2006: four) were directors of the Company whose emoluments are included in the disclosures in note 16. The emoluments of the remaining one (2006: one) individual was as follows:

	2007 HK$'000	2006 HK$'000
Salaries and other remuneration	**2,836**	5,192

Their emoluments were within the following bands:

	2007 Number of employee	2006 Number of employee
HK$2,500,001 to HK$3,000,000	**1**	—
HK$5,000,001 to HK$5,500,000	**—**	1
	1	1

18. Income Tax Expense

	2007 HK$'000	2006 HK$'000
The charge comprises:		
Current year		
Hong Kong	**76,705**	76,368
PRC Enterprise Income Tax	**40,095**	—
PRC Land Appreciation Tax	**66,875**	—
Other jurisdictions	**2,296**	98
	185,971	76,466
Under (over) provision in prior years		
Hong Kong	**(106)**	667
PRC Enterprise Income Tax	**1,290**	(7,439)
Other jurisdictions	**(155)**	(4)
	1,029	(6,776)
Deferred tax		
Current year	**171,078**	138,108
Attributable to change in tax rate	**(34,903)**	—
	136,175	138,108
	323,175	207,798

18. Income Tax Expense *(continued)*

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

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

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

Details of deferred taxation are set out in note 40.

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

	Hong Kong and PRC		New Zealand, Australia and others		Total	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
Profit (loss) before taxation	**1,486,547**	1,059,367	**(50,509)**	74,648	**1,436,038**	1,134,015
Applicable income tax rate	**17.5%**	17.5%	**33%**	33%		
Tax at the applicable income tax rate	**260,146**	185,389	**(16,668)**	24,634	**243,478**	210,023
Tax effect of share of result of associates	**—**	—	**674**	804	**674**	804
Tax effect of expenses not deductible for tax purpose	**16,894**	10,726	**33,716**	22,562	**50,610**	33,288
Tax effect of income not taxable for tax purpose	**(16,301)**	(12,517)	**(10,810)**	(38,133)	**(27,111)**	(50,650)
Under(over) provision in prior years, net	**1,184**	(6,772)	**(155)**	(4)	**1,029**	(6,776)
Tax effect of tax losses not recognised, (utilisation of tax losses previously not recognised), net	**(6,800)**	24,751	**5,440**	(7,586)	**(1,360)**	17,165
Tax effect of decrease in deferred tax assets on deductible temporary differences not recognised	**(12,015)**	(11,035)	**—**	—	**(12,015)**	(11,035)
Effect of PRC Land Appreciation Tax	**66,875**	—	**—**	—	**66,875**	—
Effect of change in tax rate	**(34,903)**	—	**—**	—	**(34,903)**	—
Effect of different tax rates of subsidiaries operated in other jurisdictions	**35,407**	16,164	**(415)**	(600)	**34,992**	15,564
Others	**16**	(671)	**890**	86	**906**	(585)
Income tax expense for the year	**310,503**	206,035	**12,672**	1,763	**323,175**	207,798

19. Dividends

	2007 HK$'000	2006 HK$'000
Dividend recognised as distribution during the year:		
Interim dividend paid — HK5 cents (2006: HK5 cents) per share	**30,138**	29,153
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of financial statements	**217**	1,611
2006 final dividend paid — HK7 cents per share	**41,417**	—
2005 final dividend paid — HK5 cents per share	**—**	33,094
	71,772	63,858
2007 final dividend proposed: HK9 cents (2006: HK7 cents) per share	**58,925**	41,417

A final dividend of HK9 cents (2006: HK7 cents) per share has been proposed by the directors and is subject to approval by the shareholders at the forthcoming 2008 annual general meeting.

20. Earnings Per Share

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

	2007 HK$'000	2006 HK$'000
Earnings for the purposes of basic and diluted earnings per share	**965,497**	791,262

	Number of shares	
	2007	2006
Weighted average number of ordinary shares for the purposes of basic earnings per share	**595,254,436**	570,775,090
Effect of dilutive potential ordinary shares		
Options	**2,207,628**	5,802,446
Warrants	**46,365,796**	53,089,835
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**643,827,860**	629,667,371

20. Earnings Per Share *(continued)*

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

	2007 **HK$'000**	2006 HK$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	**965,497**	791,262
Increase in fair value of investment properties	**(834,662)**	(708,911)
Deferred tax on changes in fair value of investment properties	**162,877**	143,793
Effect of change in tax rate	**(34,903)**	—
Profit attributable to the Company's shareholders excluding changes in fair value of investment properties net of deferred tax	**258,809**	226,144
Earnings per share excluding changes in fair value of investment properties net of deferred tax		
Basic	**HK$0.43**	HK$0.40
Diluted	**HK$0.40**	HK$0.36

21. Investment Properties

	Hong Kong held under long leases HK$'000	Hong Kong held under medium-term leases HK$'000	PRC held under long leases HK$'000	Australia held under medium-term leases HK$'000	New Zealand held under freehold HK$'000	New Zealand held under long leases HK$'000	New Zealand held under medium-term leases HK$'000	New Zealand held under short-term leases HK$'000	Total HK$'000
AT FAIR VALUE									
At 1 January 2006	230,600	2,900,000	692,136	165,733	22,489	–	7,201	–	4,018,159
Exchange adjustments	–	–	28,037	13,887	(210)	1,078	(317)	518	42,993
Additions	–	–	50,239	–	–	–	–	–	50,239
Increase (decrease) in fair value	33,000	534,000	125,448	17,064	209	–	–	(810)	708,911
Reallocation	(4,600)	4,600	–	–	(12,655)	12,655	(6,884)	6,884	–
At 31 December 2006	259,000	3,438,600	895,860	196,684	9,833	13,733	–	6,592	4,820,302
Exchange adjustments	–	–	73,170	21,915	1,016	1,164	–	332	97,597
Additions	–	–	4,305	–	75	–	–	–	4,380
Disposals	–	–	–	–	–	–	–	(3,895)	(3,895)
Increase (decrease) in fair value	59,000	570,000	201,355	8,550	(1,214)	–	–	(3,029)	834,662
Transfer from properties held for sale	–	–	–	–	6,736	–	–	–	6,736
Transfer to property, plant and equipment	–	(7,000)	–	–	–	–	–	–	(7,000)
At 31 December 2007	**318,000**	**4,001,600**	**1,174,690**	**227,149**	**16,446**	**14,897**	**–**	**–**	**5,752,782**

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

The fair value of the Group's investment properties of HK$5,751,182,000 at 31 December 2007 (2006: HK$4,818,702,000) had been arrived at on the basis carried out at that date by independent professional valuers as follows:

Properties situated in	**Name of independent professional valuers**
Hong Kong held under medium-term and long leases	Savills Valuation and Professional Services Limited
PRC held under long leases	Savills Valuation and Professional Services Limited
Australia held under medium-term leases	Colliers International Consultancy and Valuation Pty Limited
New Zealand held under freehold and long leases	Fright Aubrey

The above valuers are not connected with the Group. They are members of Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of properties in the relevant locations. The valuation, which conforms to International Valuation Standards, was arrived at using the basis of capitalisation of net rental income or by reference to market prices of relevant period for similar properties, whichever is applicable.

The fair values of the remaining investment properties as at 31 December 2007 and 2006 have been determined by the directors of the Group by reference to recent market prices for similar properties.

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

22. Property, Plant and Equipment

	Properties under development HK$'000	Buildings HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Total HK$'000
COST							
At 1 January 2006	10,360	468	28,100	18,398	3,058	4,504	64,888
Exchange adjustments	—	29	164	840	6	74	1,113
Additions	28,755	—	1,571	5,339	28	329	36,022
Amortisation of prepaid lease payments capitalised	7,468	—	—	—	—	—	7,468
Disposals	—	—	(6,209)	(3,142)	—	—	(9,351)
At 31 December 2006	46,583	497	23,626	21,435	3,092	4,907	100,140
Exchange adjustments	—	(13)	804	1,467	14	111	2,383
Additions	64,415	—	604	11,562	93	100	76,774
Amortisation of prepaid lease payments capitalised	8,805	—	—	—	—	—	8,805
Disposals	—	—	(3,974)	(11,624)	(48)	—	(15,646)
Transfer from investment property	7,000	—	—	—	—	—	7,000
Disposal of a subsidiary	—	—	(1,377)	—	(2,942)	—	(4,319)
At 31 December 2007	**126,803**	**484**	**19,683**	**22,840**	**209**	**5,118**	**175,137**
DEPRECIATION							
At 1 January 2006	—	171	20,285	7,492	1,913	3,287	33,148
Exchange adjustments	—	12	101	191	4	51	359
Provided for the year	—	16	1,022	1,946	136	978	4,098
Eliminated on disposals	—	—	(4,144)	(1,912)	—	—	(6,056)
At 31 December 2006	—	199	17,264	7,717	2,053	4,316	31,549
Exchange adjustments	—	(6)	547	354	7	56	958
Provided for the year	—	17	1,238	2,608	104	601	4,568
Eliminated on disposals	—	—	(1,841)	(3,209)	(28)	—	(5,078)
Disposal of a subsidiary	—	—	(1,221)	—	(2,014)	—	(3,235)
At 31 December 2007	**—**	**210**	**15,987**	**7,470**	**122**	**4,973**	**28,762**
CARRYING VALUES							
At 31 December 2007	**126,803**	**274**	**3,696**	**15,370**	**87**	**145**	**146,375**
At 31 December 2006	46,583	298	6,362	13,718	1,039	591	68,591

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

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

22. Property, Plant and Equipment *(continued)*

The carrying values of properties shown above comprises:

	Properties under development		Buildings	
	2007 HK$'000	2006 HK$'000	**2007 HK$'000**	2006 HK$'000
In PRC held under long leases	**—**	—	**86**	89
In Hong Kong held under medium-term leases	**126,803**	46,583	**—**	—
In Indonesia held under long leases	**—**	—	**188**	209
	126,803	46,583	**274**	298

23. Prepaid Lease Payments

	2007 HK$'000	2006 HK$'000
Leasehold land in Hong Kong held under medium-term lease	**367,253**	376,058
Analysed for reporting purposes as:		
Current	**8,805**	8,696
Non-current	**358,448**	367,362
	367,253	376,058

Amortisation of prepaid lease payments during the year amounting to HK$8,805,000 (2006: HK$7,468,000) was capitalised to properties under development.

24. Interests in Associates

	2007 HK$'000	2006 HK$'000
Investment cost — unlisted	**16,594**	16,594
Share of post-acquisition profits	**3,095**	1,172
Goodwill on acquisition of associates	**80,396**	80,396
Impairment loss recognised	**(80,396)**	(80,396)
	19,689	17,766

24. Interests in Associates *(continued)*

Details of the Group's principal associates at 31 December 2007 and 2006, all of which are companies with limited liability, are as follows:

Name of associate	Form of business structure	Place/ country of incorporation/ operation	Class of shares held	Effective percentage of nominal value of issued equity capital indirectly held by the Company		Principal activities
				2007	2006	
e-commerce Logistics Limited	Incorporated	Hong Kong	Ordinary	**23**	24	e-fulfillment, warehousing and delivery services
GSB SupplyCorp Limited	Incorporated	New Zealand	Ordinary	**50**	46	Public sector e-procurement
Professional Service Brokers Limited	Incorporated	New Zealand	Ordinary	**50**	47	e-procurement management
Conexa Limited (formerly known as Supplynet Limited)	Incorporated	New Zealand	Ordinary	**50**	46	e-commerce marketplace

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

The summarised financial information in respect of the Group's associates is as follows:

	2007 HK$'000	2006 HK$'000
Total assets	**48,296**	49,163
Total liabilities	**(8,918)**	(11,541)
	39,378	37,622
Group's share of net assets of associates	**19,689**	17,766
Revenue	**52,370**	43,037
Profit for the year	**4,082**	4,872
Group's share of profit of associates for the year	**2,041**	2,436

25. Interests in Jointly Controlled Entities

Interests in jointly controlled entities

	2007 HK$'000	2006 HK$'000
Cost of unlisted investments in a jointly controlled entity	**24,521**	24,521
Share of post-acquisition losses	**(24,521)**	(24,521)
	—	—

As at 31 December 2007 and 2006, the Group had interests in the following principal jointly controlled entity formed as a Sino-foreign equity joint venture:

Name of entity	Form of business structure	Country of registration/ operation	Registered capital	Effective percentage of registered capital indirectly held by the Company	Principal activity
成都岷強房地產開發有限公司 (Chengdu Mingqiang Real Estate Co., Ltd.)	Equity joint venture	PRC	US$6,000,000	50	Property investment

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

25. Interests in Jointly Controlled Entities *(continued)*

Interests in jointly controlled entities *(continued)*

The summarised financial information in respect of the Group's jointly controlled entities is as follows:

	2007 **HK$'000**	2006 HK$'000
Non-current assets	**113**	127
Current assets	**180,197**	157,599
Total assets	**180,310**	157,726
Current liabilities	**(193,944)**	(168,388)
	(13,634)	(10,662)
Revenue	**6,310**	7,174
Expenses	**(3,919)**	(17,830)
Profit (loss) for the year	**2,391**	(10,656)

The Group has discontinued recognition of its share of loss of a jointly controlled entity. The amounts of unrecognised share of profit (loss) of the jointly controlled entity, both for the year and cumulatively, are as follows:

	2007 **HK$'000**	2006 HK$'000
Unrecognised share of profit (loss) of the jointly controlled entity for the year	**1,196**	(5,328)
Accumulated unrecognised share of loss of the jointly controlled entity	**(4,899)**	(6,095)

25. Interests in Jointly Controlled Entities *(continued)*

Interests in jointly controlled assets

In addition to the jointly controlled entities listed above, the Group has entered into a joint venture agreement in the form of a jointly controlled asset to develop a carpark. The Group has a 55% interest in the joint venture.

At 31 December 2007, the aggregate amount of assets and liabilities recognised in the consolidated financial statements in relation to the Group's interests in jointly controlled assets are as follows:

	2007 HK$'000	2006 HK$'000
Total assets	**73,959**	80,280
Total liabilities	**(76,567)**	(80,280)
Income	**(282)**	—
Expenses	**2,890**	—

26. Club Memberships

	2007 HK$'000	2006 HK$'000
Club memberships (at cost less impairment):		
Unlisted	**8,574**	8,574

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.

27. Available-for-sale Investments/Held for Trading Investments

	2007 HK$'000	2006 HK$'000
Investments in securities		
Equity securities (at fair value):		
Listed — Hong Kong	—	51,765
— Overseas	398	—
	398	51,765
Classified as:		
Available-for-sale investments	—	51,312
Held for trading investments	398	453
	398	51,765

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.

Fair value changes on available-for-sale investment amounting to HK$29,715,000 (2006: HK$32,763,000) were credited to investments revaluation reserve for the current year. All of the Hong Kong listed equity securities with carrying amount of HK$81,480,000 had been disposed of during the current year. A net gain on disposal of HK$69,172,000 has been recognised in profit or loss for the current year.

28. Other Loans Receivable

	2007 HK$'000	2006 HK$'000
Carrying amount analysed for reporting purposes:		
Current assets (receivable within 12 months from the balance sheet date)	62,295	45,670
Non-current assets (receivable after 12 months from the balance sheet date)	125,235	153,717
Less: Allowance for other loans receivable	(21,232)	(10,000)
	166,298	189,387

The other loans receivable carry interest at prime rate and are repayable in accordance with their respective repayment terms. Certain of other loans receivable are secured by leasehold properties.

28. Other Loans Receivable *(continued)*

The loans are recoverable as follows:

	2007 **HK$'000**	2006 HK$'000
Within one year	**41,063**	35,670
In more than one year but not more than two years	**6,029**	5,723
In more than two years but not more than three years	**4,940**	4,221
In more than three years but not more than four years	**5,274**	4,558
In more than four years but not more than five years	**5,629**	4,923
In more than five years	**103,363**	134,292
	166,298	189,387

The average effective interest rates of other loans receivable are 6.5% to 10% (2006: 7.75% to 10%) per annum.

An allowance for other loans receivable of HK$11,232,000 (2006: HK$10,000,000) was made during the year on an outstanding loans receivable from a third party, of which the directors of the Company consider to be irrecoverable.

The Group does not have significant other loans receivable which are past due but not impaired at the balance sheet date.

29. Inventories

	2007 **HK$'000**	2006 HK$'000
Work-in-progress	**—**	995
Finished goods	**—**	19
	—	1,014

30. Properties Held for Sale/Properties under Development Held for Sale

The Group's properties held for sale of HK$353,609,000 (2006: HK$457,661,000), HK$196,744,000 (2006: HK$300,666,000) and HK$15,417,000 (2006: Nil) are situated in Hong Kong, New Zealand and the PRC respectively. Included in the Group's properties held for sale situated in New Zealand are HK$196,744,000 (2006: HK$300,666,000) which are held under freehold. All other properties are held under medium to long term leases.

The Group's properties under development held for sale of HK$1,474,148,000 (2006: HK$1,610,679,000), HK$133,238,000 (2006: HK$386,723,000) and HK$259,763,000 (2006: HK$315,069,000) are situated in Hong Kong, New Zealand and the PRC respectively. Included in the Group's properties under development held for sale are HK$133,238,000 (2006: HK$213,977,000) which are held under freehold. All other properties under development held for sale are held under medium to long term leases.

Included in the Group's properties under development held for sale are HK$588,275,000 (2006: HK$965,781,000) which are expected to be recovered more than twelve months after the balance sheet date.

31. Receivables, Deposits and Prepayments

	2007 **HK$'000**	2006 HK$'000
Trade receivables	**3,009**	23,300
Other receivables, deposits and prepayments	**342,620**	143,363
Less: Allowance for trade and other receivables	**(488)**	(74)
	345,141	166,589

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

31. Receivables, Deposits and Prepayments *(continued)*

An aged analysis of trade receivables at the balance sheet date is as follows:

	2007 **HK$'000**	2006 HK$'000
0 to 60 days	**2,605**	22,220
61 to 90 days	**214**	234
91 to 365 days	**89**	846
Over 365 days	**101**	—
	3,009	23,300

The Group does not have significant trade receivables which are past due but not impaired at the balance sheet date. An allowance for trade and other receivables of HK$414,000 was made during the year on outstanding trade and other receivables, of which the directors of the Group consider to be irrecoverable. A reversal of allowance of HK$298,000 was made in last year.

32. Amounts due from Jointly Controlled Entities

Amounts are unsecured, interest-free and recoverable within one year.

33. Pledged Bank Deposits

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

The deposits carry fixed interest rates ranging from 4.0% to 5.0% (2006: 3.6% to 4.4%) per annum. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

34. Restricted Bank Balances and Deposits

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

35. Bank Balances and Deposits

Bank balances and deposits comprise cash held by the Group and short-term bank deposits which carry fixed interest rate ranging from 3.8% to 7.0% (2006: 3.5% to 4.1%) per annum with an original maturity of three months or less.

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

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

36. Payables, Deposits Received and Accrued Charges

	2007 **HK$'000**	2006 HK$'000
Trade payables	**70,877**	115,774
Other payables, deposits received and accrued charges	**345,844**	323,429
	416,721	439,203

An aged analysis of trade payables at the balance sheet date is as follows:

	2007 **HK$'000**	2006 HK$'000
0 to 60 days	**70,855**	17,452
61 to 90 days	**6**	98,110
91 to 365 days	**16**	212
	70,877	115,774

37. Provisions

	Rehousing compensation HK$'000	Rental guarantee HK$'000	Total HK$'000
At 1 January 2006	15,083	3,778	18,861
Exchange adjustments	520	(144)	376
Additional provisions recognised	—	569	569
Payment for the year	(722)	(3,936)	(4,658)
At 31 December 2006	14,881	267	15,148
Exchange adjustments	1,084	13	1,097
Payment for the year	—	(280)	(280)
At 31 December 2007	**15,965**	**—**	**15,965**

The provisions for rehousing compensation represent the compensation for the delay in handover of rehousing properties to the former commercial unit owners ("Affected Owners") whose properties have been demolished due to the construction of a property developed for sale in the PRC and the estimated cost for the permanent relocation of certain Affected Owners who will not have rehousing properties allocated under management's plan. Such provisions are estimated based on management's best estimate by reference to the PRC statutory requirements. During the year ended 31 December 2006, some of the compensation arrangements have been settled with the Affected Owners. In the opinion of the directors, the remaining compensation is expected to be paid within one year, depending on the progress of negotiation with the Affected Owners.

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

38. Bank Borrowings

	2007 HK$'000	2006 HK$'000
Bank loans		
— secured	**2,856,236**	2,505,673
— unsecured	**—**	52,746
Total	**2,856,236**	2,558,419
The borrowings are repayable as follows:		
On demand or within one year	**1,991,549**	1,538,744
More than one year, but not exceeding two years	**64,395**	148,495
More than two years, but not exceeding three years	**47,129**	90,386
More than three years, but not exceeding four years	**674,143**	48,873
More than four years, but not exceeding five years	**11,845**	650,598
More than five years	**67,175**	81,323
Total	**2,856,236**	2,558,419
Less: Amounts due for settlement within 12 months shown under current liabilities	**(1,991,549)**	(1,538,744)
Amounts due for settlement after 12 months	**864,687**	1,019,675

The average effective interest rates of the borrowings are ranging from 4.7% to 11.4% (2006: 4.5% to 12.5%) per annum.

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

Bank loans Denominated in	**2007 HK$'000**	2006 HK$'000	**Interest rate**
Hong Kong dollars	**1,982,809**	1,708,709	Hong Kong Interbank Money Market Offer Rate plus 0.5% to 0.67%
	80,000	80,000	Hong Kong Prime Rate minus 2%
Renminbi	**273,951**	267,366	10% discount on People's Bank of China lending rate
	64,074	—	People's Bank of China lending rate
Australian dollars	**122,665**	106,687	7.25%
New Zealand dollars	**282,618**	335,950	90 days bank bill bid rate plus 1.1% to 2.5%
Indonesian Rupiah	**50,119**	59,707	7.7% to 8.4%
	2,856,236	2,558,419	

38. Bank Borrowings *(continued)*

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

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

39. Amounts due to Minority Shareholders

Amounts at 31 December 2007 of HK$87,177,000 (2006: HK$36,209,000) are unsecured, interest-free and repayable within twelve months from the balance sheet date.

Amount at 31 December 2007 of HK$6,492,000 (2006: HK$80,814,000) is unsecured, interest-free and the minority shareholders have contracted not to demand repayment within twelve months from the balance sheet date. Accordingly, the amounts are shown as non-current.

40. Deferred Taxation

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

	Accelerated tax depreciation HK$'000	Revaluation on properties HK$'000	Others HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2006	40,875	393,840	1,800	(39,301)	397,214
Exchange adjustments	318	7,365	—	(467)	7,216
Charge (credit) to consolidated income statement for the year	1,478	143,793	(327)	(6,836)	138,108
Charge to equity for the year	—	—	7,430	—	7,430
At 31 December 2006	42,671	544,998	8,903	(46,604)	549,968
Exchange adjustments	2,590	15,364	350	(3,322)	14,982
Charge (credit) to consolidated income statement for the year	6,693	162,877	(327)	1,835	171,078
Charge to equity for the year	—	—	(8,551)	—	(8,551)
Effect of change in tax rate	—	(34,903)	—	—	(34,903)
At 31 December 2007	**51,954**	**688,336**	**375**	**(48,091)**	**692,574**

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

40. Deferred Taxation *(continued)*

At 31 December 2007, the Group has unused tax losses of HK$831,528,000 (2006: HK$826,878,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$172,201,000 (2006: HK$163,246,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$659,327,000 (2006: HK$663,632,000) due to the unpredictability of future profit streams.

At 31 December 2007, the Group has deductible temporary differences in respect of write down of properties held for sales of HK$40,133,000 (2006: HK$108,792,000). No deferred tax asset has been recognised in respect of such deductible temporary difference as it is uncertain that taxable profit will be available against which the deductible temporary differences can be utilised.

41. Share Capital

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

	Number of shares		**Nominal value**	
	2007	2006	**2007 HK$'000**	2006 HK$'000
Ordinary shares of HK$0.1 each:				
Authorised:				
At beginning and end of year	**1,000,000,000**	1,000,000,000	**100,000**	100,000
Issued and fully paid:				
At beginning of the year	**583,102,364**	548,443,165	**58,310**	54,844
Shares issued upon exercise of warrants	**19,724,806**	16,909,199	**1,973**	1,691
Shares issued upon exercise of share options	—	17,750,000	—	1,775
At end of the year	**602,827,170**	583,102,364	**60,283**	58,310

All the new shares issued during the year rank pari passu in all respects with the existing shares.

42. Warrants

The Company had outstanding warrants expiring in 2008 entitling the registered holders to subscribe in cash for fully paid shares of HK$0.1 each of the Company at a subscription price of HK$1.38 per share, subject to anti-dilutive adjustment, until 3 December 2008. At 31 December 2007, the aggregate par value of shares issuable against the outstanding warrants amounted to HK$5,443,000 (2006: HK$7,416,000) and the amount receivable by the Company upon full exercise of the warrants amounted to HK$75,127,000 (2006: HK$102,346,000).

Exercise in full of the rights attached to the 2008 warrants still outstanding at 31 December 2007 would, under the present capital structure of the Company, result in the issue of 54,440,000 (2006: 74,164,000) additional shares of HK$0.1 each.

43. Disposal of a Subsidiary

On 8 August 2007, the Group disposed of its entire interest in UniMilo's Knitwear Company Limited ("UniMilo"), representing 60% of issued share capital of UniMilo, to the minority shareholder for a consideration of HK$2,760,000. The net assets of UniMilo at the date of disposal were as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	1,084
Inventories	317
Receivables, deposits and prepayments	1,741
Bank balances and cash	5,142
Payables, deposits received and accrued charges	(1,869)
	6,415
Minority interest	(2,566)
	3,849
Loss on disposal of a subsidiary	(1,089)
Total consideration satisfied by cash	2,760

Cash inflow (outflow) arising on disposal:

	2007 HK$'000
Cash consideration	2,760
Bank balances and cash disposed of	(5,142)
	(2,382)

The subsidiary disposed of during the year contributed HK$10,695,000 (2006: HK$25,364,000) to the Group's turnover and HK$1,154,000 (2006: HK$828,000) to the Group's profit from operations.

During the year, the subsidiary disposed of contributed HK$3,119,000 (2006: HK$3,787,000) to the Group's net operating cash flows.

44. Acquisition of Assets and Liabilities through Acquisition of Subsidiaries

On 12 March 2007, the Group acquired a development property in New Zealand and its related assets and liabilities (the "Acquisition"), at a consideration of approximately HK$26.9 million. The purchase was by way of acquisition of the entire issued share capital of Waterside Business Centre Limited ("Waterside"). This transaction has been reflected as a purchase of assets and liabilities.

	HK$'000
Net assets acquired:	
Properties under development held for sale	46,206
Receivables, deposits and prepayments	3,755
Bank balances and cash	30
Payables, deposits received and accrued charges	(40)
Bank borrowings	(23,079)
	26,872
Total consideration satisfied by:	
Other loans receivable (Note)	26,872
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	30

Note: The consideration was fully satisfied by the waiver of the Group's other loans receivable from the shareholder of Waterside as at the date of the Acquisition.

45. Operating Lease Arrangements

The Group as lessee

At 31 December 2007, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2007 **HK$'000**	2006 HK$'000
Within one year	**6,260**	4,961
In the second to fifth years inclusive	**1,818**	17,453
Over five years	**—**	15,628
	8,078	38,042

Leases are negotiated for the range of 1 to 2 years (2006: 1 to 20 years) with fixed monthly rentals.

The Group as lessor

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

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

	2007 **HK$'000**	2006 HK$'000
Within one year	**184,841**	167,000
In the second to fifth years inclusive	**460,417**	372,162
Over five years	**747,823**	470,674
	1,393,081	1,009,836

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

The remaining lease terms of the leased properties are ranging from 1 to 26 years (2006: 1 to 20 years).

46. Capital Commitments

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

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

47. Pledge of Assets

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

(a) Fixed and floating charges on investment properties with an aggregate carrying value of HK$5,751,182,000 (2006: HK$4,788,137,000).

(b) Fixed and floating charges on properties under development held for sale with an aggregate carrying value of HK$1,607,386,000 (2006: HK$1,389,907,000).

(c) Fixed and floating charges on properties under development with an aggregate carrying value of HK$126,803,000 (2006: HK$46,583,000).

(d) Prepaid lease payments with an aggregate carrying value of HK$317,554,000 (2006: HK$324,973,000).

(e) Fixed and floating charges on properties held for sale with aggregate carrying value of HK$419,943,000 (2006: HK$Nil).

(f) Bank deposits of HK$420,277,000 (2006: HK$200,708,000).

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

48. Share-based Payments

The Company operates an employee share option scheme (the "Scheme") for the primary purpose of providing incentive to directors and eligible employees. The scheme was approved and adopted on 23 June 2000, which will be effective until 29 June 2010. At 31 December 2007, the number of shares in respect of which options had been granted and remained outstanding under the new scheme was 3,000,000, representing approximately 0.5% of the shares of the Company in issue at that date.

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

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

The following table discloses details of the Company's share options held by employees and movements on such holdings during the two years ended 31 December 2007:

			Number of share options		
Date of grant	**Exercisable period**	**Exercise price** HK$	**Outstanding at 1.1.2006**	**Exercised during the year**	**Outstanding at 31.12.2006 and 31.12.2007**
Directors					
4.12.2000	4.12.2000 — 3.12.2010	1.44	15,500,000	(12,500,000)	**3,000,000**
Resigned director					
4.12.2000	4.12.2000 — 3.12.2010	1.44	5,250,000	(5,250,000)	—
			20,750,000	(17,750,000)	**3,000,000**

In respect of the share options exercised during last year, the weighted average share price at the dates of exercise and the date immediately before exercise date were HK$4.03 and HK$4.15 per share respectively.

No options were granted, exercised or cancelled during the year.

49. Retirement Benefit Plans

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

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

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

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

The total cost charged to consolidated income statement of HK$2,562,000 (2006: HK$2,849,000) represents contribution paid to the retirement benefit schemes by the Group in respect of the current year. The only obligation of the Group with respect to the retirement benefit schemes is to make the specified contributions. Forfeited contributions for the year amounting to HK$175,000 (2006: HK$569,000) has been used to reduce the level of contributions.

50. Related Party Transactions

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2007 **HK$'000**	2006 HK$'000
Short-term benefits	**63,311**	53,649
Post-employment benefits	**1,395**	1,223
	64,706	54,872

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

51. Major Non-cash Transactions

As mentioned in note 43, the consideration for Acquisition was satisfied by the waiver of the Group's other loans receivable from the shareholder of Waterside as at the date of Acquisition.

52. Principal Subsidiaries

Details of the principal subsidiaries, all of which are companies with limited liability, at 31 December 2007 and 2006 are set out below:

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective percentage of issued share capital/ registered capital held by the Company		Principal activities
			2007	2006	
Direct subsidiary					
Chisel Limited	The British Virgin Islands ("B.V.I.")/ Republic of Indonesia	2 ordinary shares of US$1 each	**100**	100	Investment holding
SEABO Pacific Limited	Bermuda/ PRC	767,919 ordinary shares of HK$1 each	**100**	100	Investment holding
South-East Asia Investment And Agency Company, Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	**100**	100	Investment holding
Indirect subsidiary					
AGP (Diamond Hill) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property development
AGP (Sha Tin) Limited	Hong Kong	1 ordinary share of HK$1	**97**	96	Property development
AGP (Wanchai) Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property development
AGP Hong Kong Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property investment
Asian Growth Properties Limited	B.V.I./ Hong Kong	886,347,812 ordinary shares of US$0.05 each	**97**	96	Investment holding

52. Principal Subsidiaries *(continued)*

Name of subsidiary	Place/country of incorporation/ operation	Issued and paid up share capital/ registered capital	Effective percentage of issued share capital/ registered capital held by the Company 2007	2006	Principal activities
Indirect subsidiary *(continued)*					
Concord Way Limited	Hong Kong	100 ordinary shares of HK$1 each	**97**	96	Property investment
Handy View Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property investment
Harvest Hill Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Financing
Kingston Pacific Investment Limited	B.V.I./ Hong Kong	100 ordinary shares of US$1 each	**53**	53	Property development
SEA Group Treasury Limited	Hong Kong	10,000,000 ordinary shares of HK$1 each	**97**	96	Treasury services
Sky Trend Investments Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property investment
Sunfold Development Limited	Hong Kong	1 ordinary share of HK$1	**97**	96	Property investment
Trans Tasman Properties Limited	New Zealand	154,194,592 shares of no par value	**100**	81	Investment holding
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK$1 each	**97**	96	Property investment
成都華商房屋開發有限公司 (Chengdu Huashang House Development Co., Ltd.)	PRC	RMB136,000,000 registered capital	**97**	96	Property investment
廣州市盈發房產發展有限公司 (Guangzhou Yingfat House Property Development Co., Ltd.) ("Yingfat")*	PRC	US$20,110,000 registered capital	**97**	96	Property development

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

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

None of the subsidiaries has issued any debt securities at the end of the year.

爪哇控股有限公司
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(Incorporated in Bermuda with limited liability)
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