



Stock Code 股份代號: 251

Interim Report 2014 中期報告

與時創建
Building with the times

Directory

Directors

Executive Directors

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

Non-executive Director

Mr. Lam Sing Tai

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

Nomination Committee

Mr. Lu Wing Chi (*Chairman*)
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Remuneration Committee

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

Authorised Representatives

Mr. Lambert Lu
Ms. Chan Yuk Ying

Company Secretary

Ms. Chan Yuk Ying

Legal Advisers

Stephenson Harwood
Mayer Brown JSM
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
Hang Seng Bank Limited

Registered Office

Clarendon House
2 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
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

Listing

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

Stock Code and Board Lot

251/2,000 shares

The shares of Asian Growth Properties Limited, a subsidiary of the Company, are admitted for trading on the AIM Market of London Stock Exchange plc.

Website

www.seagroup.com.hk

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Property Portfolio

At 30 June 2014

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	30 June 2047	Commercial/ Office	37,214 and 156 car parking spaces	97.2
MAINLAND CHINA					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6 October 2063	Commercial/ Office	91,455 (including car parking floors)	97.2
Commercial podium in Zone B and car parking spaces on Basements 2 and 3, New Century Plaza	No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province	18 May 2063	Commercial	19,261 (including car parking spaces)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23 May 2050	Office	16,112	97.2
AUSTRALIA					
Lizard Island Resort	Lizard Island Tropical North Queensland	30 September 2050	Resort Hotel	10,500	100

Particulars of Hotel Building					
Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay	6 November 2049	Hotel	14,945	97.2

Property Portfolio

At 30 June 2014

Particulars of Properties Held for Sale

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
MAINLAND CHINA					
Commercial podium, Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	45,984 (including car parking floors)	97.2

Particulars of Development Properties/Properties under Development

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)	Group's Interest (%)
HONG KONG						
Fo Tan Project, Shatin	1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories	Foundation construction completed and superstructure design in progress	Beyond 2016	Residential/ Commercial	20,000	97.2
MAINLAND CHINA						
Chengdu Nova City	Longquanyi District, Chengdu, Sichuan Province	Phase I site formation and piling works completed and superstructure is being planned to commence	Phase I - 2016	Residential/ Commercial	506,000	97.2
Kaifeng Nova City	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Phase I piling works completed and Phase IA superstructure works in progress	Phase IA - 2015	Residential/ Commercial	735,000	97.2
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Phase I - Beyond 2015	Tourist leisure facilities	337,000	97.2

Location of the Group's Properties/Projects



Chairman's Statement

I am pleased to present the unaudited condensed consolidated financial results of S E A Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2014 to the shareholders of the Company.

Financial Summary

Turnover for the six months ended 30 June 2014 amounted to HK\$337.1 million (2013: HK\$488.7 million). The turnover was principally attributable to the recognition of rental income from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the period amounted to HK\$294.4 million (2013: HK\$280.4 million), equivalent to a basic earnings per share of HK43.4 cents (2013: HK41.7 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$225.9 million (2013: HK\$143.9 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$68.5 million (2013: HK\$136.5 million), equivalent to HK10.1 cents (2013: HK20.3 cents) per share.

As at 30 June 2014, the Group's equity attributable to the Company's shareholders amounted to HK\$11,803.3 million (31 December 2013: HK\$11,551.2 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2014 was HK\$17.28 as compared with HK\$17.18 as at 31 December 2013.

The Group's property assets by geographical location at the period end were as follows:

	30 June 2014 HK\$' million	31 December 2013 HK\$' million
Hong Kong	9,384.9	9,184.7
Mainland China	4,161.1	4,078.9
Australia	202.8	191.5
Total	13,748.8	13,455.1



Crowne Plaza Hong Kong Causeway Bay (hotel guest room)

Chairman's Statement

Interim Dividend

The board of directors of the Company (the "Board") has declared an interim dividend of HK5 cents (2013: HK5 cents) per share for the six months ended 30 June 2014 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 3 October 2014. The relevant dividend warrants are expected to be despatched on or before Wednesday, 15 October 2014.

Business Review

Property Investment and Development

The Group continues to focus on its development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review and optimise the project portfolios from time to time. The Group's core projects are listed below.

Hong Kong

The office leasing market was stable during the period. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the period increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 90% as at 30 June 2014.

The negotiation of land premium with the Government for the development project at Fo Tan is in progress. This development project has a site area of approximately 20,000 square metres and envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus. The foundation work of the project has been completed and advanced pile cap work is in progress.

Mainland China

Chengdu, Sichuan Province

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2014, the aggregate occupancy rate for the two office towers and the retail podium was approximately 93%. Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres is fully let to a furniture retailer on a medium-term lease.



Chengdu Nova City (master layout plan)

The master layout plan of the Longquan project (known as "Chengdu Nova City"), which has a site area of 506,000 square metres, was approved by the local government in January 2014. Preliminary site works and site formation works for Phase I of the project have been completed. Superstructure works for Phase I are scheduled to commence in the fourth quarter of 2014.

Chairman's Statement



Kaifeng Nova City (site)

Kaifeng, Henan Province

The Kaifeng project, known as “Kaifeng Nova City”, is situated in Zheng-Kai District, a new town in Kaifeng and envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. This project has a site area of 735,000 square metres and for providing better living environment, the gross floor area of the development will vary from 2,000,000 to 2,500,000 square metres only. The master layout plan has been approved by the local government and foundation work for Phase I of the residential has been completed. The superstructure works for Phase IA of the residential are in progress and scheduled to be completed in the first quarter of 2015. Pre-sale consent for Phase IA was issued and the sales program has commenced.

Guangzhou, Guangdong Province

As at 30 June 2014, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 91% with more than one-third of the total office space being leased to AIA. Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.



Kaifeng Nova City (sales centre)

Huangshan, Anhui Province

The project in Huangshan has a site area of about 337,000 square metres comprising of development land of about 117,000 square metres and landscape land of 220,000 square metres. The master layout plan for the development of the project comprising a hotel, serviced apartments and resort villas in the integrated resort site has been approved by the local government and site formation work for phase I of the project is planned to commence in the fourth quarter of 2014.

Chairman's Statement

Chi Shan, Nanjing, Jiangsu Province

The Group has established two 51%-owned joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of land in Chi Shan. The Group intends to acquire such lands through land auctions by different stages.

Australia

Turnover generated from the property investment project in Australia for the six months ended 30 June 2014 was HK\$9.5 million (2013: HK\$10.0 million).

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. It has achieved satisfactory occupancy and room rates for the six months under review.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2014, the Group's total bank deposits, bank balances and cash was HK\$2,616.9 million (31 December 2013: HK\$2,156.5 million) and unutilised facilities were HK\$1,572.5 million (31 December 2013: HK\$965.0 million).

Gearing ratio as at 30 June 2014, calculated on the basis of net interest bearing debt minus bank deposits, bank balances and cash as a percentage of total property assets, was 7.9% (31 December 2013: 7.9%).

As at 30 June 2014, maturity of the Group's outstanding borrowings was as follows:

	30 June 2014 HK\$' million	31 December 2013 HK\$' million
Due		
Within 1 year	655.9	1,500.3
1-2 years	1,350.8	395.2
3-5 years	1,102.7	1,082.9
Over 5 years	608.4	256.6
	3,717.8	3,235.0
Less: Front-end fee	(18.6)	(13.7)
	3,699.2	3,221.3

Chairman's Statement

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2014 amounted to HK\$3,575.8 million (31 December 2013: HK\$3,104.8 million) which comprised of secured bank loans of HK\$3,315.8 million (31 December 2013: HK\$2,894.8 million) and unsecured bank loans of HK\$260.0 million (31 December 2013: HK\$210.0 million). The secured bank loans were secured by properties valued at HK\$11,236.6 million (31 December 2013: HK\$10,865.5 million) and note receivables of HK\$54.3 million (31 December 2013: HK\$54.3 million).

A subsidiary of the Company operating in Australia pledged its properties with an aggregate carrying value of HK\$202.8 million as at 30 June 2014 (31 December 2013: HK\$191.5 million) to secure bank loans of HK\$123.4 million (31 December 2013: HK\$116.5 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2014, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 30 June 2014, the Group had a total of 441 employees (31 December 2013: 426 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$85.9 million for the six months ended 30 June 2014 (2013: HK\$84.9 million).

The Group maintains good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted an employee share option scheme and a share award scheme with options to subscribe for shares in the Company and awards of shares being granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Chairman's Statement

Outlook

U.S. monetary policy will continue to affect the global economy which should contribute to the economic recovery in the near term. With the exception of the UK, many European economies are experiencing weakness in GDP growth and output and whilst the U.S. Government has started tapering quantitative easing and interest rates may begin to rise in the UK shortly, other major central banks continue to keep low or near zero interest rates which are a necessity to help to improve economic growth. Thus, interest rates are likely to stay at historically low levels for some time to come.



Fo Tan Project

With a slowdown of property pricing growth in many of the regions in Mainland China, economic growth has been slowing down this year. In the past month, there has been some easing of property ownership restrictions and the cost of borrowing money in the bond market has reduced which has relieved the largest and best run property companies from the tight liquidity in the capital markets. The Group believes that the market in Mainland China will remain relatively steady.

In Hong Kong, the property market has remained relatively stable with some diminution in land values but ever increasing development construction costs. Interest rates remain low and sales of newly built flats are attracting the best take up in the past six months. However, it remains to be seen what impact the "Occupy Central Movement" will have on Hong Kong's business confidence. The polarization of the democrat camp and that of the "Anti-occupy Central Movement" with their differing stance on the appointment of Hong Kong Chief Executive could impact the property market adversely in the latter part of the year.

Negotiation of the land premium of our Fo Tan project is still in progress. This is a lengthy process with the Government and the Group is expecting a more realistic land premium to be offered. For the Kaifeng project, the pre-sales for Phase IA of the residential development has commenced and will continue during the year.

A handwritten signature in black ink, appearing to read 'Lu Wing Chi', written in a cursive style.

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 August 2014

Corporate Governance and Other Information

Corporate Governance Practices

Throughout the period for the six months ended 30 June 2014, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code 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 the following deviations:

- *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 this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company 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 considerably long period and has withstood the test of time and that 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. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three independent non-executive directors.
- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing non-executive directors (including the independent non-executive directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

The Board will continually review and recommend such proposals as appropriate in the circumstances of such deviations.

Securities Transactions by Directors and Employees

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 by the Company, all the directors of the Company have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the period for the six months ended 30 June 2014.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the directors of the Company) (the “Relevant Employees”) to regulate their dealings in the listed shares of the Company and Asian Growth Properties Limited (“AGP”, together with its subsidiaries, the “AGP Group”), a subsidiary of the Company, as the Relevant Employees are likely to be in possession of inside information in relation to such shares because of their office or employment.

Corporate Governance and Other Information

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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, were as follows:

1. Long positions in shares of the Company

Name of directors	Number of shares of HK\$0.1 each			Number of underlying shares held under equity derivatives		Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporation)	Family interests (interests of spouse)	Personal interests (held as beneficial owner)	Total interests	
Lu Wing Chi	12,147,285	411,556,754 ⁽ⁱ⁾	—	4,460,000	428,164,039	62.68
Lu Wing Yuk, Andrew	666,000	—	—	1,338,000	2,004,000	0.29
Lincoln Lu	10,920,002	—	—	4,460,000	15,380,002	2.25
Lambert Lu	8,408,002	—	—	4,460,000	12,868,002	1.88
Lam Sing Tai	1,467,739	—	5,739	4,460,000	5,933,478	0.87
Walujo Santoso, Wally	334,000	—	—	666,000	1,000,000	0.15
Leung Hok Lim	990,928	—	—	666,000	1,656,928	0.24
Chung Pui Lam	990,928	—	—	666,000	1,656,928	0.24

Notes:

- (i) These shares are beneficially held by Nan Luen International Limited ("NLI"), which is 63.58% owned by JCS Limited ("JCS"), and by virtue of Mr. Lu Wing Chi's interest in JCS (as disclosed in paragraph 2(a) below), he is deemed to be interested in these shares.
- (ii) The interests in underlying shares held under equity derivatives represented interests in share options granted to the directors under the share option scheme of the Company. Particulars of which are contained under the section of "Share Option Scheme of the Company" below.
- (iii) The total number of issued shares of the Company as at 30 June 2014 was 683,091,726 shares.

2. Long positions in shares of associated corporations

(a) JCS — ultimate holding company of the Company

Name of directors	Number of shares of HK\$100.0 each	Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	
Lu Wing Chi	22,080	48.00
Lincoln Lu	9,660	21.00
Lambert Lu	9,660	21.00

Corporate Governance and Other Information

2. Long positions in shares of associated corporations *(continued)*

(b) NLI — immediate holding company of the Company

Name of directors	Number of shares of HK\$100.0 each		Total interests	Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporation)		
Lu Wing Chi	46,938	99,480 ^(Note)	146,418	93.58
Lincoln Lu	5,021	—	5,021	3.21
Lambert Lu	5,021	—	5,021	3.21

Note:

These shares are beneficially held by JCS and by virtue of Mr. Lu Wing Chi's interest in JCS (as disclosed in paragraph 2(a) above), he is deemed to be interested in these shares.

Saved as disclosed herein, as at 30 June 2014, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2014, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of shareholders	Number of shares of HK\$0.1 each		Approximate % of interest in the issued share capital
	Held as beneficial owner	Held by controlled corporation	
JCS	—	411,556,754	60.25
NLI	411,556,754	—	60.25

Notes:

- (i) JCS holds about 63.58% of the issued shares in NLI. The above 411,556,754 shares held by NLI are also deemed to be JCS's interest and such shares are, therefore, duplicated between these two shareholders for the purpose of the SFO.
- (ii) Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, are also directors of JCS and NLI.

Saved as disclosed herein, as at 30 June 2014, none of the substantial shareholders and other persons (other than directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Corporate Governance and Other Information

Share Option Scheme of the Company

The Company adopted an employee share option scheme (the “SEA Share Option Scheme”) on 25 August 2005. The following table shows the movements in share options under the SEA Share Option Scheme during the six months ended 30 June 2014 and the options outstanding at the beginning and end of the period:

Name	Date of grant	Exercise price per share (HK\$)	Exercise period	Number of underlying shares comprised in share options			
				As at 01.01.2014	Exercised during the period	Lapsed during the period	As at 30.06.2014
Directors							
Lu Wing Chi	12.07.2012	3.454	(i)	6,690,000	(2,230,000)	—	4,460,000
Lu Wing Yuk, Andrew	12.07.2012	3.454	(i)	1,338,000	—	—	1,338,000
Lincoln Lu	12.07.2012	3.454	(i)	6,690,000	(2,230,000)	—	4,460,000
Lambert Lu	12.07.2012	3.454	(i)	6,690,000	(2,230,000)	—	4,460,000
Lam Sing Tai	12.07.2012	3.454	(i)	6,690,000	(2,230,000)	—	4,460,000
Walujo Santoso, Wally	12.07.2012	3.454	(i)	666,000	—	—	666,000
Leung Hok Lim	12.07.2012	3.454	(i)	666,000	—	—	666,000
Chung Pui Lam	12.07.2012	3.454	(i)	666,000	—	—	666,000
Sub-Total				30,096,000	(8,920,000)	—	21,176,000
Other eligible employees in aggregate	12.07.2012	3.454	12.07.2012 to 30.06.2014	100,000	—	—	100,000
			01.07.2013 to 30.06.2015	1,630,000	(330,000)	—	1,300,000
			01.01.2014 to 31.12.2015	2,650,000	(1,470,000)	—	1,180,000
			01.07.2014 to 30.06.2016	2,400,000	—	—	2,400,000
			01.01.2015 to 31.12.2016	1,600,000	—	—	1,600,000
			01.07.2015 to 30.06.2017	6,960,000	—	(500,000)	6,460,000
Sub-Total				15,340,000	(1,800,000)	(500,000)	13,040,000
Total				45,436,000	(10,720,000)	(500,000)	34,216,000

Notes:

- (i) One-third of the share options are exercisable during the period from 1 July 2013 to 30 June 2015, a further one-third of the share options are exercisable during the period from 1 July 2014 to 30 June 2016 and the remaining one-third of the share options are exercisable during the period from 1 July 2015 to 30 June 2017.
- (ii) The vesting period of the share options granted is from the date of grant until the commencement of the exercisable period.
- (iii) The average/weighted average closing price of the shares of the Company immediately before the date(s) on which the share options were exercised by:
 - (a) directors of the Company
 Mr. Lu Wing Chi was HK\$4.32 per share
 Mr. Lincoln Lu was HK\$4.48 per share
 Mr. Lambert Lu was HK\$4.31 per share
 Mr. Lam Sing Tai was HK\$4.49 per share
 - (b) the other eligible employees was HK\$4.44 per share
 - (c) all the participants stated in (a) and (b) above was HK\$4.41 per share
- (iv) No share options had been granted or cancelled under the SEA Share Option Scheme during the six months ended 30 June 2014.

Corporate Governance and Other Information

Share Award Scheme of the Company

The Company also adopted a share award scheme (the “SEA Share Award Scheme”) on 15 June 2010. The SEA Share Award Scheme is an incentive scheme established for the Group as a flexible means to recognise and acknowledge the performance and/or contributions which the eligible participants (as defined under the SEA Share Award Scheme) have made or will make to the Group and promote the long term success of the Company.

During the six months ended 30 June 2014, no award was granted by the Company under the SEA Share Award Scheme.

Share Option and Share Award Schemes of AGP

AGP, a 97.17%-owned subsidiary of the Company, also adopted a share option scheme and a share award scheme (together, the “AGP Share Schemes”) in 2010. The two schemes are incentive arrangement for the AGP Group to recognise and acknowledge the performance and/or contributions which the eligible participants (as defined under the AGP Share Schemes) have made or will make to the AGP Group and promote the long term success of AGP. No option or award was granted by AGP since the commencement of the AGP Share Schemes on 16 August 2010.

Purchase, Sale or Redemption of the Company’s Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2014.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 29 September 2014 to Friday, 3 October 2014, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company’s Branch Share Registrars in Hong Kong, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, 26 September 2014.

Review of Condensed Consolidated Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2014 have not been audited but have been reviewed by the audit committee of the Company and by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

Report on Review of Condensed Consolidated Financial Statements



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

Introduction

We have reviewed the condensed consolidated financial statements of S E A Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 17 to 32 which comprise the condensed consolidated statement of financial position as of 30 June 2014 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2014

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2014

		Six months ended 30 June	
	NOTES	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	3	337,097	488,677
Interest income		8,750	12,042
Other income		6,851	12,276
Costs:			
Property and related costs	4	(22,908)	(107,967)
Staff costs		(85,943)	(84,928)
Depreciation and amortisation		(31,627)	(43,899)
Other expenses	5	(74,178)	(73,029)
		(214,656)	(309,823)
Profit from operations before fair value changes on investment properties		138,042	203,172
Fair value changes on investment properties		240,940	158,655
Profit from operations after fair value changes on investment properties		378,982	361,827
Gain on disposal of assets classified as held for sale		—	21,640
Share of results of associates		—	(1,473)
Finance costs	6	(45,679)	(43,789)
Profit before taxation	7	333,303	338,205
Income tax expense	8	(33,036)	(50,833)
Profit for the period		300,267	287,372
Attributable to:			
Company's shareholders		294,406	280,447
Non-controlling interests		5,861	6,925
		300,267	287,372
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	10		
— Basic		43.4	41.7
— Diluted		42.9	40.9
Earnings per share excluding fair value changes on investment properties net of deferred tax	10		
— Basic		10.1	20.3
— Diluted		10.0	19.9

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Profit for the period	300,267	287,372
Other comprehensive (expense) income:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(38,465)	55,708
Release of translation reserve upon disposal of assets classified as held for sale	—	(2,480)
Share of translation differences of associates	—	(595)
	(38,465)	52,633
Total comprehensive income for the period	261,802	340,005
Total comprehensive income attributable to:		
Company's shareholders	257,580	330,309
Non-controlling interests	4,222	9,696
	261,802	340,005

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	30.06.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Non-current assets			
Investment properties	11	10,181,658	9,952,179
Property, plant and equipment	11	1,006,425	1,025,066
Properties for development	12	1,283,623	1,350,813
Club memberships		8,574	8,574
Loans receivable		5,876	7,072
Note receivables		54,251	54,279
Other receivable	13	381,143	384,794
Restricted bank deposits		6,299	6,360
		12,927,849	12,789,137
Current assets			
Properties held for sale			
Completed properties		217,054	219,277
Properties under development		1,107,185	959,091
Other inventories		1,026	1,119
Loans receivable		417	463
Trade receivables, deposits and prepayments	14	121,622	126,946
Tax recoverable		925	3,542
Amounts due from non-controlling interests	15	900	265
Bank balances and cash		2,610,638	2,150,101
		4,059,767	3,460,804
Current liabilities			
Payables, deposits and accrued charges	16	281,623	323,028
Sales deposits		28,662	—
Tax liabilities		138,734	133,403
Amounts due to non-controlling interests	15	98,893	96,985
Bank borrowings — due within one year	17	655,034	1,499,192
Derivative financial instrument	18	577	1,132
		1,203,523	2,053,740
Net current assets		2,856,244	1,407,064
Total assets less current liabilities		15,784,093	14,196,201

Condensed Consolidated Statement of Financial Position

At 30 June 2014

	NOTES	30.06.2014 HK\$'000 (unaudited)	31.12.2013 HK\$'000 (audited)
Capital and reserves			
Share capital	19	68,309	67,237
Reserves		11,734,953	11,483,916
Equity attributable to the Company's shareholders		11,803,262	11,551,153
Non-controlling interests		414,509	410,287
Total equity		12,217,771	11,961,440
Non-current liabilities			
Bank borrowings — due after one year	17	3,044,182	1,722,108
Deferred taxation	20	522,140	512,653
		3,566,322	2,234,761
		15,784,093	14,196,201

The condensed consolidated financial statements on pages 17 to 32 were approved and authorised for issue by the Board of Directors on 27 August 2014 and are signed on its behalf by:



Lu Wing Chi
Chairman and Managing Director



Lambert Lu
Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2014

	Attributable to the Company's shareholders										Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Share options/ award reserve HK\$'000	Property revaluation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2013 (audited)	67,129	355,016	277,707	510,741	4,451	8,380	1,428	(391)	9,745,335	10,969,796	302,166	11,271,962
Profit for the period	—	—	—	—	—	—	—	—	280,447	280,447	6,925	287,372
Exchange differences arising on translation of foreign operations	—	—	—	52,937	—	—	—	—	—	52,937	2,771	55,708
Share of translation differences of associates	—	—	—	(595)	—	—	—	—	—	(595)	—	(595)
Release of translation reserve upon disposal of assets classified as held for sale	—	—	—	(2,480)	—	—	—	—	—	(2,480)	—	(2,480)
Other comprehensive income for the period	—	—	—	49,862	—	—	—	—	—	49,862	2,771	52,633
Total comprehensive income for the period	—	—	—	49,862	—	—	—	—	280,447	330,309	9,696	340,005
Reversal of non-controlling interests upon disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	116,965	116,965
Recognition of equity-settled share-based payments — share options	—	—	—	—	—	8,137	—	—	—	8,137	—	8,137
Shares issued upon exercise of share options	69	2,169	—	—	—	(272)	—	—	—	1,966	—	1,966
Dividends paid	—	—	—	—	—	—	—	—	(40,318)	(40,318)	—	(40,318)
At 30 June 2013 (unaudited)	67,198	357,185	277,707	560,603	4,451	16,245	1,428	(391)	9,985,464	11,269,890	428,827	11,698,717
Profit for the period	—	—	—	—	—	—	—	—	229,643	229,643	7,819	237,462
Exchange differences arising on translation of foreign operations	—	—	—	50,394	—	—	—	—	—	50,394	2,189	52,583
Share of translation differences of associates	—	—	—	178	—	—	—	—	—	178	—	178
Revaluation increase upon reclassification of property, plant and equipment to investment properties	—	—	—	—	—	—	3,801	—	—	3,801	—	3,801
Other comprehensive income for the period	—	—	—	50,572	—	—	3,801	—	—	54,373	2,189	56,562
Total comprehensive income for the period	—	—	—	50,572	—	—	3,801	—	229,643	284,016	10,008	294,024
Recognition of equity-settled share-based payments — share options	—	—	—	—	—	4,350	—	—	—	4,350	—	4,350
Shares issued upon exercise of share options	39	1,005	—	—	—	(140)	—	—	—	904	—	904
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	25,611	—	25,611	(25,982)	(371)
Dividends paid	—	—	—	—	—	—	—	—	(33,618)	(33,618)	—	(33,618)
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(2,566)	(2,566)
At 31 December 2013 (audited)	67,237	358,190	277,707	611,175	4,451	20,455	5,229	25,220	10,181,489	11,551,153	410,287	11,961,440
Profit for the period	—	—	—	—	—	—	—	—	294,406	294,406	5,861	300,267
Exchange differences arising on translation of foreign operations	—	—	—	(36,826)	—	—	—	—	—	(36,826)	(1,639)	(38,465)
Other comprehensive expense for the period	—	—	—	(36,826)	—	—	—	—	—	(36,826)	(1,639)	(38,465)
Total comprehensive income for the period	—	—	—	(36,826)	—	—	—	—	294,406	257,580	4,222	261,802
Recognition of equity-settled share-based payments — share options	—	—	—	—	—	3,963	—	—	—	3,963	—	3,963
Shares issued upon exercise of share options	1,072	42,311	—	—	—	(6,356)	—	—	—	37,027	—	37,027
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	—	(5,481)	—	(5,481)	—	(5,481)
Dividends paid	—	—	—	—	—	—	—	—	(40,980)	(40,980)	—	(40,980)
At 30 June 2014 (unaudited)	68,309	400,501	277,707	574,349	4,451	18,062	5,229	19,739	10,434,915	11,803,262	414,509	12,217,771

Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition pursuant to the group reorganisation in previous years.

Other reserves represent the excess of the consideration paid for acquisition of an additional interest in subsidiaries from non-controlling shareholders over the carrying amount of the non-controlling interests acquired.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2014

	Six months ended 30 June	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Net cash from operating activities	11,675	109,983
Investing activities		
Purchase of property, plant and equipment	(1,116)	(1,498)
Net proceeds received on disposal of property, plant and equipment	65	116
Consideration received on disposal of assets classified as held for sale	—	21,250
Acquisition of and additional costs on properties for development	(29,520)	(45,003)
Increase in bank deposits	(214,166)	(327,607)
Pledged bank deposits refunded	—	59,295
Bank deposits refunded	455,340	—
Increase in other receivable	(2,826)	(7,213)
Decrease in loans receivable	1,242	1,367
Interest received	16,794	12,124
Net cash from (used in) investing activities	225,813	(287,169)
Financing activities		
Draw down of bank loans	1,841,697	791,265
Repayments of bank loans	(1,357,880)	(290,955)
Payment of front-end fee	(7,500)	(2,100)
Issue of new shares	37,027	1,966
Advances from non-controlling interests	2,837	195
Advances to non-controlling interests	(635)	(929)
Acquisition of additional interest in a subsidiary	(5,481)	—
Dividends paid	(40,980)	(40,318)
Net cash from financing activities	469,085	459,124
Net increase in cash and cash equivalents	706,573	281,938
Cash and cash equivalents at beginning of period	1,694,761	1,644,905
Effect of foreign exchange rate changes	(4,862)	11,280
Cash and cash equivalents at end of period	2,396,472	1,938,123
Represented by:		
Bank balances and cash	2,610,638	2,259,505
Less: Fixed deposits with original maturity date more than 3 months	(214,166)	(321,382)
	2,396,472	1,938,123

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2013.

In the current interim period, the Group has applied, for the first time, the following interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) — Int 21	Levies

The application of the above interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment and hotel operation. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

The Group's property investment activity is in Hong Kong, the People's Republic of China (the "PRC") and Australia; property development activity is in Hong Kong and the PRC; and hotel operation is in Hong Kong.

The following is an analysis of the Group's revenue and results by reportable segment:

Six months ended 30 June 2014

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	520	205,382	131,195	—	337,097
Inter-segment sales	—	—	—	—	—
Total	520	205,382	131,195	—	337,097
SEGMENT RESULTS					
Segment (loss) profit	(41,985)	422,547	46,076		426,638
Interest income					8,750
Corporate income less expenses					(56,406)
Finance costs					(45,679)
Profit before taxation					333,303

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

3. SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2013

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	177,000	189,301	122,376	—	488,677
Inter-segment sales	—	1,185	—	(1,185)	—
Total	177,000	190,486	122,376	(1,185)	488,677
SEGMENT RESULTS					
Segment profit	69,889	327,137	30,228		427,254
Interest income					12,042
Corporate income less expenses					(55,829)
Share of results of associates					(1,473)
Finance costs					(43,789)
Profit before taxation					338,205

Inter-segment sales are at mutually agreed terms.

Segment profit of property investment division for the six months ended 30 June 2014 included increase in fair value of investment properties of HK\$240,940,000 (2013: HK\$158,655,000).

The Group does not allocate interest income, corporate income less expenses, share of results of associates and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

No segment assets and liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance.

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Changes in completed properties held for sale	613	80,619
Selling and marketing expenses	1,116	3,405
Direct operating expenses on investment properties	21,179	23,943
	22,908	107,967

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

5. OTHER EXPENSES

Included in other expenses are the hotel operating expenses amounting to HK\$32,473,000 (01.01.2013 — 30.06.2013: HK\$29,571,000).

6. FINANCE COSTS

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	22,956	23,975
Bank borrowings not wholly repayable within 5 years	22,430	19,350
	45,386	43,325
Less: Amounts capitalised to property development projects	(3,934)	(2,631)
	41,452	40,694
Front end fee	2,510	1,912
Other charges	1,717	1,183
	45,679	43,789

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit before taxation has been arrived at after crediting:		
Interest earned on bank deposits	8,584	11,373
Interest income from second mortgage loans	166	211
Other interest income	—	458
Net exchange gain	1,182	7,887

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Current tax		
Hong Kong Profits Tax	14,950	32,728
PRC Enterprise Income Tax	5,631	4,253
Other jurisdictions	1,064	125
	21,645	37,106
Deferred tax	11,391	13,727
	33,036	50,833

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for each of the periods.

Income tax arising in the PRC and other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. DIVIDENDS

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2013 of HK6 cents per share (01.01.2013 — 30.06.2013: final dividend for the year ended 31 December 2012 of HK6 cents per share)	40,980	40,318

Subsequent to the end of the reporting period, the board of directors has declared an interim dividend of HK5 cents (2013: HK5 cents) per share payable to the shareholders of the Company whose names appear on the register of members of the Company on 3 October 2014.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

10. 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:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to the Company's shareholders	294,406	280,447
	Number of shares	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic earnings per share	678,378,411	671,958,687
Effect of dilutive potential ordinary shares options	7,349,659	13,219,993
Weighted average number of ordinary shares for the purpose of diluted earnings per share	685,728,070	685,178,680

For the purpose of assessing the performance of the Group, the directors are of the view that the profit for the period should be adjusted for the fair value changes on investment properties recognised in profit or loss and the related deferred taxation in arriving at the "adjusted profit attributable to the Company's shareholders". A reconciliation of the adjusted earnings is as follows:

	Six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit for the period attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	294,406	280,447
Fair value changes on investment properties	(240,940)	(158,655)
Deferred tax thereon	8,460	10,454
Attributable to non-controlling interests	6,576	4,302
Adjusted profit attributable to the Company's shareholders	68,502	136,548
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	HK10.1 cents	HK20.3 cents
Diluted	HK10.0 cents	HK19.9 cents

The denominators used in the calculation of basic and diluted adjusted earnings per share are the same as those detailed above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation of the Group's investment properties. At the end of each reporting period, the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs to the model.

- (a) The fair values of the Group's Hong Kong and PRC investment properties with an aggregate carrying value of HK\$9,978,863,000 at 30 June 2014 (31.12.2013: HK\$9,760,718,000) were arrived at on the basis of valuations carried out at those dates by Savills Valuation and Professional Services Limited ("Savills") whereas those in Australia with a carrying value of HK\$191,461,000 at 31 December 2013 were arrived at on the basis of a valuation carried out on 31 December 2013 by CBRE Valuations Pty Limited ("CBRE").

Savills and CBRE are independent professional valuers not connected to the Group. They are members of the Institute of Valuers and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations.

The valuations were arrived at by reference to market evidence of transaction prices or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units as well as those of similar properties are made by reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted for the valuers' knowledge of factors specific to the respective properties.

- (b) At 30 June 2014, the remaining investment property of HK\$202,795,000, which is located in Australia, were fair valued by the directors who are of the opinion that the fair values of these properties at 30 June 2014 approximate their fair values at 31 December 2013.
- (c) The resulting increase in the fair value of investment properties of HK\$240,940,000 (01.01.2013 — 30.06.2013: HK\$158,655,000) has been recognised directly in the condensed consolidated statement of profit or loss.
- (d) During the current interim period, the Group acquired property, plant and equipment of HK\$1,116,000 (01.01.2013 — 30.06.2013: HK\$1,498,000).

12. PROPERTIES FOR DEVELOPMENT

The carrying amount represents the Group's interest in certain pieces of land located in the PRC to be held for future development.

The carrying amount is amortised on a straight-line basis over the lease terms ranging from 40 to 70 years.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

13. OTHER RECEIVABLE

At 30 June 2014, the Group had incurred a total amount of RMB321,060,000 (31.12.2013: RMB321,052,000) equivalent to HK\$404,472,000 (31.12.2013: HK\$408,346,000) for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the land or out of the proceeds received by the relevant PRC local government from another successful tenderer. The directors estimated that, based on the Group's development plan, the time schedule for auction of the relevant land will be initiated before the end of 2016 and by then the full amount will be recovered.

The balance of HK\$381,143,000 (31.12.2013: HK\$384,794,000) represents the Hong Kong dollar equivalent of the present value of the original amount of RMB321,060,000 (31.12.2013: RMB321,052,000) expected to be recovered in 2016 discounted at the rate of 2% per annum.

14. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.06.2014 HK\$'000	31.12.2013 HK\$'000
Trade receivables	8,023	9,150
Accrued income	97,486	92,234
Deposits and prepayments	16,113	25,562
	121,622	126,946

Trade receivables mainly represent rental receivable from tenants for the use of the Group's properties and receivables from corporate customers and travel agents for the use of hotel facilities. No credit is allowed to tenants. Rentals are payable upon presentation of demand notes. An average credit period of 30 days is allowed to corporate customers and travel agents.

The following is an aged analysis of trade receivables, presented based on the invoice date, at the end of the reporting period:

	30.06.2014 HK\$'000	31.12.2013 HK\$'000
0 to 30 days	7,174	8,214
31 to 90 days	209	936
91 to 365 days	640	—
	8,023	9,150

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

15. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

The balances are unsecured, interest-free and repayable on demand.

16. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	30.06.2014 HK\$'000	31.12.2013 HK\$'000
Trade payables	1,726	2,609
Rental deposits	112,202	113,185
Rental received in advance	13,476	12,052
Other payables, other deposits and accrued charges	154,219	195,182
	281,623	323,028

Included in other payables is an aggregate amount of HK\$87,707,000 (31.12.2013: HK\$87,876,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land as detailed in note 13.

Included in rental deposits are deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms which amounted to HK\$96,396,000 at 30 June 2014 (31.12.2013: HK\$87,302,000).

17. BANK BORROWINGS

During the current interim period, the Group repaid bank loans amounting to HK\$1,357,880,000 (01.01.2013 — 30.06.2013: HK\$290,955,000) and drew bank loans which carry interest at variable rates amounting to HK\$1,841,697,000 (01.01.2013 — 30.06.2013: HK\$791,265,000).

18. DERIVATIVE FINANCIAL INSTRUMENT

The carrying amount represents the fair value of an interest rate swap with a notional amount of A\$12,645,000 (31.12.2013: A\$12,645,000) equivalent to HK\$92,575,000 (31.12.2013: HK\$87,401,000) having a fixed interest payment of 6.23% per annum and floating interest receipt of Bank Bill Swap Bid Rate plus 2.25% and maturing on 19 December 2014. The fair value is determined based on the discounted future cash flows using the applicable yield curve over the duration of the swap.

The fair value of the interest rate swap falls under Level 2 of the fair value hierarchy and is provided by a counterparty financial institution which is determined based on forward interest rates from observable yield curves and contracted interest rates discounted at a rate that reflects the credit risk of the counterparty.

There were no transfers between Levels 1, 2 and 3 during the six-month period ended 30 June 2014.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2014

19. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2013	671,281,726	67,129
Shares issued upon exercise of share options	690,000	69
At 30 June 2013	671,971,726	67,198
Shares issued upon exercise of share options	400,000	39
At 31 December 2013	672,371,726	67,237
Shares issued upon exercise of share options	10,720,000	1,072
At 30 June 2014	683,091,726	68,309

20. DEFERRED TAXATION

The balance at the end of reporting period mainly represents deferred tax liabilities recognised on the fair value changes of investment properties amounting to HK\$479,311,000 (31.12.2013: HK\$472,479,000).

21. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

- Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$9,695,353,000 (31.12.2013: HK\$9,475,989,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- Fixed charges on hotel properties with an aggregate carrying value of HK\$696,108,000 (31.12.2013: HK\$706,112,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the hotel properties.
- Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$928,112,000 (31.12.2013: HK\$874,886,000).
- Fixed charges on properties for development with an aggregate carrying value of HK\$119,856,000 (31.12.2013: nil).
- Note receivables of HK\$54,251,000 (31.12.2013: HK\$54,279,000).

22. RELATED PARTY DISCLOSURES

The remuneration of directors who are the Group's key management personnel during the current interim period amounting to HK\$18,018,000 (01.01.2013 — 30.06.2013: HK\$14,886,000).

26/F Dah Sing Financial Centre 108 Gloucester Road Wanchai Hong Kong
香港灣仔告士打道 108 號大新金融中心 26 樓
T 電話 +852 2828 6363 F 傳真 +852 2598 6861
www.seagroup.com.hk

爪哇控股有限公司
S E A Holdings Limited

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)