



Interim Report 2012 中期報告

與時創建
Building with the times

 爪哇集團
SEA Group

Stock Code 股份代號: 251

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

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108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
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Branch Registrars in Hong Kong

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, 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

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 2012

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	37,171 and 164 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

Particulars of Properties Held for Sale

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential	121	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential/Commercial	2,612 and 15 private car parking spaces and 4 motorcycle spaces	97.2
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
NEW ZEALAND					
Clearwater Resort	Harewood, Christchurch	Completed	Commercial	5,410	34.1

Property Portfolio

At 30 June 2012

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

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						
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 2015	Residential/ Commercial	20,092	97.2
MAINLAND CHINA						
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Phase I - Beyond 2014	Tourist leisure facilities	333,500	97.2
Nova City	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Planning stage	Phase I - 2014	Residential/ Commercial	735,000	97.2
Longquan Project	Longquanyi District, Chengdu, Sichuan Province	Planning stage	Phase I - 2015	Residential/ Commercial	506,000	97.2
NEW ZEALAND						
Clearwater Resort	Harewood, Christchurch	Planning stage	Beyond 2013	Residential	210,653	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Beyond 2013	Residential	356,505	55.0

Location of the Group's Properties/Projects



Chairman's Statement

I am pleased to present the unaudited consolidated financial results of S E A Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2012 to the shareholders of the Company.

FINANCIAL SUMMARY

Turnover for the six months ended 30 June 2012 amounted to HK\$299.2 million (2011: HK\$305.4 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of properties in Hong Kong, New Zealand and Australia.

Profit attributable to the Company's shareholders for the period amounted to HK\$356.1 million (2011: HK\$931.9 million), equivalent to a basic earnings per share of HK53.2 cents (2011: HK138.9 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$333.0 million (2011: HK\$887.5 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$23.1 million (2011: HK\$44.4 million), equivalent to a basic earnings per share of HK3.4 cents (2011: HK6.6 cents).

As at 30 June 2012, the Group's equity attributable to the Company's shareholders amounted to HK\$10,196.6 million (31 December 2011: HK\$9,889.7 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2012 was HK\$15.23 as compared with HK\$14.78 as at 31 December 2011.



Dah Sing Financial Centre

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

	30 June 2012 HK\$'million	31 December 2011 HK\$'million
Hong Kong	8,046	7,814
Mainland China	3,641	3,531
Australia and New Zealand	271	271
Total	11,958	11,616

Chairman's Statement

INTERIM DIVIDEND

The board of directors of the Company (the "Board") has declared an interim dividend of HK5 cents (2011: HK5 cents) per share for the six months ended 30 June 2012 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 28 September 2012. The relevant dividend warrants are expected to be despatched on or before Monday, 8 October 2012.

BUSINESS REVIEW

Property Investment and Development

The Group continues in focusing on the 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.

Hong Kong

The office leasing market was stable during the period. The rental income generated from Dah Sing Financial Centre, a 39-storey commercial building, has been stable and satisfactory and its occupancy rate remains at a high level of approximately 99% as at 30 June 2012.

During the period, the Group continued to sell the remaining units of the developed properties. The sales of remaining residential units and residents' car parking spaces of The Forest Hills and residential units (which are presently leased) of The Morrison are continuing.



Fo Tan Project (prospective view)

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus and has a site area of approximately 20,092 square metres. The revised general building plan was approved by the Buildings Department in October 2011 and the foundation works started in June 2012.

Mainland China

Chengdu, Sichuan Province

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central improved substantially and its retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2012, 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.

Chairman's Statement

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

The Group is now finalising the master layout plan of the Longquan project, which has a site area of 506,000 square metres, and targets to submit the master layout plan to the local government before the end of this year. Preliminary site works of the project have been completed and site formation works for Phase I are being planned to commence before the end of this year.



Longquan Project (foundation laying ceremony)

Kaifeng, Henan Province

The project in Kaifeng, known as "Nova City", has a site area of 735,000 square metres and it is proposed to be developed into an integrated complex in Zheng-Kai District, a new town in Kaifeng. The proposed development has a gross floor area of approximately 3,000,000 square metres envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. Master layout plans are being revised to incorporate the latest government comments in order for re-submission. Preliminary site works have been completed while construction works of Phase I of the project are planned to start later this year.

Guangzhou, Guangdong Province

As at 30 June 2012, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 86% 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 Project (foundation laying ceremony)

Huangshan, Anhui Province

The project in Huangshan has a site area of about 333,500 square metres comprising about 66,700 square metres of land owned by the Group and about 266,800 square metres of land leased from the local authority. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared and conceptual design has been completed.

Chairman's Statement



Crowne Plaza Hong Kong Causeway Bay

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 lands in Chi Shan. The Group intended to acquire such lands through land auctions and has submitted master layout plans for these lands for the government's assessment.

Australia and New Zealand

Turnover generated from the property investment and development projects in Australia and New Zealand for the six months ended 30 June 2012 was HK\$12.5 million (2011: HK\$13.8 million). During the period, the Group had disposed the remaining block of Kaikainui Block in New Zealand. The strategy to sell the existing properties in Australia and New Zealand remains unchanged.

Hotel Operation

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

FINANCIAL RESOURCES AND LIQUIDITY

Working Capital and Loan Facilities

As at 30 June 2012, the Group's total cash balance was HK\$1,884.1 million (31 December 2011: HK\$2,486.5 million) and unutilised facilities were HK\$910 million (31 December 2011: HK\$750 million).

Gearing ratio as at 30 June 2012, calculated on the basis of net interest bearing debt minus cash and pledged deposits as a percentage of total property assets, was 9.6% (31 December 2011: 9.4%).

Chairman's Statement

As at 30 June 2012, maturity of the Group's outstanding borrowings was as follows:

	30 June 2012 HK\$'million	31 December 2011 HK\$'million
Due		
Within 1 year	547.0	1,055.2
1-2 years	124.3	116.4
3-5 years	2,038.9	2,081.3
Over 5 years	336.1	349.3
	3,046.3	3,602.2
Less: Front-end fee	(17.1)	(18.8)
	3,029.2	3,583.4

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2012 amounted to HK\$2,869.1 million (31 December 2011: HK\$3,422.3 million) which comprised secured bank loans of HK\$2,519.1 million (31 December 2011: HK\$3,162.3 million) and unsecured bank loans of HK\$350.0 million (31 December 2011: HK\$260.0 million). The secured bank loans were secured by properties valued at HK\$9,426.7 million (31 December 2011: HK\$9,103.9 million) and fixed deposits of HK\$0.8 million (31 December 2011: HK\$0.8 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$270.7 million as at 30 June 2012 (31 December 2011: HK\$270.9 million) to secure bank loans of HK\$160.1 million (31 December 2011: HK\$161.1 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2012, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Chairman's Statement

STAFF AND EMOLUMENT POLICY

As at 30 June 2012, the Group had a total of 411 employees (31 December 2011: 393 employees) in Hong Kong, Mainland China and New Zealand. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$73.2 million for the six months ended 30 June 2012 (2011: HK\$63.2 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.

OUTLOOK

With deep trouble in the world's financial markets, there is much to be concerned about. The American economy appears to be slowing with stubbornly high job vacancies. The European financial system is suffering from political inertia with the situation in Spain getting worse by the moment and Greek default imminent. The momentum on economic growth in Germany and China is also slowing down. In Europe, more banks are being involved in the recent scandal on LIBOR and class actions starting to occur from customers as these banks manipulate the system to their advantage with their customers suffering.

The Mainland China housing market has seen signs of bottoming out after a period of government intervention to suppress prices. House buying in the eastern cities was particularly strong in July with a 6.7% increase in national sales over June. However, the PRC government is likely to intervene again if the market economy is improving. In the meantime, the PRC government is trying to tread a fine line between giving stimulus to a slowing economy and keeping a lid on house prices.



Plaza Central

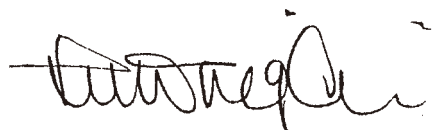
Chairman's Statement

In Hong Kong, there has been a change of chief executive and his cabinet since 1 July 2012. The new cabinet has pledged to increase the housing stock particularly at the lower end of the market but we believe that the measures will take some time to implement. In the meantime, property prices remain fairly flat.

Our investment properties in Hong Kong continue to do well. Dah Sing Financial Centre has maintained a high occupancy level with good rental rates being achieved although rents in the central business district have been softening. Crowne Plaza Hong Kong Causeway Bay is enjoying high occupancy whilst the room rates are slightly better than last year.

Foundation works have started at our composite development project in Fo Tan while the foundation work for the first phase of our Kaifeng project will commence in the fourth quarter of 2012. The master layout plan for Chengdu project is at final stage and will be submitted to local government for discussion. The office buildings in Chengdu and Guangzhou continue to perform well with good occupancy.

The Group is nonetheless extremely cautious about the state of the global financial markets and economies and will continue to adopt a conservative policy. The Board believes that this turmoil will bring about opportunity and is prepared to act to accelerate the development projects or consider new opportunities once a clearer pattern emerges from the current hiatus.



Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 August 2012

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) made various amendments to the Code on Corporate Governance Practices (the “Old CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and renamed it as the Corporate Governance Code (the “New CG Code”) with effect from 1 April 2012. The Company has applied the principles and complied with all the code provisions set out in the Old CG Code during the period from 1 January 2012 to 31 March 2012 and the New CG Code during the period from 1 April 2012 to 30 June 2012 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.

In addition to the above deviations, Mr. Walujo Santoso, Wally, an Independent Non-executive Director, was unable to attend the annual general meeting of the Company held in May 2012 as provided for in Code provision A.6.7 due to other business engagement. However, all other Independent Non-executive Directors were present thereat to be available to answer any question to ensure effective communication with shareholders of the Company.

Corporate Governance and Other Information

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 2012.

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 unpublished price-sensitive information in relation to such shares because of their office or employment.

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, 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	Approximate % of interest in the issued share capital
	Held as beneficial owner	
Lu Wing Chi	6,569,285	0.98
Lincoln Lu	5,342,002	0.80
Lambert Lu	8,342,002	1.25
Lam Sing Tai	101,478 [#]	0.02
Leung Hok Lim	656,928	0.10
Chung Pui Lam	656,928	0.10

Note:

[#] Of these shares, 5,739 shares were held by Mr. Lam Sing Tai’s wife.

The total number of issued shares of the Company as at 30 June 2012 was 669,481,726 shares.

Corporate Governance and Other Information

2. Long positions in shares of associated corporations

(a) JCS Limited ("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
	Held as beneficial owner	
Lu Wing Chi	15,000	32.61
Lincoln Lu	6,000	13.04
Lambert Lu	6,000	13.04

(b) Nan Luen International Limited ("NLI") — immediate holding company of the Company

Name of directors	Number of shares of HK\$100.0 each	Approximate % of interest in the issued share capital
	Held as beneficial owner	
Lu Wing Chi	46,938	30.00
Lincoln Lu	5,021	3.21
Lambert Lu	5,021	3.21

Saved as disclosed herein, as at 30 June 2012, 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.

Saved as disclosed herein, during the six months ended 30 June 2012, none of the directors of the Company nor their spouses or children under 18 years of age were granted or exercised any right to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, 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	—	399,474,754	59.67
NLI	399,474,754	—	59.67

Notes:

1. JCS held about 63.58% of the issued shares in NLI. The above 399,474,754 shares held by NLI were deemed to be JCS's interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS and NLI.

Saved as disclosed herein, as at 30 June 2012, 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 has adopted a new employee share option scheme (the “SEA Share Option Scheme”) on 19 August 2005. The following table shows the movements in share options under the SEA Share Option Scheme during the six months ended 30 June 2012 and the options outstanding at the beginning and end of the period:

Name	Date of grant	Exercise price per share (HK\$)	Vesting period	Exercise period	Number of underlying shares comprised in share options			
					As at 01.01.2012	Exercised during the period ¹	Lapsed during the period	As at 30.06.2012
Aggregate of eligible employees ²	31.12.2008	2.262	Various ³	Various ³	<u>3,150,000³</u>	<u>(300,000)³</u>	<u>—</u>	<u>2,850,000³</u>

Notes:

1. The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by the eligible employees was HK\$3.67 per share.
2. Eligible employees mean any full-time employees of the Company and any member of the Group working under employment contracts that were regarded as “Continuous Contracts” for the purpose of the Hong Kong Employment Ordinance.
3. Further information on the exercise and lapse particulars of the underlying shares comprised in the share options granted on 31 December 2008 under the SEA Share Option Scheme to the eligible employees are as follows:

Number of underlying shares as at 01.01.2012	Vesting period	Exercise period	Exercised during the period	Lapsed during the period	Number of underlying shares as at 30.06.2012
1,100,000	31.12.2008 to 30.12.2010	31.12.2010 to 30.12.2012	—	—	1,100,000
300,000	31.12.2008 to 29.06.2011	30.06.2011 to 29.06.2013	(200,000)	—	100,000
100,000	31.12.2008 to 30.12.2011	31.12.2011 to 30.12.2013	(100,000)	—	—
500,000	31.12.2008 to 29.06.2012	30.06.2012 to 29.06.2014	—	—	500,000
350,000	31.12.2008 to 30.12.2012	31.12.2012 to 30.12.2014	—	—	350,000
800,000	31.12.2008 to 29.06.2013	30.06.2013 to 29.06.2015	—	—	800,000
<u>3,150,000</u>			<u>(300,000)</u>	<u>—</u>	<u>2,850,000</u>

4. No share options had been granted or cancelled under the SEA Share Option Scheme during the six months ended 30 June 2012.

Corporate Governance and Other Information

SHARE AWARD SCHEME OF THE COMPANY

The Company has also adopted a share award scheme (the “SEA Share Award Scheme”) on 27 May 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. No award was granted since the date of adoption of the SEA Share Award Scheme and up to the period ended 30 June 2012.

SHARE OPTION AND SHARE AWARD SCHEMES OF AGP

AGP, a 97.17%-owned subsidiary of the Company, has 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 since the date of adoption of the AGP Share Schemes and up to the period ended 30 June 2012.

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 2012.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 26 September 2012 to Friday, 28 September 2012, 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 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 25 September 2012.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2012 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.



TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

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 19 to 36, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated income statement, statement of 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 2012

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

		Six months ended 30 June	
	NOTES	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Revenue	3	299,213	305,439
Interest income		12,367	7,788
Other income		6,581	22,828
Costs:			
Property and related costs	4	(25,321)	(56,191)
Staff costs		(73,185)	(63,164)
Depreciation and amortisation		(41,873)	(39,276)
Other expenses	5	(85,861)	(59,066)
		(226,240)	(217,697)
Profit from operations before fair value changes on properties		91,921	118,358
Fair value changes on investment properties		376,190	936,242
Profit from operations after fair value changes on properties		468,111	1,054,600
Share of results of associates		703	623
Share of results of jointly controlled entities		(2,667)	21
Finance costs	6	(46,926)	(51,203)
Profit before taxation	7	419,221	1,004,041
Income tax expense	8	(54,704)	(45,283)
Profit for the period		364,517	958,758
Attributable to:			
Company's shareholders		356,130	931,919
Non-controlling interests		8,387	26,839
		364,517	958,758
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	10		
— Basic		53.2	138.9
— Diluted		53.1	138.5
Earnings per share excluding fair value changes on properties net of deferred tax	10		
— Basic		3.4	6.6
— Diluted		3.4	6.6

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Profit for the period	364,517	958,758
Other comprehensive (expense) income		
Exchange differences arising on translation of foreign operations	(14,004)	60,610
Share of translation differences of jointly controlled entities	(250)	912
Share of translation differences of associates	319	622
	(13,935)	62,144
Total comprehensive income for the period	350,582	1,020,902
Total comprehensive income attributable to:		
Company's shareholders	346,343	996,617
Non-controlling interests	4,239	24,285
	350,582	1,020,902

Condensed Consolidated Statement of Financial Position

At 30 June 2012

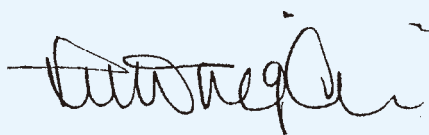
	NOTES	30.6.2012 HK\$'000 (unaudited)	31.12.2011 HK\$'000 (audited)
Non-current assets			
Investment properties	11	8,662,672	8,298,288
Property, plant and equipment	11	1,110,524	1,140,060
Properties for development	12	1,282,936	1,288,272
Club memberships		8,574	8,574
Interests in associates		11,068	10,046
Interests in jointly controlled entities	13	—	44,574
Loans receivable		13,667	16,911
Note receivable	14	15,510	—
Other receivable	15	379,082	381,183
Derivative financial instrument		—	80
		11,484,033	11,187,988
Current assets			
Properties held for sale			
Completed properties		318,986	330,713
Properties under development		670,912	660,638
Other inventories		843	1,019
Loans receivable		807	978
Trade receivables, deposits and prepayments	16	140,777	137,206
Tax recoverable		—	2,477
Amounts due from non-controlling shareholders	17	4,199	1,384
Pledged bank deposits		785	785
Bank balances and cash		1,883,296	2,485,688
		3,020,605	3,620,888
Assets classified as held for sale	18	42,090	—
		3,062,695	3,620,888
Current liabilities			
Payables, deposits and accrued charges	19	242,944	311,406
Sales deposits		—	601
Provisions		—	5,107
Tax liabilities		115,244	103,074
Amounts due to non-controlling shareholders	17	206,288	195,966
Bank borrowings — due within one year	20	546,988	1,054,331
		1,111,464	1,670,485
Net current assets		1,951,231	1,950,403
Total assets less current liabilities		13,435,264	13,138,391

Condensed Consolidated Statement of Financial Position

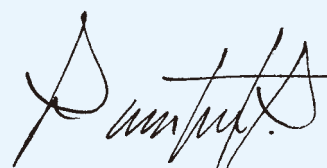
At 30 June 2012

	NOTES	30.6.2012 HK\$'000 (unaudited)	31.12.2011 HK\$'000 (audited)
Capital and reserves			
Share capital	21	66,949	66,919
Reserves		10,129,645	9,822,750
Equity attributable to the Company's shareholders		10,196,594	9,889,669
Non-controlling interests		306,275	302,036
Total equity		10,502,869	10,191,705
Non-current liabilities			
Bank borrowings — due after one year	20	2,482,197	2,529,036
Deferred taxation	22	448,442	417,650
Derivative financial instrument		1,756	—
		2,932,395	2,946,686
		13,435,264	13,138,391

The condensed consolidated financial statements on pages 19 to 36 were approved and authorised for issue by the Board of Directors on 27 August 2012 and are signed on its behalf by:



Lu Wing Chi
Executive Director



Lambert Lu
Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	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 reserve HK\$'000	Property revaluation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2011 (audited)	66,913	354,721	277,707	365,575	4,451	1,502	—	(391)	7,701,787	8,772,265	277,400	9,049,665
Profit for the period	—	—	—	—	—	—	—	—	931,919	931,919	26,839	958,758
Other comprehensive income for the period	—	—	—	64,698	—	—	—	—	—	64,698	(2,554)	62,144
Total comprehensive income for the period	—	—	—	64,698	—	—	—	—	931,919	996,617	24,285	1,020,902
Recognition of equity-settled share-based payments	—	—	—	—	—	77	—	—	—	77	—	77
Share repurchased	(122)	(5,543)	—	—	—	—	—	—	—	(5,665)	—	(5,665)
Shares issued on exercise of share options	246	6,052	—	—	—	(740)	—	—	—	5,558	—	5,558
Dividends paid	—	—	—	—	—	—	—	—	(40,256)	(40,256)	—	(40,256)
At 30 June 2011 (unaudited)	67,037	355,230	277,707	430,273	4,451	839	—	(391)	8,593,450	9,728,596	301,685	10,030,281
Profit for the period	—	—	—	—	—	—	—	—	129,373	129,373	(1,805)	127,568
Other comprehensive income for the period	—	—	—	69,342	—	—	1,428	—	—	70,770	11,023	81,793
Total comprehensive income for the period	—	—	—	69,342	—	—	1,428	—	129,373	200,143	9,218	209,361
Recognition of equity-settled share-based payments	—	—	—	—	—	78	—	—	—	78	—	78
Share repurchased	(128)	(5,788)	—	—	—	—	—	—	—	(5,916)	—	(5,916)
Shares issued on exercise of share options	10	248	—	—	—	(31)	—	—	—	227	—	227
Dividends paid	—	—	—	—	—	—	—	—	(33,459)	(33,459)	—	(33,459)
Disposal of interest in a subsidiary	—	—	—	—	—	—	—	—	—	—	1,933	1,933
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	(10,800)	(10,800)
At 31 December 2011 (audited)	66,919	349,690	277,707	499,615	4,451	886	1,428	(391)	8,689,364	9,889,669	302,036	10,191,705
Profit for the period	—	—	—	—	—	—	—	—	356,130	356,130	8,387	364,517
Other comprehensive income for the period	—	—	—	(9,787)	—	—	—	—	—	(9,787)	(4,148)	(13,935)
Total comprehensive income for the period	—	—	—	(9,787)	—	—	—	—	356,130	346,343	4,239	350,582
Recognition of equity-settled share-based payments	—	—	—	—	—	72	—	—	—	72	—	72
Shares issued on exercise of share options	30	746	—	—	—	(97)	—	—	—	679	—	679
Dividends paid	—	—	—	—	—	—	—	—	(40,169)	(40,169)	—	(40,169)
At 30 June 2012 (unaudited)	66,949	350,436	277,707	489,828	4,451	861	1,428	(391)	9,005,325	10,196,594	306,275	10,502,869

Contributed surplus represents the excess of the nominal value of the shares of the acquired company 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 additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012 HK\$'000 (unaudited)	2011 HK\$'000 (unaudited)
Net cash (used in) from operating activities	(19,028)	66,237
Investing activities		
Purchase of property, plant and equipment	(2,235)	(7,148)
Net proceeds received on disposal of property, plant and equipment	149	—
Deposit received on disposal of jointly controlled entities	20,000	—
Acquisition of and additional costs on properties for development	(12,405)	(379,243)
Investment in index-linked note	(15,510)	—
Decrease in pledged bank deposits	—	263,318
Increase in other receivable	(6,574)	(29,812)
Other investing cash flows	14,725	17,585
Net cash used in investing activities	(1,850)	(135,300)
Financing activities		
Draw down of bank loans	1,101,732	1,020,887
Repayments of bank loans	(1,653,228)	(896,417)
Issue of new shares	679	5,558
Advance from non-controlling shareholders	7,568	15,427
Advance to non-controlling shareholders	(2,815)	(6,000)
Repurchase of shares	—	(5,665)
Dividends paid	(40,169)	(40,256)
Net cash (used in) from financing activities	(586,233)	93,534
Net (decrease) increase in cash and cash equivalents	(607,111)	24,471
Cash and cash equivalents at beginning of period	2,485,688	2,355,639
Effect of foreign exchange rate changes	4,719	18,087
Cash and cash equivalents at end of period, represented by bank balances and cash	1,883,296	2,398,197

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 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 certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2011 and those due to the application of the new or revised Hong Kong Financial Reporting Standards (“HKFRS”). In addition, the Group has applied the accounting policy of embedded derivatives which is applicable to the debt instrument entered during the period.

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Application of amendments to HKFRS

In the current interim period, the Group has applied, for the first time, the amendments to HKFRS 7 “Disclosures — Transfers of Financial Assets” issued by the HKICPA.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The application of the above amendments to HKFRS 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.

Amendments to HKAS 12 “Income Taxes” which is mandatorily effective for the current period has been applied in advance in the financial statements for the year ended 31 December 2011.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance is mainly focused on property development, property investment and hotel operation.

Property investment and development activities are in Hong Kong, the People's Republic of China (the "PRC"), Australia and New Zealand whereas the 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 2012

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	24,188	156,176	118,849	—	299,213
Inter-segment sales	—	309	—	(309)	—
Total	24,188	156,485	118,849	(309)	299,213
SEGMENT RESULTS					
Segment (loss) profit	(6,940)	477,260	34,601		504,921
Interest income					12,367
Corporate expenses					(49,177)
Share of results of associates					703
Share of results of jointly controlled entities					(2,667)
Finance costs					(46,926)
Profit before taxation					419,221

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

3. SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2011

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	54,900	143,800	106,739	—	305,439
Inter-segment sales	—	319	—	(319)	—
Total	54,900	144,119	106,739	(319)	305,439
SEGMENT RESULTS					
Segment profit	4,218	1,061,142	19,943		1,085,303
Interest income					7,788
Corporate expenses					(38,491)
Share of results of associates					623
Share of results of jointly controlled entities					21
Finance costs					(51,203)
Profit before taxation					1,004,041

Inter-segment sales are at mutually agreed terms.

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Changes in properties held for sale	10,207	24,727
Reversal of provision on relocation compensation	(5,095)	—
Write-down of properties held for sale	—	8,989
Selling and marketing expenses	1,308	3,261
Direct operating expenses on investment properties	18,901	19,214
	25,321	56,191

5. OTHER EXPENSES

Included in other expenses are the hotel operating expenses amounting to HK\$30,195,000 (1.1.2011 — 30.6.2011: HK\$26,844,000).

6. FINANCE COSTS

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	25,493	32,115
Bank borrowings not wholly repayable within 5 years	19,070	16,590
	44,563	48,705
Less: Amounts capitalised to property development projects	(539)	(1,392)
	44,024	47,313
Front end fee	1,732	2,208
Other charges	1,170	1,682
	46,926	51,203

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Profit before taxation has been arrived at after charging:		
Net exchange loss	9,783	—
and crediting:		
Interest earned on bank deposits	11,494	6,486
Interest income from second mortgage loans	440	902
Imputed interest income on loans to jointly controlled entities	433	400
Net exchange gain	—	9,432

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 HK\$'000	2011 HK\$'000
Current tax		
Hong Kong Profits Tax	17,967	19,781
PRC Enterprise Income Tax	3,782	906
Other jurisdictions	130	148
	21,879	20,835
Deferred tax	32,825	24,448
	54,704	45,283

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

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

9. DIVIDENDS

During the current period, a dividend of HK6 cents (final dividend of 2010: HK6 cents) per share amounting to HK\$40,169,000 (final dividend of 2010: HK\$40,256,000) was approved and paid to the shareholders as final dividend for the financial year ended 31 December 2011.

Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK5 cents (2011: HK5 cents) per share payable to the shareholders of the Company whose names appear in the register of members on 28 September 2012.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

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		
	2012 HK\$'000	2011 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	356,130	931,919
Number of shares		
	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	669,306,451	670,862,859
Effect of dilutive potential ordinary shares options	1,080,009	2,056,180
Weighted average number of ordinary shares for the purpose of diluted earnings per share	670,386,460	672,919,039

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 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		
	2012 HK\$'000	2011 HK\$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	356,130	931,919
Fair value changes on investment properties	(376,190)	(936,242)
Deferred tax thereon	32,981	21,347
Attributable to non-controlling interests	10,166	27,389
Adjusted profit attributable to the Company's shareholders	23,087	44,413

The denominators used in the calculation of 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 2012

11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's major investment properties of HK\$8,441,160,000 (31.12.2011: HK\$8,298,288,000) were fair valued at the end of the reporting period by independent professional valuers, Savills Valuation and Professional Services Limited (31.12.2011: Savills Valuation and Professional Services Limited and CB Richard Ellis Pty Ltd). The valuation was arrived at on the basis of capitalisation of net income. The resulting increase in fair value of HK\$376,190,000 (1.1.2011 — 30.6.2011: HK\$936,242,000) has been recognised directly in the condensed consolidated income statement. At 30 June 2012, the remaining investment properties of HK\$221,512,000 were fair valued by the directors who are of the opinion that fair values of these properties at 30 June 2012 approximate to their fair values at 31 December 2011.

During the period, the Group acquired property, plant and equipment of HK\$2,235,000 (1.1.2011 — 30.6.2011: HK\$7,148,000).

12. PROPERTIES FOR DEVELOPMENT

The carrying amount represents the Group's interest in certain pieces of lands located in the PRC with lease terms ranging from 40 to 70 years to be held for future development.

The Group paid HK\$333,788,000 for the acquisition of these lands in the preceding period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

13. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Cost of unlisted investments in jointly controlled entities	3,994	3,994
Share of post-acquisition reserves	(5,929)	(3,012)
	(1,935)	982
Loans to jointly controlled entities	44,025	43,592
	42,090	44,574
Transfer to assets classified as held for sale	(42,090)	—
	—	44,574

Interests in jointly controlled entities were reclassified to assets classified as held for sale upon entering into an agreement for the disposal of the Group's entire equity interest in these entities to the joint venture partner. Details are set out in note 18.

The loans to the jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. Prior to the disposal, it is the Group's intention not to demand the jointly controlled entities for repayment of the loans within one year and accordingly the amounts are classified as non-current assets at the end of the prior reporting period.

On application of HKAS 39 "Financial Instruments — Recognition and Measurement", the fair value of the loans advanced to jointly controlled entities is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advances, determined on initial recognition, deemed to be capital contributed to jointly controlled entities, is included as part of the cost investments in jointly controlled entities.

14. NOTE RECEIVABLE

The amount represents the carrying value of a five-year zero coupon principal protected index-linked note with a principal of USD2,000,000 (equivalent to HK\$15,510,000) maturing on 7 February 2017. The index is a proprietary index named Forex Yield Differential Accrual Perpetual Index, which is a proprietary non-discretionary algorithm to calculate the risk filter multiple of non-discretionary trading that observes a basket of ten currencies.

The host contract of the note is measured at amortised cost. The index-linked feature is regarded as a derivative embedded but not closely related to the host contract in accordance with HKAS 39 "Financial Instruments: Recognition and Measurement". However, in the opinion of the directors, the fair value of the embedded derivative at the end of the reporting period is insignificant and therefore it has not been accounted for as a separate component in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

15. OTHER RECEIVABLE

At 30 June 2012, the Group had incurred a total amount of HK\$394,397,000 (31.12.2011: HK\$396,583,000) for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of 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 lands or out of the proceeds received by the relevant PRC local government from the other successful tenderer. The directors estimated that the amount will be recovered by 31 December 2013 based on their best estimate of the latest development of the time schedule for auction of the relevant lands. The balance is carried at amortised cost based on an effective interest rate of 2% per annum.

16. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Trade receivables	5,782	9,368
Accrued income, deposits and prepayments	135,335	128,168
Less: Allowance for impairment loss	(340)	(330)
	140,777	137,206

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

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
0 to 30 days	5,248	8,294
31 to 60 days	520	782
61 to 90 days	1	153
91 to 365 days	13	129
Over 365 days	—	10
	5,782	9,368

17. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

18. ASSETS CLASSIFIED AS HELD FOR SALE

The assets classified as held for sale comprises:

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Cost of unlisted investment in jointly controlled entities	3,994	—
Share of post-acquisition reserves	(5,929)	—
	(1,935)	—
Loans to jointly controlled entities	44,025	—
	42,090	—

On 7 March 2012, the Group entered into an agreement to dispose of its entire equity interest in, together with the assignment of the loans to the jointly controlled entities to the joint venture partner for a total cash consideration of HK\$61,250,000 of which deposit of HK\$20,000,000 was received. The disposal will be completed in December 2012 upon final settlement of consideration.

19. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	30.6.2012 HK\$'000	31.12.2011 HK\$'000
Trade payables	1,588	2,022
Rental deposits	85,627	83,930
Rental received in advance	7,884	10,208
Other payables, other deposits and accrued charges	147,845	215,246
	242,944	311,406

Included in other payables, other deposits and accrued charges are an aggregate amount of HK\$82,191,000 (31.12.2011: HK\$85,986,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands as referred to in note 15 and deposit of HK\$20,000,000 (31.12.2011: nil) received from disposal of the interests in the jointly controlled entities.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK\$66,499,000 (31.12.2011: HK\$60,701,000).

Trade payables are aged less than 60 days at the end of the reporting period based on the invoice date.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

20. BANK BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$1,653,228,000 (1.1.2011 — 30.6.2011: HK\$896,417,000) and drew bank loans which carry interest at variable rates in the amount of HK\$1,101,732,000 (1.1.2011 — 30.6.2011: HK\$1,020,887,000).

21. 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 2011	669,126,798	66,913
Shares issued upon exercise of share options	2,456,928	246
Shares repurchased and cancelled	(1,216,000)	(122)
At 30 June 2011	670,367,726	67,037
Shares issued upon exercise of share options	100,000	10
Shares repurchased and cancelled	(1,286,000)	(128)
At 31 December 2011	669,181,726	66,919
Shares issued upon exercise of share options	300,000	30
At 30 June 2012	669,481,726	66,949

22. DEFERRED TAXATION

Deferred tax liabilities are mainly provided on the fair value changes of the investment properties located in the PRC and Australia for an amount of HK\$391,076,000 (31.12.2011: HK\$360,033,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2012

23. PLEDGE OF ASSETS

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

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$8,290,317,000 (31.12.2011: HK\$7,966,255,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with aggregate carrying values of HK\$736,172,000 (31.12.2011: HK\$746,177,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the hotel properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$670,912,000 (31.12.2011: HK\$660,638,000).
- (d) Fixed charges on completed properties held for sale with aggregate carrying value of HK\$Nil (31.12.2011: HK\$1,672,000).
- (e) Bank deposits of HK\$785,000 (31.12.2011: HK\$785,000).

24. RELATED PARTY DISCLOSURES

- (a) Details of loans to jointly controlled entities are disclosed in the condensed consolidated statement of financial position and note 13.
- (b) The remuneration paid to the key management personnel, who are the directors of the Company, during the period amounted to HK\$14,197,000 (1.1.2011 — 30.6.2011: HK\$9,861,000).

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(於百慕達註冊成立之有限公司)