



Stock Code 股份代號: 251

Interim Report 2013 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
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 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 2013

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 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 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 2013

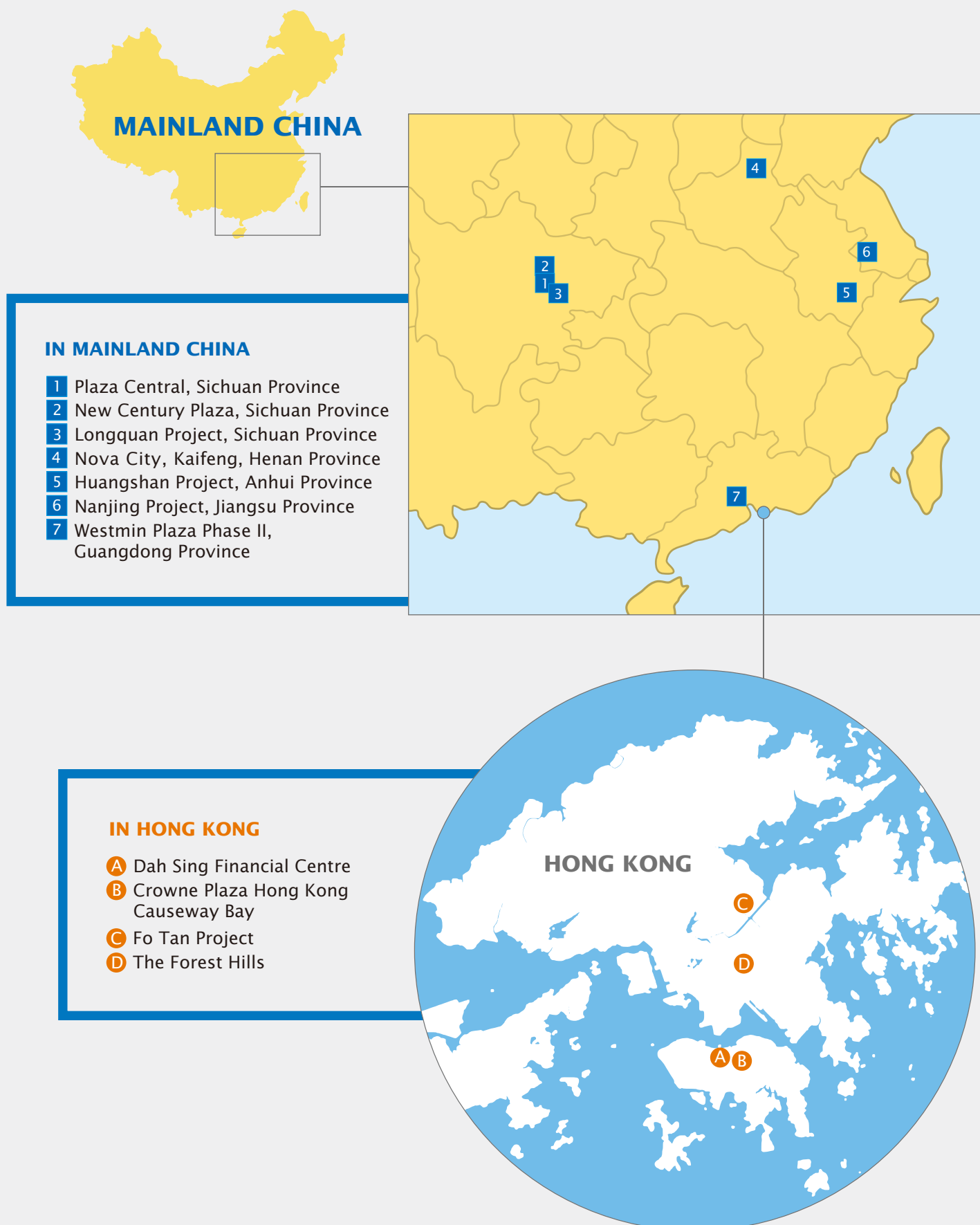
Particulars of Properties Held for Sale

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG					
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential	504 and 6 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

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	Foundation construction completed and superstructure design in progress	Beyond 2015	Residential/ Commercial	20,000	97.2
MAINLAND CHINA						
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Phase I - Beyond 2014	Tourist leisure facilities	337,000	97.2
Nova City	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Planning stage	Phase I - 2015	Residential/ Commercial	735,000	97.2
Longquan Project	Longquanyi District, Chengdu, Sichuan Province	Planning stage	Phase I - 2015	Residential/ Commercial	506,000	97.2

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 2013 to the shareholders of the Company.

Financial Summary

Turnover for the six months ended 30 June 2013 amounted to HK\$488.7 million (2012: HK\$299.2 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of commercial podium and all public car parking space of The Forest Hills.

Profit attributable to the Company's shareholders for the period amounted to HK\$280.4 million (2012: HK\$356.1 million), equivalent to a basic earnings per share of HK41.7 cents (2012: HK53.2 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$143.9 million (2012: HK\$333.0 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$136.5 million (2012: HK\$23.1 million), equivalent to a basic earnings per share of HK20.3 cents (2012: HK3.4 cents).

As at 30 June 2013, the Group's equity attributable to the Company's shareholders amounted to HK\$11,269.9 million (31 December 2012: HK\$10,969.8 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2013 was HK\$16.77 as compared with HK\$16.34 as at 31 December 2012.

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

	30 June 2013 HK\$' million	31 December 2012 HK\$' million
Hong Kong	9,068.2	8,930.8
Mainland China	3,919.9	3,777.4
Australia and New Zealand	200.6	255.2
Total	13,188.7	12,963.4



■ Plaza Central

Chairman's Statement

Interim Dividend

The board of directors of the Company (the "Board") has declared an interim dividend of HK5 cents (2012: HK5 cents) per share for the six months ended 30 June 2013 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 3 October 2013. The relevant dividend warrants are expected to be despatched on or before Friday, 11 October 2013.

Business Review

Property Investment and Development

The Group continues to focus on 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. During the period, the Group has completed the disposal of the entire interest in the 50%-owned Leiyang project to the joint venture partner in May 2013. The Group's core projects located in Hong Kong and Mainland China 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 97% as at 30 June 2013.



■ *Fo Tan Project*

The Group has sold the commercial podium, all public car parking spaces and all the remaining residential units of The Forest Hills for the period under review. Four of the sold units of The Forest Hills will be completed in the third quarter of this year and the sale of the residents' car parking spaces are continuing.

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 20,000 square metres. The foundation work has been completed and building plans were approved by the Buildings Department.

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 2013, 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 is fully let to a furniture retailer on a medium-term lease.

The Group submitted to the local government the master layout plan of the Longquan project, which has a site area of 506,000 square metres, in December 2012. Preliminary site works of the project have been completed and site formation works for Phase I are planned to commence in the third quarter of 2013.



■ 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 to be developed into an integrated complex in Zheng-Kai District, a new town in Kaifeng. In order to provide a better living environment with lower density, the gross floor area of the proposed development will vary from 2,000,000 to 2,500,000 square metres and envisage shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The master layout plan was approved by the local government in April 2013. Foundation work for Phase I of the residential component has been completed and the superstructure works are scheduled to commence in the third quarter of 2013.

Guangzhou, Guangdong Province

As at 30 June 2013, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 97% 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.

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. 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.

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 and New Zealand

Turnover generated from the property investment project in Australia for the period ended 30 June 2013 was HK\$10 million (2012: HK\$12.5 million). During the period, the Group had disposed its interest in Christchurch project in New Zealand. The strategy to sell the existing properties at reasonable prices 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 managed by the InterContinental Hotels Group. It has achieved satisfactory occupancy and room rates for the period under review.

Chairman's Statement

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2013, the Group's total cash balance was HK\$2,265.8 million (31 December 2012: HK\$1,703.7 million) and unutilised facilities were HK\$861.0 million (31 December 2012: HK\$1,040.0 million).

Gearing ratio as at 30 June 2013, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 8.3% (31 December 2012: 9.1%).

As at 30 June 2013, maturity of the Group's outstanding borrowings was as follows:

	30 June 2013 HK\$' million	31 December 2012 HK\$' million
Due		
Within 1 year	940.8	410.2
1-2 years	710.3	1,171.0
3-5 years	1,425.9	1,015.4
Over 5 years	292.8	300.9
	3,369.8	2,897.5
Less: Front-end fee	(15.7)	(15.4)
	3,354.1	2,882.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2013 amounted to HK\$3,233.3 million (31 December 2012: HK\$2,725.1 million) which comprised of secured bank loans of HK\$3,069.3 million (31 December 2012: HK\$2,725.1 million) and unsecured bank loans of HK\$164.0 million (31 December 2012: nil). The secured bank loans were secured by properties valued at HK\$10,686.1 million (31 December 2012: secured by properties valued at HK\$10,407.8 million and fixed deposits of HK\$58.8 million).

A subsidiary of the Company operating in Australia pledged its properties with an aggregate carrying value of HK\$200.6 million as at 30 June 2013 (31 December 2012: HK\$225.3 million) to secure bank loans of HK\$120.8 million (31 December 2012: HK\$157.0 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2013, 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 2013, the Group had a total of 421 employees (31 December 2012: 376 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$84.9 million for the six months ended 30 June 2013 (2012: HK\$73.2 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

Market sentiment remains very unclear and is affected by the global moves of central banks and governments' intervention. In the past month, the Federal Reserve has given mixed signals about the timing of tapering quantitative easing. The uncertainties of U.S. economic growth and Eurozone debt levels remain one of the major risks.

Mainland China continued to experience strong economic growth with GDP growth rate maintained at 7.5% in the second quarter of 2013. The property market continues to grow with the 100 cities index recording thirteen months growth since June 2012. However, the growth momentum seems to be slowing down.



■ Westmin Plaza

In Hong Kong, the imposition of additional stamp duties has quietened down the property market in term of transaction volume but there is no signal of property price going down as the supply of new residential units in the foreseeable future is limited. The sales of first-hand properties became much quieter following the new Residential Properties (First-hand Sales) Ordinance in April this year. Developers are slowing down their sale plans to assess the means of compliance with the new law.

Chairman's Statement

Despite the uncertainty of the economic environment, the Group continues to progress well. Occupancy of our investment property in Hong Kong remains high and the hotel continues to achieve high occupancy levels. The investment properties in the Mainland China have also achieved high occupancy levels and in particular in Chengdu where there is an oversupply of offices but the Group has managed to retain a large number of tenants by proactive management.

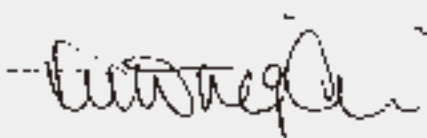
In Hong Kong, the foundation work of the Fo Tan project has been completed but the development will not proceed until a more realistic land premium is agreed with the Government. The Group is currently in appeal process to ensure the land premium is in line with the market conditions where land price paid for development sites are currently falling.

In respect to the development projects in Mainland China, Phase I of the Kaifeng project is underway. Around 1,200 residential units will be released for sale in the fourth quarter of this year and will be priced in line with the current competitive developments. As the site was purchased on good terms, it is foreseen that the project will provide good potential returns to the Group. The master layout plan of our Longquan project is now approved and the first pre-sales are expected to take place in mid 2014.

In view of the turbulence of the worldwide finance markets, the Board will continue the conservative approach on cash management until a clearer picture is seen.



■ Nova City (prospective view)



Lu Wing Chi
Chairman and Managing Director

Hong Kong, 28 August 2013

Corporate Governance and Other Information

Corporate Governance Practices

Throughout the period for the six months ended 30 June 2013, 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 2013.

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 2013, 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	Total interests	Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	Family interests (interests of spouse)	Personal interests (held as beneficial owner)		
Lu Wing Chi	9,917,285	—	6,690,000	16,607,285	2.47
Lu Wing Yuk, Andrew	666,000	—	1,338,000	2,004,000	0.30
Lincoln Lu	8,690,002	—	6,690,000	15,380,002	2.29
Lambert Lu	3,348,002	—	6,690,000	10,038,002	1.49
Lam Sing Tai	2,787,739	5,739	6,690,000	9,483,478	1.41
Walujo Santoso, Wally	334,000	—	666,000	1,000,000	0.15
Leung Hok Lim	990,928	—	666,000	1,656,928	0.25
Chung Pui Lam	990,928	—	666,000	1,656,928	0.25

Notes:

- 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.
- The total number of issued shares of the Company as at 30 June 2013 was 671,971,726 shares.

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

Corporate Governance and Other Information

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

(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 2013, 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 2013, 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	—	410,306,754	61.06
NLI	410,306,754	—	61.06

Notes:

1. JCS held about 63.58% of the issued shares in NLI. The above 410,306,754 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 2013, 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 2013 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 01.01.2013	Exercised during the period	Lapsed during the period	As at 30.06.2013
Directors							
Lu Wing Chi	12.07.2012	3.454	(i)	6,690,000	—	—	6,690,000
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	—	—	6,690,000
Lambert Lu	12.07.2012	3.454	(i)	6,690,000	—	—	6,690,000
Lam Sing Tai	12.07.2012	3.454	(i)	6,690,000	—	—	6,690,000
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	—	—	30,096,000
Other eligible employees in aggregate	31.12.2008	2.262	31.12.2012 to 30.12.2014	350,000	(350,000)	—	—
			30.06.2013 to 29.06.2015	700,000	—	(300,000)	400,000
	12.07.2012	3.454	12.07.2012 to 30.06.2014	100,000	—	—	100,000
			01.01.2013 to 31.12.2014	340,000	(340,000)	—	—
			01.07.2013 to 30.06.2015	1,630,000	—	—	1,630,000
			01.01.2014 to 31.12.2015	2,650,000	—	—	2,650,000
			01.07.2014 to 30.06.2016	2,850,000	—	(100,000)	2,750,000
			01.01.2015 to 31.12.2016	1,870,000	—	(120,000)	1,750,000
			01.07.2015 to 30.06.2017	7,620,000	—	(200,000)	7,420,000
Sub-Total				18,110,000	(690,000)	(720,000)	16,700,000
Total				48,206,000	(690,000)	(720,000)	46,796,000

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 weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by other eligible employees was HK\$6.00 per share.
- (iv) No share options had been granted or cancelled under the SEA Share Option Scheme during the six months ended 30 June 2013.

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 2013, 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 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 2013.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 30 September 2013 to Thursday, 3 October 2013, 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 Friday, 27 September 2013.

Review of Condensed Consolidated Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2013 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

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 36, which comprises the condensed consolidated statement of financial position as of 30 June 2013 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
28 August 2013

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2013

		Six months ended 30 June	
	NOTES	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	3	488,677	299,213
Interest income		12,042	12,367
Other income		12,276	6,581
Costs:			
Property and related costs	4	(107,967)	(25,321)
Staff costs		(84,928)	(73,185)
Depreciation and amortisation		(43,899)	(41,873)
Other expenses	5	(73,029)	(85,861)
		(309,823)	(226,240)
Profit from operations before fair value changes on properties		203,172	91,921
Fair value changes on investment properties		158,655	376,190
Profit from operations after fair value changes on properties		361,827	468,111
Gain on disposal of assets classified as held for sale		21,640	—
Share of results of associates		(1,473)	703
Share of results of joint ventures		—	(2,667)
Finance costs	6	(43,789)	(46,926)
Profit before taxation	7	338,205	419,221
Income tax expense	8	(50,833)	(54,704)
Profit for the period		287,372	364,517
Attributable to:			
Company's shareholders		280,447	356,130
Non-controlling interests		6,925	8,387
		287,372	364,517
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	10		
— Basic		41.7	53.2
— Diluted		40.9	53.1
Earnings per share excluding fair value changes on properties net of deferred tax	10		
— Basic		20.3	3.4
— Diluted		19.9	3.4

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Profit for the period	287,372	364,517
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	55,708	(14,004)
Release of translation reserve upon disposal of assets classified as held for sale	(2,480)	—
Share of translation differences of joint ventures	—	(250)
Share of translation differences of associates	(595)	319
Other comprehensive income (expense) for the period	52,633	(13,935)
Total comprehensive income for the period	340,005	350,582
Total comprehensive income attributable to:		
Company's shareholders	330,309	346,343
Non-controlling interests	9,696	4,239
	340,005	350,582

Condensed Consolidated Statement of Financial Position

At 30 June 2013

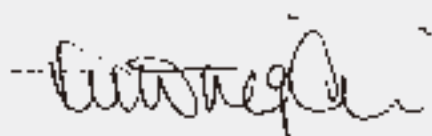
	NOTES	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Non-current assets			
Investment properties	11	9,786,861	9,612,715
Property, plant and equipment	11	1,050,694	1,081,675
Properties for development	12	1,348,975	1,292,243
Club memberships		8,574	8,574
Interests in associates		11,123	13,191
Loans receivable		8,169	9,396
Note receivable		15,510	15,510
Other receivable	13	372,355	365,800
Pledged bank deposits		—	58,750
Restricted bank deposits		6,277	—
		12,608,538	12,457,854
Current assets			
Properties held for sale			
Completed properties		235,604	314,748
Properties under development		820,799	733,991
Other inventories		794	935
Loans receivable		502	642
Trade receivables, deposits and prepayments	14	123,807	118,242
Tax recoverable		827	3,014
Amounts due from non-controlling shareholders	15	2,199	1,270
Bank balances and cash		2,259,505	1,644,905
		3,444,037	2,817,747
Assets classified as held for sale	16	—	42,090
		3,444,037	2,859,837
Current liabilities			
Payables, deposits and accrued charges	17	258,947	357,590
Sales deposits		6,931	—
Tax liabilities		138,035	109,882
Amounts due to non-controlling shareholders	15	95,350	211,404
Bank borrowings — due within one year	18	939,416	409,367
		1,438,679	1,088,243
Net current assets		2,005,358	1,771,594
Total assets less current liabilities		14,613,896	14,229,448

Condensed Consolidated Statement of Financial Position

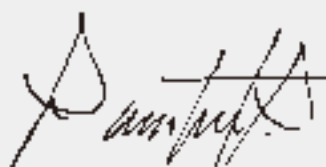
At 30 June 2013

	NOTES	30.6.2013 HK\$'000 (unaudited)	31.12.2012 HK\$'000 (audited)
Capital and reserves			
Share capital	19	67,198	67,129
Reserves		11,202,692	10,902,667
Equity attributable to the Company's shareholders		11,269,890	10,969,796
Non-controlling interests		428,827	302,166
Total equity		11,698,717	11,271,962
Non-current liabilities			
Bank borrowings — due after one year	18	2,414,667	2,472,794
Deferred taxation	20	498,886	482,534
Derivative financial instrument	21	1,626	2,158
		2,915,179	2,957,486
		14,613,896	14,229,448

The condensed consolidated financial statements on pages 17 to 36 were approved and authorised for issue by the Board of Directors on 28 August 2013 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 2013

	Attributable to the Company's shareholders												
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Shares on trust for awardees under share award scheme HK\$'000	Share options/ award reserve HK\$'000	Property revaluation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 1 January 2012 (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
Exchange differences arising on translation of foreign operations	—	—	—	(9,863)	—	—	—	—	—	—	(9,863)	(4,141)	(14,004)
Share of translation differences of joint ventures	—	—	—	(243)	—	—	—	—	—	—	(243)	(7)	(250)
Share of translation differences of associates	—	—	—	319	—	—	—	—	—	—	319	—	319
Other comprehensive expense 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
Dividend 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
Profit for the period	—	—	—	—	—	—	—	—	—	805,159	805,159	3,373	808,532
Exchange differences arising on translation of foreign operations	—	—	—	20,597	—	—	—	—	—	—	20,597	(2,577)	18,020
Share of translation differences of associates	—	—	—	316	—	—	—	—	—	—	316	—	316
Other comprehensive income (expense) for the period	—	—	—	20,913	—	—	—	—	—	—	20,913	(2,577)	18,336
Total comprehensive income for the period	—	—	—	20,913	—	—	—	—	—	805,159	826,072	796	826,868
Recognition of equity-settled share-based payments	—	—	—	—	—	—	51,970	—	—	—	51,970	—	51,970
— share awards	—	—	—	—	—	—	8,088	—	—	—	8,088	—	8,088
— share options	—	—	—	—	—	—	—	—	—	—	—	—	—
Purchase of shares under share award scheme	—	—	—	—	—	(83,558)	—	—	—	—	(83,558)	—	(83,558)
Shares transferred to participants under share award scheme	—	—	—	—	—	83,558	(51,970)	—	—	(31,588)	—	—	—
Shares issued on exercise of share options	180	4,580	—	—	—	—	(569)	—	—	—	4,191	—	4,191
Dividends paid	—	—	—	—	—	—	—	—	—	(33,561)	(33,561)	—	(33,561)
Dividends paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	(4,905)	(4,905)
At 31 December 2012 (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

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to the Company's shareholders													
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Shares on trust for awardees under share award scheme HK\$'000	Share options/ award reserve HK\$'000	Property revaluation reserves HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests 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	
Disposal of subsidiaries	—	—	—	—	—	—	—	—	—	—	—	116,965	116,965	
Recognition of equity-settled share-based payments	—	—	—	—	—	—	8,137	—	—	—	8,137	—	8,137	
Shares issued on exercise of share options	69	2,169	—	—	—	—	(272)	—	—	—	1,966	—	1,966	
Dividend 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	

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 a previous year.

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Net cash from (used in) operating activities	109,983	(19,028)
Investing activities		
Purchase of property, plant and equipment	(1,498)	(2,235)
Net proceeds received on disposal of property, plant and equipment	116	149
Consideration/deposit received on disposal of assets classified as held for sale	21,250	20,000
Acquisition of and additional costs on properties for development	(45,003)	(12,405)
Increase in note receivable	—	(15,510)
Increase in bank deposits	(327,607)	—
Pledged bank deposits refunded	59,295	—
Increase in other receivable	(7,213)	(6,574)
Decrease in loans receivable	1,367	3,415
Interest received	12,124	11,310
Net cash used in investing activities	(287,169)	(1,850)
Financing activities		
Draw down of bank loans	791,265	1,101,732
Repayments of bank loans	(290,955)	(1,653,228)
Payment of front end fee	(2,100)	—
Net proceeds received on issue of new shares	1,966	679
Advances from non-controlling shareholders	195	7,568
Advances to non-controlling shareholders	(929)	(2,815)
Dividend paid	(40,318)	(40,169)
Net cash from (used in) financing activities	459,124	(586,233)
Net increase (decrease) in cash and cash equivalents	281,938	(607,111)
Cash and cash equivalents at beginning of period	1,644,905	2,485,688
Effect of foreign exchange rate changes	11,280	4,719
Cash and cash equivalents at end of period	1,938,123	1,883,296
Represented by:		
Bank balance and cash	2,259,505	1,883,296
Less: Fixed deposits with original maturity date more than 3 months	(321,382)	—
	1,938,123	1,883,296

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“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 certain 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 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new or revised 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 except as described below.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

HKFRS 11 *Joint Arrangements*

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of parties to the joint arrangements. In contrast, under HKAS 31, there are three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method, whereas jointly controlled entities under HKAS 31 can be accounted for using equity method of accounting or proportionate consolidation.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that the Group's joint arrangements, which were classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method up to the date of the joint arrangements are classified as assets held for sale.

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of HKFRS 13 has had no material impact on the reported amount in these condensed consolidated financial statements. Disclosures of fair value information are set out in note 21.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to HKAS 34 Interim Financial Reporting (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the *Annual Improvements to HKFRSs 2009 — 2011 Cycle* for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision makers (the “CODMs”) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODMs do not review assets and liabilities of the Group’s reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of the segment information.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the CODMs, for the purposes of resource allocation and assessment of segment performance is mainly focused on the 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 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 expenses					(55,829)
Share of results of associates					(1,473)
Finance costs					(43,789)
Profit before taxation					338,205

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

3. SEGMENT INFORMATION *(continued)*

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 joint ventures					(2,667)
Finance costs					(46,926)
Profit before taxation					419,221

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 joint ventures, and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODMs.

No segment assets and liabilities are presented as the information is not reportable to the CODMs for resource allocation and assessment of performance.

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Changes in properties held for sale	80,619	10,207
Reversal of provision on relocation compensation	—	(5,095)
Selling and marketing expenses	3,405	1,308
Direct operating expenses on investment properties	23,943	18,901
	107,967	25,321

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

5. OTHER EXPENSES

Included in other expenses are the hotel operating expenses amounting to HK\$29,571,000 (1.1.2012 — 30.6.2012: HK\$30,195,000).

6. FINANCE COSTS

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	23,975	25,493
Bank borrowings not wholly repayable within 5 years	19,350	19,070
	43,325	44,563
Less: Amounts capitalised to property development projects	(2,631)	(539)
	40,694	44,024
Front end fee	1,912	1,732
Other charges	1,183	1,170
	43,789	46,926

7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Profit before taxation has been arrived at after charging:		
Net exchange loss	—	9,783
and crediting:		
Interest earned on bank deposits	11,373	11,494
Interest income from second mortgage loans	211	440
Other interest income	458	—
Imputed interest income on loans to joint ventures	—	433
Net exchange gain	7,887	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013 HK\$'000	2012 HK\$'000
Current tax		
Hong Kong Profits Tax	32,728	17,967
PRC Enterprise Income Tax	4,253	3,782
Other jurisdictions	125	130
	37,106	21,879
Deferred tax	13,727	32,825
	50,833	54,704

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	
	2013 HK\$'000	2012 HK\$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2012 of HK6 cents per share (1.1.2012 — 30.6.2012: final dividend for the year ended 31 December 2011 of HK6 cents per share)	40,318	40,169

Subsequent to the end of the reporting period, the board of directors has declared an interim dividend of HK5 cents (2012: 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 2013.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

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	
	2013 HK\$'000	2012 HK\$'000
Earnings for the purpose of basic and diluted earnings per share	280,447	356,130

	Number of shares	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	671,958,687	669,306,451
Effect of dilutive potential ordinary shares options	13,219,993	1,080,009
Weighted average number of ordinary shares for the purpose of diluted earnings per share	685,178,680	670,386,460

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	
	2013 HK\$'000	2012 HK\$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	280,447	356,130
Fair value changes on investment properties	(158,655)	(376,190)
Deferred tax thereon	10,454	32,981
Attributable to non-controlling interests	4,302	10,166
Adjusted profit attributable to the Company's shareholders	136,548	23,087
Earnings per share excluding fair value changes on properties net of deferred tax		
Basic	HK20.3 cents	HK3.4 cents
Diluted	HK19.9 cents	HK3.4 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 2013

11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

- (a) The fair values of the Group's Hong Kong and PRC investment properties with an aggregate carrying value of HK\$9,586,305,000 at 30 June 2013 (31.12.2012: HK\$9,387,392,000) 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\$225,323,000 at 31 December 2012 were arrived at on the basis of a valuation carried out on 31 December 2012 by CBRE Valuations Pty Limited ("CBRE").

Savills and CBRE are independent professional valuers not connected to the Group. They are members of 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 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 2013, the remaining investment properties of HK\$200,556,000 were fair valued by the directors who are of the opinion that the fair values of these properties at 30 June 2013 approximate their fair values at 31 December 2012.
- (c) The resulting increase in the fair value of HK\$158,655,000 (1.1.2012 — 30.6.2012: HK\$376,190,000) 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\$1,498,000 (1.1.2012 — 30.6.2012: HK\$2,235,000).

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 2013

13. OTHER RECEIVABLE

At 30 June 2013, the Group had incurred a total amount of RMB321,052,000 (31.12.2012: RMB321,052,000) equivalent to HK\$403,049,000 (31.12.2012: HK\$395,954,000) 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 the other 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\$372,355,000 (31.12.2012: HK\$365,800,000) represents the Hong Kong dollar equivalent of the present value of the original amount of RMB321,052,000 expected to be recovered in 2016 discounted at the rate of 2% per annum.

14. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2013 HK\$'000	31.12.2012 HK\$'000
Trade receivables	10,063	11,671
Accrued income, deposits and prepayments	113,744	106,922
Less: Allowance for impairment loss	—	(351)
	123,807	118,242

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 the 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:

	30.6.2013 HK\$'000	31.12.2012 HK\$'000
0 to 30 days	9,070	10,761
31 to 60 days	846	763
61 to 90 days	3	4
91 to 365 days	144	142
Over 365 days	—	1
	10,063	11,671

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

15. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

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

16. ASSETS CLASSIFIED AS HELD FOR SALE

	30.6.2013 HK\$'000	31.12.2012 HK\$'000
Cost of unlisted investment in joint ventures	—	3,994
Share of post-acquisition reserves	—	(5,929)
	—	(1,935)
Loans to joint ventures	—	44,025
	—	42,090

On 7 March 2012, the Group entered into an agreement to dispose of its entire equity interest, together with the assignment of the loans to the joint ventures, to the joint venture partner for a total cash consideration of HK\$61,250,000. The disposal was completed in May 2013.

17. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	30.6.2013 HK\$'000	31.12.2012 HK\$'000
Trade payables	1,724	2,720
Rental deposits	106,281	93,539
Rental received in advance	10,839	8,590
Other payables, other deposits and accrued charges	140,103	252,741
	258,947	357,590

Included in other payables is an aggregate amount of HK\$83,458,000 (31.12.2012: HK\$85,761,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land as detailed to in note 13. Included in other deposits at 31 December 2012 is an amount of HK\$40,000,000 received on disposal of the interests in joint ventures as detailed in note 16.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$69,212,000 at 30 June 2013 (31.12.2012: HK\$61,667,000).

18. BANK BORROWINGS

During the current interim period, the Group repaid bank loans amounting to HK\$290,955,000 (1.1.2012 — 30.6.2012: HK\$1,653,228,000) and drew bank loans which carry interest at variable rates amounting to HK\$791,265,000 (1.1.2012 — 30.6.2012: HK\$1,101,732,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

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 2012	669,181,726	66,919
Shares issued upon exercise of share options	300,000	30
At 30 June 2012	669,481,726	66,949
Shares issued upon exercise of share options	1,800,000	180
At 31 December 2012	671,281,726	67,129
Shares issued upon exercise of share options	690,000	69
At 30 June 2013	671,971,726	67,198

20. DEFERRED TAXATION

The balance at the end of reporting period mainly represents deferred tax liabilities recognised on the fair value changes of the investment properties located in the PRC and Australia amounting to HK\$460,287,000 (31.12.2012: HK\$447,978,000).

21. DERIVATIVE FINANCIAL INSTRUMENT

The carrying amount represents the fair value of an interest rate swap with notional amount of A\$12,645,000 (31.12.2012: A\$12,645,000) equivalent to HK\$90,572,000 (31.12.2012: HK\$101,757,000) 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 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 2013.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2013

22. 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:

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$9,349,768,000 (31.12.2012: HK\$9,199,061,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with an aggregate carrying value of HK\$716,144,000 (31.12.2012: HK\$726,119,000) 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\$820,799,000 (31.12.2012: HK\$732,430,000).
- (d) Note receivable of HK\$15,510,000 (31.12.2012: Nil).
- (e) Bank deposits amounting to HK\$58,750,000 at 31 December 2012.

23. RELATED PARTY DISCLOSURES

- (a) Details of loans to joint ventures are disclosed in note 16.
- (b) The remuneration of directors who are the Group's key management personnel during the current interim period amounting to HK\$14,886,000 (1.1.2012 — 30.6.2012: HK\$14,197,000).

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