

Interim Report 2015 中期報告

大新金融中心
Dah Sing Financial Centre

Building 與時創建
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. Chow Siu Yin, Dora

COMPANY SECRETARY

Ms. Chow Siu Yin, Dora

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 REGISTRAR IN HONG KONG

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

LISTING

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

STOCK CODE AND BOARD LOT

251/2,000 shares

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

WEBSITE

www.seagroup.com.hk

Contents

| | |
|----|--|
| 2 | Property Portfolio |
| 4 | Location of the Group's Properties/Projects |
| 5 | Chairman's Statement |
| 11 | Corporate Governance and Other Information |
| 19 | Report on Review of Condensed Consolidated Financial Statements |
| 20 | Condensed Consolidated Statement of Profit or Loss |
| 21 | Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income |
| 22 | Condensed Consolidated Statement of Financial Position |
| 24 | Condensed Consolidated Statement of Changes in Equity |
| 25 | Condensed Consolidated Statement of Cash Flows |
| 26 | Notes to the Condensed Consolidated Financial Statements |
| 39 | Glossary |

Property Portfolio

At 30 June 2015

| Particulars of Investment Properties | | | | | |
|---|--|-------------------|-------------------|--|----------------------|
| Name | Location | Lease Expiry | Usage | Approximate Gross Floor Area (square metres) | Group's Interest (%) |
| HONG KONG | | | | | |
| Dah Sing Financial Centre | 108 Gloucester Road, Wanchai | 30 June 2047 | Commercial/Office | 37,214 and 156 car parking spaces | 97.2 |
| MAINLAND CHINA | | | | | |
| Plaza Central | 8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province | 6 October 2063 | Commercial/Office | 91,455 (including car parking floors) | 97.2 |
| Commercial podium in Zone B and car parking spaces on Basements 2 and 3, New Century Plaza | No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province | 18 May 2063 | Commercial | 19,261 (including car parking spaces) | 97.2 |
| Office Tower, Westmin Plaza Phase II | 50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province | 23 May 2050 | Office | 16,112 | 97.2 |
| AUSTRALIA | | | | | |
| Lizard Island Resort | Lizard Island Tropical North Queensland | 30 September 2050 | Resort Hotel | 10,500 | 100 |

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

Property Portfolio

At 30 June 2015

Particulars of Properties Held for Sale

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

Particulars of Development Properties/Properties under Development

| Name of Project | Location | Stage of Completion | Estimated Completion Date | Usage | Approximate Site Area (square metres) | Group's Interest (%) |
|-------------------------------|--|--|--|----------------------------|---------------------------------------|----------------------|
| HONG KONG | | | | | | |
| Fo Tan Project, Shatin | 1–11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories | Foundation construction completed and superstructure design in progress | Beyond 2018 | Residential/ Commercial | 20,000 | 97.2 |
| MAINLAND CHINA | | | | | | |
| Chengdu Nova City | Longquanyi District, Chengdu, Sichuan Province | Phase I site formation and piling works completed and superstructure works are being planned to commence | Phase I Commercial — 2016 Phase I Residential — Beyond 2016 | Residential/ Commercial | 506,000 | 97.2 |
| Kaifeng Nova City | South lateral of Zheng Kai Da Road, Kaifeng, Henan Province | Phase IA superstructure and landscape works in progress Phase IB superstructure works in progress | Phase IA — 2015 Phase IB — 2016 | Residential/ Commercial | 735,000 | 97.2 |
| Huangshan Project | Qiankou Town, Huizhou District, Huangshan City, Anhui Province | Phase I site formation works completed and substructure works in progress | Phase I — Beyond 2016 | Tourist leisure facilities | 337,000 | 97.2 |

Location of the Group's Properties/Projects



Chairman's Statement

I am pleased to present the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2015 to the Shareholders.



Dah Sing Financial Centre, Hong Kong

FINANCIAL SUMMARY

Turnover for the six months ended 30 June 2015 amounted to HK\$317.6 million (2014: HK\$337.1 million). The turnover was principally attributable to the recognition of rental income from investment properties and revenue from hotel operation.

Profit attributable to the Shareholders for the period amounted to HK\$273.9 million (2014: HK\$294.4 million), equivalent to a basic earnings per share of HK39.6 cents (2014: HK43.4 cents). The reported profit attributable to the Shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$230.2 million (2014: HK\$225.9 million). By excluding the effect of such surplus, the Group's net profit attributable to the Shareholders was HK\$43.7 million (2014: HK\$68.5 million), equivalent to HK6.3 cents (2014: HK10.1 cents) per share.

As at 30 June 2015, the Group's equity attributable to the Shareholders amounted to HK\$12,420.8 million (31 December 2014: HK\$12,197.1 million). The net asset value per share attributable to the Shareholders as at 30 June 2015 was HK\$17.92 as compared with HK\$17.69 as at 31 December 2014.

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

| | 30 June 2015 HK\$' million | 31 December 2014 HK\$' million |
|----------------|----------------------------------|--------------------------------------|
| Hong Kong | 9,948.1 | 9,720.9 |
| Mainland China | 4,490.3 | 4,361.7 |
| Australia | 163.4 | 173.6 |
| Total | 14,601.8 | 14,256.2 |

Chairman's Statement

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5 cents (2014: HK5 cents) per share for the six months ended 30 June 2015 to Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 2 October 2015. The relevant dividend warrants are expected to be despatched on or before Wednesday, 14 October 2015.

BUSINESS REVIEW

Property Investment and Development

The Group continues to focus on its development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review and optimise the project portfolios from time to time. The Group's core projects 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 93% as at 30 June 2015 (31 December 2014: 94%).

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



Plaza Central, Chengdu

Mainland China

Chengdu, Sichuan Province

During the period under review, 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 2015, the aggregate occupancy rate for the two office towers and the retail podium was approximately 86% (31 December 2014: 89%). Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres was fully let to a hotel on a long-term lease in late 2014.

Chairman's Statement

The master layout plan of the Longquan project (known as “Chengdu Nova City”), which has a site area of 506,000 square metres, was approved by the local government in January 2014. Preliminary site works and site formation works for Phase I of the project have been completed. Superstructure works for Phase I are now scheduled to commence in the third quarter of 2015.

Kaifeng, Henan Province

The Kaifeng project, known as “Kaifeng Nova City”, is situated in Zheng-Kai District, a new town in Kaifeng and envisages a shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. This project has a site area of 735,000 square metres and for providing a better living environment, the gross floor area of the development will vary from 2,000,000 to 2,500,000 square metres only. The master layout plan has been approved by the local government and foundation work for Phase I of the residential has been completed. The superstructure works for Phase IB of the residential are in progress. The superstructure works and landscape works of Phase IA of the residential are scheduled to complete in the fourth quarter of 2015. Pre-sale consent for Phase IA was issued and 50% of the residential units was launched to the market. VIP sales program is being conducted.



Chengdu Nova City, Chengdu (perspective view)



Kaifeng Nova City, Kaifeng

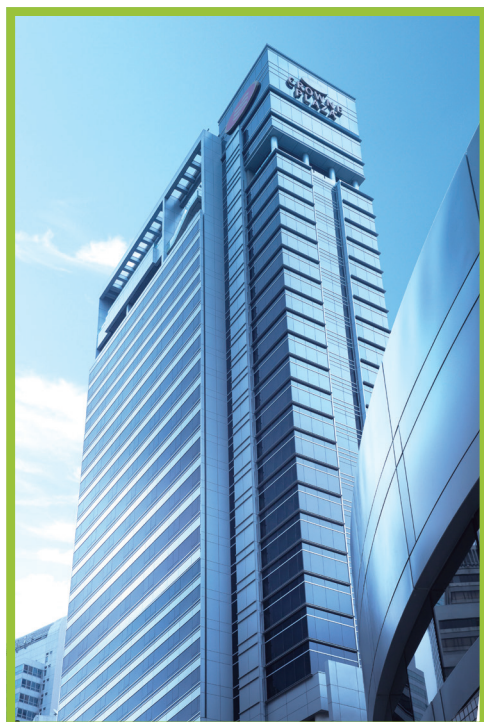
Guangzhou, Guangdong Province

As at 30 June 2015, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was 98% with more than one-third of the total office space being leased to AIA (31 December 2014: 100%). 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 development land of about 117,000 square metres and landscape land of 220,000 square metres. The master layout plan for the development of the project comprising a hotel, serviced apartments and resort villas in the integrated resort site has been approved by the local government and site formation work for Phase I of the project has been completed. Phase I substructure works are in progress.

Chairman's Statement



Crowne Plaza Hong Kong Causeway Bay, Hong Kong

Chi Shan, Nanjing, Jiangsu Province

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

Australia

Turnover generated from the property investment project in Australia for the six months ended 30 June 2015 was HK\$7.9 million (2014: HK\$9.5 million).

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. Its performance was in line with the weaker hotel business environment starting especially in the second quarter, however, the hotel will strive to gain market share in the challenging market situation.

FINANCIAL RESOURCES AND LIQUIDITY

Working Capital and Loan Facilities

As at 30 June 2015, the Group's total bank deposits, bank balances and cash was HK\$2,709.7 million (31 December 2014: HK\$3,013.9 million) and unutilised facilities were HK\$950.0 million (31 December 2014: HK\$965 million).

The gearing ratio as at 30 June 2015, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.9% (31 December 2014: 8.4%).

As at 30 June 2015, maturity of the Group's outstanding borrowings was as follows:

| | 30 June 2015 HK\$' million | 31 December 2014 HK\$' million |
|---------------------|----------------------------------|--------------------------------------|
| Due | | |
| Within 1 year | 1,828.7 | 548.4 |
| 1–2 years | 158.4 | 1,385.9 |
| 3–5 years | 1,163.0 | 1,221.5 |
| Over 5 years | 1,033.5 | 1,078.7 |
| Less: Front-end fee | 4,183.6 (26.3) | 4,234.5 (22.4) |
| | 4,157.3 | 4,212.1 |

Chairman's Statement

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2015 amounted to HK\$4,106.1 million (31 December 2014: HK\$4,152.1 million) which comprised of secured bank loans of HK\$3,881.1 million (31 December 2014: HK\$3,942.1 million) and unsecured bank loans of HK\$225.0 million (31 December 2014: HK\$210.0 million). The secured bank loans were secured by properties valued at HK\$11,838.7 million (31 December 2014: HK\$11,605.9 million) and note receivables of HK\$54.3 million (31 December 2014: HK\$54.3 million).

A subsidiary of the Company operating in Australia pledged its investment properties with an aggregate carrying value of HK\$163.4 million as at 30 June 2015 (31 December 2014: HK\$173.6 million) to secure bank loans of HK\$77.5 million (31 December 2014: HK\$82.4 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2015, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

STAFF AND EMOLUMENT POLICY

As at 30 June 2015, the Group had a total of 451 employees (31 December 2014: 447 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$87.0 million for the six months ended 30 June 2015 (2014: HK\$85.9 million).

The Group maintains good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted employee share option schemes 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

In the year ahead, the global economy remains uncertain amid volatility in the global financial markets. While the US economy continued its recovery trend, the economic growth of the Eurozone and Japan were below the desired level. The timing and quantum of the interest rate rise of the US remain uncertain and are affected by both the US's domestic economic performance and the volatility of global economic conditions.

Chairman's Statement

China's economy is growing at a moderate but steady pace. The government of Mainland China has taken various measures in order to sustain the growth. The government in the past few months has relaxed certain tax regulations and cut down payments for second-home buyers from 60% to 40%. The government's policy, which included five cuts to benchmark interest rates since November 2014, also helped boost property sales and improve the sentiment of the residential real estate market. In Mainland China, GDP growth of 7.0% in the first half year of 2015 was reported. Mainland China home prices rose for a second month in June 2015, on a monthly basis, indicating that government's efforts to boost the property market have started to gain traction. Overall average new home prices increased 0.56% in June 2015 versus May 2015, which is higher than the 0.45% increase in May 2015, the first monthly increase since April 2014. Such second month of increasing prices is a sign of bottoming out for the property market.

The Hong Kong economy is also expected to continue to grow moderately in 2015, given rising household income from favourable employment conditions and steady growth in domestic consumption. The Grade-A office leasing market remained positive with continual expansion demand coming from the Mainland financial institutions, fund and asset management companies. In residential markets, housing prices in Hong Kong reached a record high in May 2015 with sales volume continuing to rebound, especially in the primary market, despite the government's series of property market cooling measures. Having said that, we remain cautious that Hong Kong's property market could be facing a downturn in the coming years, given the government's measures to an increase in housing supply and uncertainties in light of a potential rise in interest rates.



Fo Tan Project, Hong Kong

Negotiation of the land premium of our Fo Tan project is still in progress. This is a lengthy process, and we are awaiting a revised land premium to be offered from the Hong Kong Lands Department. The overall hotel industry business in Hong Kong was soft in the first half of 2015 as a result of, among other things, the tense relationship between Hong Kong residents and China visitors during the period and the adjustment of multiple-entry endorsements for Shenzhen residents under the Individual Visit Scheme.

Crowne Plaza Hong Kong Causeway Bay's performance dropped significantly in the second quarter which was in line with the weaker hotel business environment in Hong Kong. Nevertheless, the hotel was able to achieve a relatively better performance among its primary competitors. For the second half of 2015, the general hotel market is still expected to be challenging, but the hotel is striving to gain market share in this challenging market situation.

In respect to our development projects in Mainland China, Phase IA of Kaifeng project with 444 residential units is still under construction, of which 128 units were sold in pre-sale. The sales of these units will be recognized as revenue upon obtaining an occupation permit which is expected for the end of this year. In Chengdu, the master layout plan of Longquan project was approved and superstructure works are being planned to commence in the third quarter of 2015.

Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 August 2015

Corporate Governance and Other Information

CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2015, the Company has applied the principles and complied with all the code provisions set out in the CG Code contained in Appendix 14 to the Listing Rules except for the following deviations:

| CG Code | Deviations and reasons |
|--|--|
| A.2.1 The roles of the chairman and chief executive should be separate and should not be performed by the same individual. | Mr. Lu Wing Chi, the Chairman who is holding the office of Managing Director, currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operations 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. |
| A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election. | Each of the existing Non-executive Directors (including the INED) does not have a specific term of appointment but is subject to retirement by rotation and re-election at the AGMs pursuant to the Bye-laws of the Company. The Bye-laws require that every Director will retire from office no later than the third AGM after he was last elected or re-elected. Further, 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 continuously review and recommend such proposals as appropriate in the circumstances of such deviations.

Corporate Governance and Other Information

SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

In response to the specific enquiry made on them by the Company, all the Directors 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 2015.

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) (the “Relevant Employees”) to regulate their dealings in the listed shares of the Company and AGP (a subsidiary of the Company listed in London), as the Relevant Employees are likely to be in possession of inside 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 2015, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

1. Long positions in shares of the Company

| Name of Directors | Number of ordinary shares held | | | Number of underlying shares held under equity derivatives | | Approximate % of interest in the issued share capital |
|-----------------------|---|---|--|---|-----------------|---|
| | Personal interests (held as beneficial owner) | Corporate interests (held by controlled corporations) | Family interests (interests of spouse) | Personal interests (held as beneficial owner) | Total interests | |
| Lu Wing Chi | 12,147,285 | 451,178,289 ⁽ⁱ⁾ | – | 4,460,000 | 467,785,574 | 67.47 |
| Lu Wing Yuk, Andrew | 1,112,000 | – | – | 892,000 | 2,004,000 | 0.29 |
| Lincoln Lu | 12,020,002 | – | – | 4,460,000 | 16,480,002 | 2.38 |
| Lambert Lu | 13,778,002 | – | – | 2,230,000 | 16,008,002 | 2.31 |
| Lam Sing Tai | 2,129,739 | – | 5,739 | 2,230,000 | 4,365,478 | 0.63 |
| Walujo Santoso, Wally | 556,000 | – | – | 444,000 | 1,000,000 | 0.14 |
| Leung Hok Lim | 1,212,928 | – | – | 444,000 | 1,656,928 | 0.24 |
| Chung Pui Lam | 1,212,928 | – | – | 444,000 | 1,656,928 | 0.24 |

Corporate Governance and Other Information

Notes:

- (i) Among these shares, 17,084,115 shares were held by Admiralty, 18,375,420 shares were held by Wetherby and 415,718,754 shares were held by NLI. NLI beneficially owns 100% interests in each of Admiralty and Wetherby and is 63.58% owned by JCS and 30% owned by Mr. Lu Wing Chi. By virtue of Mr. Lu Wing Chi's interests in JCS (as disclosed in paragraph 2 below), he is deemed to be interested in these shares.
- (ii) The interests in underlying shares held under equity derivatives represented interests in share options granted to the Directors under the 2005 Share Option Scheme, particulars of which are contained under the section of "Share Option Schemes" below.
- (iii) The total number of issued shares of the Company as at 30 June 2015 was 693,281,726 shares.

2. Long positions in shares of associated corporations

| Name of associated corporations | Name of Directors | Number of ordinary shares held | | Total interests | Approximate % of interest in the issued share capital |
|---------------------------------|-------------------|---|---|-----------------|---|
| | | Personal interests (held as beneficial owner) | Corporate interests (held by controlled corporations) | | |
| Admiralty | Lu Wing Chi | – | 6 ⁽ⁱ⁾ | 6 | 100.00 |
| JCS | Lu Wing Chi | 22,540 | – | 22,540 | 49.00 |
| | Lincoln Lu | 11,730 | – | 11,730 | 25.50 |
| | Lambert Lu | 11,730 | – | 11,730 | 25.50 |
| NLI | Lu Wing Chi | 46,938 | 99,480 ⁽ⁱⁱ⁾ | 146,418 | 93.58 |
| | Lincoln Lu | 5,021 | – | 5,021 | 3.21 |
| | Lambert Lu | 5,021 | – | 5,021 | 3.21 |
| Wetherby | Lu Wing Chi | – | 1 ⁽ⁱ⁾ | 1 | 100.00 |

Notes:

- (i) These shares are beneficially held by NLI and by virtue of Mr. Lu Wing Chi's interests in JCS and NLI (as disclosed above), he is deemed to be interested in these shares.
- (ii) These shares are beneficially held by JCS and by virtue of Mr. Lu Wing Chi's interests in JCS (as disclosed above), he is deemed to be interested in these shares.

Saved as disclosed herein, as at 30 June 2015, none of the Directors 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.

Corporate Governance and Other Information

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

As at 30 June 2015, so far as is known to the Directors, the following substantial Shareholders and other persons (other than Directors) 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 ordinary shares | | Total interests | Approximate % of interest in the issued share capital |
|----------------------|---------------------------|---------------------------------|-----------------|---|
| | Held as beneficial owner | Held by controlled corporations | | |
| JCS | – | 451,178,289 ⁽ⁱ⁾ | 451,178,289 | 65.08 |
| NLI | 415,718,754 | 35,459,535 ⁽ⁱⁱ⁾ | 451,178,289 | 65.08 |

Notes:

- (i) JCS holds about 63.58% of the issued shares in NLI. The above 451,178,289 shares held by NLI are also deemed to be JCS's interest and such shares are, therefore, duplicated between these two shareholders for the purpose of the SFO.
- (ii) NLI holds 100% of the issued shares in Admiralty and Wetherby and is the immediate holding company of these two companies, which in turn hold a total of 35,459,535 shares of the Company.
- (iii) Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being Directors, are also directors of JCS and NLI.

Saved as disclosed herein, as at 30 June 2015, none of the substantial Shareholders and other persons (other than Directors) 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 SCHEMES

1. The Company

The 2005 Share Option Scheme adopted by the Company expired on 24 August 2015. Upon expiry of the 2005 Share Option Scheme, no further options should be granted thereunder but the options granted and yet to be exercised under the 2005 Share Option Scheme shall remain in force and effect. The Company adopted the 2015 Share Option Scheme on 29 May 2015 and no options had been granted under the 2015 Share Option Scheme since its adoption and up to 30 June 2015.

The following table shows the movements in share options under the 2005 Share Option Scheme during the six months ended 30 June 2015 and the options outstanding at the beginning and end of the period:

| | | | | Number of underlying shares comprised in share options | | | |
|--|---------------|--|--------------------------|---|-----------------------------------|--------------------------------|---------------------|
| Name | Date of grant | Exercise price per share (HK\$) | Exercise period | As at 01.01.2015 | Exercised during the period | Lapsed during the period | As at 30.06.2015 |
| Directors | | | | | | | |
| Lu Wing Chi | 12.07.2012 | 3.454 | (i) | 4,460,000 | – | – | 4,460,000 |
| Lu Wing Yuk, Andrew | 12.07.2012 | 3.454 | (i) | 892,000 | – | – | 892,000 |
| Lincoln Lu | 12.07.2012 | 3.454 | (i) | 4,460,000 | – | – | 4,460,000 |
| Lambert Lu | 12.07.2012 | 3.454 | (i) | 2,230,000 | – | – | 2,230,000 |
| Lam Sing Tai | 12.07.2012 | 3.454 | (i) | 3,122,000 | (892,000) ⁽¹⁾ | – | 2,230,000 |
| Walujo Santoso, Wally | 12.07.2012 | 3.454 | (i) | 444,000 | – | – | 444,000 |
| Leung Hok Lim | 12.07.2012 | 3.454 | (i) | 666,000 | (222,000) ⁽²⁾ | – | 444,000 |
| Chung Pui Lam | 12.07.2012 | 3.454 | (i) | 444,000 | – | – | 444,000 |
| Sub-Total | | | | 16,718,000 | (1,114,000) | – | 15,604,000 |
| Other eligible employees in aggregate | 12.07.2012 | 3.454 | 01.01.2014 to 31.12.2015 | 520,000 | (440,000) | – | 80,000 |
| | | | 01.07.2014 to 30.06.2016 | 1,050,000 | (1,000,000) | – | 50,000 |
| | | | 01.01.2015 to 31.12.2016 | 1,600,000 | (1,470,000) | – | 130,000 |
| | | | 01.07.2015 to 30.06.2017 | 6,180,000 | – | (260,000) | 5,920,000 |
| Sub-Total | | | | 9,350,000 | (2,910,000) | (260,000) | 6,180,000 |
| Total | | | | 26,068,000 | (4,024,000) | (260,000) | 21,784,000 |

Corporate Governance and Other Information

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) (a) The closing prices of the shares of the Company immediately before the dates on which the share options were exercised by the Directors were:
 - (1) HK\$6.38 per share; and
 - (2) HK\$6.49 per share.
- (b) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by the other eligible employees was HK\$5.56 per share.
- (c) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by all participants stated in (a) and (b) above was HK\$5.80 per share.
- (iv) No share options had been granted or cancelled under the 2005 Share Option Scheme during the six months ended 30 June 2015.

2. AGP

AGP adopted a share option scheme on 16 August 2010. No share options had been granted under the scheme since its adoption.

SHARE AWARD SCHEMES

Each of the Company and AGP adopted a share award scheme on 15 June 2010 and 16 August 2010 respectively. The schemes are incentive arrangement for the Group to recognise and acknowledge the performance and/or contributions which the eligible participants (as defined under the schemes) have made or will make to the Group and promote its long term success.

No award was granted by the Company under its share award scheme during the six months ended 30 June 2015 and no award was granted by AGP under its share award scheme since adoption.

Corporate Governance and Other Information

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2015, the Company repurchased a total of 360,000 ordinary shares of the Company on the Stock Exchange at an aggregate cash consideration of HK\$2,103,540 (excluding expenses). All the purchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. Particulars of the repurchases are as follows:

| Period of repurchase | Total number of shares repurchased | Price paid per share | | Aggregate consideration HK\$ |
|----------------------|--|----------------------|----------------|------------------------------------|
| | | Highest HK\$ | Lowest HK\$ | |
| April 2015 | 360,000 | 5.90 | 5.58 | 2,103,540 |
| | 360,000 | | | 2,103,540 |

The Directors considered that the aforesaid shares were repurchased at a substantial discount to the net asset value per share and such purchases resulted in an increase in the net asset value and earnings of every remaining share of the Company.

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2015.

UPDATE OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in Directors' information since the disclosure made in the Company's 2014 annual report up to 27 August 2015 (being the date of approval of this report) are set out below:

- The basic salaries of the Executive Directors, namely Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, were adjusted upward in the range of 6.67% to 10% with effect from 1 July 2015.
- The basic salary of the Non-executive Director, namely Mr. Lam Sing Tai, was adjusted upward by 8.57% with effect from 1 July 2015.

Corporate Governance and Other Information

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 29 September 2015 to Friday, 2 October 2015 (both days inclusive) during which 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 Registrar in Hong Kong, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 25 September 2015.

REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have not been audited but have been reviewed by the Audit Committee and by DTT in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Report on Review of Condensed Consolidated Financial Statements



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

INTRODUCTION

We have reviewed the condensed consolidated financial statements of S E A Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 20 to 38, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 August 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

| | | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | NOTES | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) |
| Revenue | 3 | 317,580 | 337,097 |
| Interest income | | 9,220 | 8,750 |
| Other income | | 14,876 | 6,851 |
| Costs: | | | |
| Property and related costs | 4 | (25,566) | (22,908) |
| Staff costs | | (87,007) | (85,943) |
| Depreciation and amortisation | | (32,881) | (31,627) |
| Other expenses | 5 | (69,881) | (74,178) |
| | | (215,335) | (214,656) |
| Profit from operations before fair value changes on investment properties | | 126,341 | 138,042 |
| Fair value changes on investment properties | | 238,901 | 240,940 |
| Profit from operations after fair value changes on investment properties | | 365,242 | 378,982 |
| Finance costs | 6 | (56,796) | (45,679) |
| Profit before taxation | 7 | 308,446 | 333,303 |
| Income tax expense | 8 | (28,970) | (33,036) |
| Profit for the period | | 279,476 | 300,267 |
| Attributable to: | | | |
| Company's shareholders | | 273,916 | 294,406 |
| Non-controlling interests | | 5,560 | 5,861 |
| | | 279,476 | 300,267 |
| | | HK cents | HK cents |
| Earnings per share for profit attributable to the Company's shareholders | 10 | | |
| — Basic | | 39.6 | 43.4 |
| — Diluted | | 39.1 | 42.9 |
| Earnings per share excluding fair value changes on investment properties net of deferred tax | 10 | | |
| — Basic | | 6.3 | 10.1 |
| — Diluted | | 6.2 | 10.0 |

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) |
| Profit for the period | 279,476 | 300,267 |
| Other comprehensive income (expense): | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | |
| Fair value loss on other financial assets | (24,512) | – |
| Exchange differences arising on translation of foreign operations | 2,723 | (38,465) |
| | (21,789) | (38,465) |
| Total comprehensive income for the period | 257,687 | 261,802 |
| Total comprehensive income attributable to: | | |
| Company's shareholders | 251,932 | 257,580 |
| Non-controlling interests | 5,755 | 4,222 |
| | 257,687 | 261,802 |

Condensed Consolidated Statement of Financial Position

At 30 June 2015

| | NOTES | 30.6.2015 HK\$'000 (unaudited) | 31.12.2014 HK\$'000 (audited) |
|--|-------|--------------------------------------|-------------------------------------|
| Non-current assets | | | |
| Investment properties | 11 | 10,775,867 | 10,546,169 |
| Property, plant and equipment | 11 | 966,550 | 984,475 |
| Properties for development | 12 | 1,248,328 | 1,248,432 |
| Club memberships | | 8,574 | 8,574 |
| Other financial assets | 13 | 178,604 | 7,764 |
| Loan receivables | | 3,999 | 4,118 |
| Note receivables | | 54,265 | 54,289 |
| Other receivables | 14 | 391,327 | 391,173 |
| Restricted bank deposits | | 6,341 | 6,338 |
| | | 13,633,855 | 13,251,332 |
| Current assets | | | |
| Properties held for sale | | | |
| Completed properties | | 218,481 | 218,395 |
| Properties under development | | 1,427,372 | 1,297,343 |
| Other inventories | | 1,134 | 1,333 |
| Loan receivables | | 362 | 362 |
| Trade receivables, deposits and prepayments | 15 | 153,554 | 166,563 |
| Tax recoverable | | 4,278 | 4,549 |
| Amounts due from non-controlling interests | 16 | 691 | 70 |
| Bank balances and cash | | 2,703,354 | 3,007,591 |
| | | 4,509,226 | 4,696,206 |
| Current liabilities | | | |
| Payables, deposits and accrued charges | 17 | 314,727 | 340,826 |
| Sales deposits | | 94,145 | 64,389 |
| Tax liabilities | | 117,785 | 103,690 |
| Amounts due to non-controlling interests | 16 | 99,544 | 99,505 |
| Bank borrowings — due within one year | 18 | 1,824,627 | 546,568 |
| | | 2,450,828 | 1,154,978 |
| Net current assets | | 2,058,398 | 3,541,228 |
| Total assets less current liabilities | | 15,692,253 | 16,792,560 |

Condensed Consolidated Statement of Financial Position

At 30 June 2015

| | NOTES | 30.6.2015 HK\$'000 (unaudited) | 31.12.2014 HK\$'000 (audited) |
|---|-------|--------------------------------------|-------------------------------------|
| Capital and reserves | | | |
| Share capital | 19 | 69,328 | 68,962 |
| Reserves | | 12,351,508 | 12,128,083 |
| Equity attributable to the Company's shareholders | | 12,420,836 | 12,197,045 |
| Non-controlling interests | | 433,387 | 427,632 |
| Total equity | | 12,854,223 | 12,624,677 |
| Non-current liabilities | | | |
| Bank borrowings — due after one year | 18 | 2,332,743 | 3,665,523 |
| Deferred taxation | 20 | 505,287 | 502,360 |
| | | 2,838,030 | 4,167,883 |
| Total equity and non-current liabilities | | 15,692,253 | 16,792,560 |

The condensed consolidated financial statements on pages 20 to 38 were approved and authorised for issue by the Board of Directors on 27 August 2015 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 2015

| | Attributable to the Company's shareholders | | | | | | | | | | | Non-controlling interests HK\$'000 | Total HK\$'000 |
|--|--|---------------------------|---------------------------------|---------------------------------|--|---|---|--|----------------------------|------------------------------|-------------------|---------------------------------------|-------------------|
| | Share Capital HK\$'000 | Share premium HK\$'000 | Contributed surplus HK\$'000 | Translation reserve HK\$'000 | Capital redemption reserve HK\$'000 | Share options/ award reserve HK\$'000 | Property revaluation reserves HK\$'000 | Investment revaluation reserve HK\$'000 | Other reserves HK\$'000 | Retained profits HK\$'000 | Total HK\$'000 | | |
| At 1 January 2014 (audited) | 67,237 | 358,190 | 277,707 | 611,175 | 4,451 | 20,455 | 5,229 | – | 25,220 | 10,181,489 | 11,551,153 | 410,287 | 11,961,440 |
| Profit for the period | – | – | – | – | – | – | – | – | – | 294,406 | 294,406 | 5,861 | 300,267 |
| Exchange differences arising on translation of foreign operations | – | – | – | (36,826) | – | – | – | – | – | – | (36,826) | (1,639) | (38,465) |
| Other comprehensive expense for the period | – | – | – | (36,826) | – | – | – | – | – | – | (36,826) | (1,639) | (38,465) |
| Total comprehensive income for the period | – | – | – | (36,826) | – | – | – | – | – | 294,406 | 257,580 | 4,222 | 261,802 |
| Recognition of equity-settled share-based payments — share options | – | – | – | – | – | 3,963 | – | – | – | – | 3,963 | – | 3,963 |
| Shares issued upon exercise of share options | 1,072 | 42,311 | – | – | – | (6,356) | – | – | – | – | 37,027 | – | 37,027 |
| Acquisition of additional interest in a subsidiary | – | – | – | – | – | – | – | – | (5,481) | – | (5,481) | – | (5,481) |
| Dividends paid | – | – | – | – | – | – | – | – | – | (40,980) | (40,980) | – | (40,980) |
| At 30 June 2014 (unaudited) | 68,309 | 400,501 | 277,707 | 574,349 | 4,451 | 18,062 | 5,229 | – | 19,739 | 10,434,915 | 11,803,262 | 414,509 | 12,217,771 |
| Profit for the period | – | – | – | – | – | – | – | – | – | 390,056 | 390,056 | 13,264 | 403,320 |
| Exchange differences arising on translation of foreign operations | – | – | – | 14,057 | – | – | – | – | – | – | 14,057 | 1,074 | 15,131 |
| Revaluation increase upon reclassification of property, plant and equipment to investment properties | – | – | – | – | – | – | 1,594 | – | – | – | 1,594 | – | 1,594 |
| Other comprehensive income for the period | – | – | – | 14,057 | – | – | 1,594 | – | – | – | 15,651 | 1,074 | 16,725 |
| Total comprehensive income for the period | – | – | – | 14,057 | – | – | 1,594 | – | – | 390,056 | 405,707 | 14,338 | 420,045 |
| Recognition of equity-settled share-based payments — share options | – | – | – | – | – | 1,668 | – | – | – | – | 1,668 | – | 1,668 |
| Shares issued upon exercise of share options | 777 | 30,866 | – | – | – | (4,813) | – | – | – | – | 26,830 | – | 26,830 |
| Acquisition of additional interest in a subsidiary | – | – | – | – | – | – | – | – | 28 | – | 28 | – | 28 |
| Repurchase of ordinary shares | (124) | (5,866) | – | – | – | – | – | – | – | – | (5,990) | – | (5,990) |
| Dividends paid | – | – | – | – | – | – | – | – | – | (34,460) | (34,460) | – | (34,460) |
| Dividends paid to non-controlling interests | – | – | – | – | – | – | – | – | – | – | – | (1,215) | (1,215) |
| At 31 December 2014 (audited) | 68,962 | 425,501 | 277,707 | 588,406 | 4,451 | 14,917 | 6,823 | – | 19,767 | 10,790,511 | 12,197,045 | 427,632 | 12,624,677 |
| Profit for the period | – | – | – | – | – | – | – | – | – | 273,916 | 273,916 | 5,560 | 279,476 |
| Exchange differences arising on translation of foreign operations | – | – | – | 2,528 | – | – | – | – | – | – | 2,528 | 195 | 2,723 |
| Fair value change on other financial assets | – | – | – | – | – | – | – | (24,512) | – | – | (24,512) | – | (24,512) |
| Other comprehensive income (expense) for the period | – | – | – | 2,528 | – | – | – | (24,512) | – | – | (21,984) | 195 | (21,789) |
| Total comprehensive income for the period | – | – | – | 2,528 | – | – | – | (24,512) | – | 273,916 | 251,932 | 5,755 | 257,687 |
| Recognition of equity-settled share-based payments — share options | – | – | – | – | – | 1,576 | – | – | – | – | 1,576 | – | 1,576 |
| Shares issued upon exercise of share options | 402 | 16,034 | – | – | – | (2,537) | – | – | – | – | 13,899 | – | 13,899 |
| Repurchase of ordinary shares | (36) | (2,068) | – | – | – | – | – | – | – | – | (2,104) | – | (2,104) |
| Dividends paid | – | – | – | – | – | – | – | – | – | (41,512) | (41,512) | – | (41,512) |
| At 30 June 2015 (unaudited) | 69,328 | 439,467 | 277,707 | 590,934 | 4,451 | 13,956 | 6,823 | (24,512) | 19,767 | 11,022,915 | 12,420,836 | 433,387 | 12,854,223 |

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

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2015 HK\$'000 (unaudited) | 2014 HK\$'000 (unaudited) |
| Net cash from operating activities | 4,206 | 11,675 |
| Investing activities | | |
| Purchase of property, plant and equipment | (1,313) | (1,116) |
| Net proceeds received on disposal of property, plant and equipment | – | 65 |
| Acquisition of and additional costs on properties for development | (13,044) | (29,520) |
| Purchase of other financial assets | (195,352) | – |
| Increase in bank deposits | (431,251) | (214,166) |
| Bank deposits refunded | 309,380 | 455,340 |
| Increase in other receivables | – | (2,826) |
| Decrease in loan receivables | 119 | 1,242 |
| Interest received | 12,364 | 16,794 |
| Net cash (used in) from investing activities | (319,097) | 225,813 |
| Financing activities | | |
| Draw down of bank loans | 615,000 | 1,841,697 |
| Repayments of bank loans | (661,114) | (1,357,880) |
| Payment of front-end fee | (7,000) | (7,500) |
| Issue of new shares | 13,899 | 37,027 |
| Advances from non-controlling interests | – | 2,837 |
| Repayment of advances from non-controlling interests | (621) | (635) |
| Acquisition of additional interest in a subsidiary | – | (5,481) |
| Repurchase of shares | (2,104) | – |
| Dividends paid | (41,512) | (40,980) |
| Net cash (used in) from financing activities | (83,452) | 469,085 |
| Net (decrease) increase in cash and cash equivalents | (398,343) | 706,573 |
| Cash and cash equivalents at beginning of period | 2,663,743 | 1,694,761 |
| Effect of foreign exchange rate changes | 4,415 | (4,862) |
| Cash and cash equivalents at end of period | 2,269,815 | 2,396,472 |
| Represented by: | | |
| Bank balances and cash | 2,703,354 | 2,610,638 |
| Less: Fixed deposits with original maturity date more than 3 months | (431,251) | (214,166) |
| Less: Guarantee deposits | (2,288) | – |
| | 2,269,815 | 2,396,472 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 other financial assets, 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 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

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

| | |
|-----------------------|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010–2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011–2013 Cycle |

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. SEGMENT INFORMATION

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

The Group's property investment activity is in Hong Kong, PRC and Australia, property development activity is in Hong Kong and the PRC, and hotel operation is in Hong Kong.

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

Six months ended 30 June 2015

| | Property development HK\$'000 | Property investment HK\$'000 | Hotel operation HK\$'000 | Consolidated HK\$'000 |
|--------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------|
| SEGMENT REVENUE | | | | |
| External sales | – | 204,836 | 112,744 | 317,580 |
| SEGMENT RESULTS | | | | |
| Segment (loss) profit | (41,586) | 421,793 | 31,105 | 411,312 |
| Interest income | | | | 9,220 |
| Corporate income less expenses | | | | (55,290) |
| Finance costs | | | | (56,796) |
| Profit before taxation | | | | 308,446 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

3. SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2014

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

Segment profit of the property investment division for the six months ended 30 June 2015 included an increase in fair value of investment properties of HK\$238,901,000 (2014: HK\$240,940,000).

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. PROPERTY AND RELATED COSTS

| | Six months ended 30 June | |
|--|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Cost of properties sold and related expenses | – | 613 |
| Selling and marketing expenses | 3,834 | 1,116 |
| Direct operating expenses on investment properties | 21,732 | 21,179 |
| | 25,566 | 22,908 |

5. OTHER EXPENSES

Included in other expenses are the hotel operating expenses amounting to HK\$30,226,000 (1.1.2014 – 30.6.2014: HK\$32,473,000).

6. FINANCE COSTS

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Interest on: | | |
| Bank borrowings wholly repayable within 5 years | 29,045 | 22,956 |
| Bank borrowings not wholly repayable within 5 years | 31,027 | 22,430 |
| | 60,072 | 45,386 |
| Less: Amounts capitalised to property development project | (7,699) | (3,934) |
| | 52,373 | 41,452 |
| Front end fee | 3,053 | 2,510 |
| Other charges | 1,370 | 1,717 |
| | 56,796 | 45,679 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

7. PROFIT BEFORE TAXATION

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Profit before taxation has been arrived at after crediting: | | |
| Interest earned on bank deposits | 9,070 | 8,584 |
| Interest income from second mortgage loans | 123 | 166 |
| Net exchange (loss) gain | (1,764) | 1,182 |

8. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---------------------------|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Current tax | | |
| Hong Kong Profits Tax | 16,286 | 14,950 |
| PRC Enterprise Income Tax | 6,533 | 5,631 |
| Other jurisdictions | 1,463 | 1,064 |
| | 24,282 | 21,645 |
| Deferred tax | 4,688 | 11,391 |
| | 28,970 | 33,036 |

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

9. DIVIDENDS

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Dividends recognised as a distribution during the period: | | |
| Final dividend for the year ended 31 December 2014 of HK6 cents per share (1.1.2014 – 30.6.2014; final dividend for the year ended 31 December 2013 of HK6 cents per share) | 41,512 | 40,980 |

Subsequent to the end of the reporting period, the Board has declared an interim dividend of HK5 cents (2014: HK5 cents) per share payable to the Shareholders whose names appear on the register of members of the Company on 2 October 2015.

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 | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Earnings for the purpose of basic and diluted earnings per share: | | |
| Profit for the period attributable to the Company's shareholders | 273,916 | 294,406 |

| | Number of shares | |
|--|------------------|-------------|
| | 2015 | 2014 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 691,712,908 | 678,378,411 |
| Effect of dilutive potential ordinary shares options | 9,716,594 | 7,349,659 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 701,429,502 | 685,728,070 |

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. EARNINGS PER SHARE *(continued)*

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

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Profit for the period attributable to the Company’s shareholders as shown in the condensed consolidated statement of profit or loss | 273,916 | 294,406 |
| Fair value changes on investment properties | (238,901) | (240,940) |
| Deferred tax thereon | 2,028 | 8,460 |
| Attributable to non-controlling interests | 6,665 | 6,576 |
| Adjusted profit attributable to the Company’s shareholders | 43,708 | 68,502 |
| Earnings per share excluding fair value changes on investment properties net of deferred tax | | |
| Basic | HK6.3 cents | HK10.1 cents |
| Diluted | HK6.2 cents | HK10.0 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 2015

11. INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

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

- (a) The fair values of the Group's Hong Kong and PRC investment properties with an aggregate carrying value of HK\$10,612,470,000 at 30 June 2015 (31.12.2014: HK\$10,372,585,000) 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\$173,584,000 at 31 December 2014 were arrived at on the basis of a valuation carried out on 31 December 2014 by CBRE Valuations Pty Limited ("CBRE").

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

The valuations were arrived at by reference to market evidence of transaction prices or by capitalisation of future rental which is estimated by reference to comparable rental as available in the relevant markets. In the valuation, the market rentals of all lettable units as well as those of similar properties are made by reference to the rentals achieved by the Group in the lettable units as well as those of similar properties in the neighbourhood. The capitalisation rate adopted is by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted for the valuers' knowledge of factors specific to the respective properties. There has been no change from the valuation technique used in the prior year/period.

- (b) At 30 June 2015, the remaining investment property of HK\$163,397,000, which is located in Australia, was fairly valued by the directors of the Company who are of the opinion that the fair value of this investment property at 30 June 2015 approximate their fair value at 31 December 2014.
- (c) The resulting increase in the fair value of HK\$238,901,000 (1.1.2014 – 30.6.2014: HK\$240,940,000) 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\$1,313,000 (1.1.2014 – 30.6.2014: HK\$1,116,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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.

13. OTHER FINANCIAL ASSETS

| | 30.6.2015 HK\$'000 | 31.12.2014 HK\$'000 |
|---------------------------|-----------------------|------------------------|
| Unlisted investments: | | |
| — Equity securities | 3,882 | 3,882 |
| — Convertible loan | 3,882 | 3,882 |
| Listed investments (Note) | 170,840 | — |
| | 178,604 | 7,764 |

Note: During the period, the Group acquired listed equity investments as available-for sale asset at cost of HK\$195,352,000 which were stated at market value of HK\$170,840,000 at 30 June 2015 with fair value loss of HK\$24,512,000 recognised as other comprehensive expenses under investment revaluation reserve.

14. OTHER RECEIVABLES

At 30 June 2015, the Group had incurred a total amount of RMB321,060,000 (31.12.2014: RMB321,060,000) equivalent to HK\$407,136,000 (31.12.2014: HK\$406,976,000) for the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in Nanjing, the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government either by deduction against the consideration payable if the Group is successful in bidding for the land or out of the proceeds received by the relevant PRC local government from another successful tenderer. The directors of the Company 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\$391,327,000 (31.12.2014: HK\$391,173,000) represents the Hong Kong dollar equivalent of the present value of the original amount of RMB321,060,000 (31.12.2014: RMB321,060,000) expected to be recovered in 2016 discounted at the rate of 2% per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

15. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | 30.6.2015 HK\$'000 | 31.12.2014 HK\$'000 |
|--------------------------|-----------------------|------------------------|
| Trade receivables | 8,353 | 10,603 |
| Accrued income | 102,512 | 99,415 |
| Deposits and prepayments | 42,689 | 56,545 |
| | 153,554 | 166,563 |

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

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

| | 30.6.2015 HK\$'000 | 31.12.2014 HK\$'000 |
|----------------|-----------------------|------------------------|
| 0 to 30 days | 6,867 | 8,014 |
| 31 to 60 days | 94 | 590 |
| 61 to 90 days | 56 | 207 |
| 91 to 365 days | 1,063 | 1,148 |
| Over 365 days | 273 | 644 |
| | 8,353 | 10,603 |

16. AMOUNTS DUE FROM/TO NON-CONTROLLING INTERESTS

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

17. PAYABLES, DEPOSITS AND ACCRUED CHARGES

| | 30.6.2015 HK\$'000 | 31.12.2014 HK\$'000 |
|--|-----------------------|------------------------|
| Trade payables | 1,467 | 3,018 |
| Rental deposits | 114,861 | 115,925 |
| Rental received in advance | 13,754 | 16,399 |
| Other payables, other deposits and accrued charges | 184,645 | 205,484 |
| | 314,727 | 340,826 |

Included in other payables is an aggregate amount of HK\$95,305,000 (31.12.2014: HK\$91,759,000) 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 14.

Included in rental deposits are deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms which amounted to HK\$63,344,000 at 30 June 2015 (31.12.2014: HK\$71,151,000).

18. BANK BORROWINGS

During the current interim period, the Group repaid bank loans amounting to HK\$661,114,000 (1.1.2014 to 30.6.2014: HK\$1,357,880,000) and drew bank loans which carry interest at variable rates amounting to HK\$615,000,000 (1.1.2014 to 30.6.2014: HK\$1,841,697,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

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 2014 | 672,371,726 | 67,237 |
| Shares issued upon exercise of share options | 10,720,000 | 1,072 |
| At 30 June 2014 | 683,091,726 | 68,309 |
| Shares issued upon exercise of share options | 7,768,000 | 777 |
| Repurchase of ordinary shares | (1,242,000) | (124) |
| At 31 December 2014 | 689,617,726 | 68,962 |
| Shares issued upon exercise of share options | 4,024,000 | 402 |
| Repurchase of ordinary shares | (360,000) | (36) |
| At 30 June 2015 | 693,281,726 | 69,328 |

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 amounting to HK\$459,990,000 (31.12.2014: HK\$459,862,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

21. PLEDGE OF ASSETS

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

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$10,258,827,000 (31.12.2014: HK\$10,037,307,000) 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 an aggregate carrying value of HK\$676,103,000 (31.12.2014: HK\$686,105,000) 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\$948,316,000 (31.12.2014: HK\$936,355,000).
- (d) Fixed charges on properties for development with an aggregate carrying value of HK\$118,826,000 (31.12.2014: HK\$119,689,000).
- (e) Note receivables of HK\$54,265,000 (31.12.2014: HK\$54,289,000).

22. RELATED PARTY DISCLOSURES

The remuneration of the Company's directors who are the Group's key management personnel during the current interim period amounting to HK\$17,210,000 (1.1.2014 – 30.6.2014: HK\$18,018,000).

23. CONTINGENT LIABILITIES

The Group has given guarantees to banks in respect of mortgages loans provided to the Group's customers for the purchase of the Group's properties located in the PRC. At 30 June 2015, the total outstanding mortgage loans which are under the guarantee were HK\$38,502,000 (31.12.2014: HK\$17,432,000). The directors of the Company considered that the fair values of these guarantees at their initial recognition and the end of the reporting period are insignificant and accordingly, the fair value of these guarantees were not accounted for in the condensed consolidated financial statements. The amounts as at 30 June 2015 are to be discharged upon the issuance of the real estate ownership certificate which can subsequently be pledged with the banks.

Glossary

In this interim report, unless the context otherwise requires, the following expression shall have the following meanings:

| | |
|-------------------------|---|
| “Admiralty” | Admiralty Pacific Limited, a company incorporated in the British Virgin Islands with limited liability; |
| “AGM(s)” | the annual general meeting(s) of the Company; |
| “AGP” | Asian Growth Properties Limited, a company incorporated in the British Virgin Islands with limited liability and is a subsidiary of the Company, whose shares are admitted for trading on the AIM Market of London Stock Exchange plc.; |
| “Audit Committee” | the audit committee of the Company; |
| “Board” | the board of Directors; |
| “CG Code” | the Corporate Governance Code; |
| “Chairman” | the chairman of the Board; |
| “Company” or “SEA” | S E A Holdings Limited is an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 251); |
| “Director(s)” | the director(s) of the Company; |
| “DTT” | Deloitte Touche Tohmatsu, Certified Public Accountants; |
| “Executive Director(s)” | the executive Director(s); |
| “Group” | the Company and its subsidiaries; |
| “Government” | the government of Hong Kong; |
| “HK\$” | the lawful currency of Hong Kong for the time being; |
| “HKAS” | Hong Kong Accounting Standards; |
| “HKFRS” | Hong Kong Financial Reporting Standards; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |

Glossary

| | |
|---|--|
| “Independent Non-executive Director(s)” or “INED” | the independent non-executive Director(s); |
| “JCS” | JCS Limited, an exempted company incorporated in Bermuda with limited liability; |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange; |
| “Managing Director” | the managing Director; |
| “Model Code” | the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules; |
| “NLI” | Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability; |
| “Non-executive Director(s)” | the non-executive Director(s); |
| “PRC” or “Mainland China” | The People’s Republic of China; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); |
| “2005 Share Option Scheme” | the share option scheme adopted by the Company on 25 August 2005; |
| “2015 Share Option Scheme” | the share option scheme adopted by the Company on 29 May 2015; |
| “Shareholders” | the shareholders of the Company; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “Wetherby” | Wetherby International Limited, a company incorporated in the British Virgin Islands with limited liability; and |
| “%” | per cent. |

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

爪哇控股有限公司
S E A Holdings Limited

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

