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S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 251)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

The board of directors (the “Board”) of S E A Holdings Limited (the “Company”) announces that the audited consolidated financial results of the Company and its subsidiaries (together, the “Group”) for the financial year ended 31 December 2012 together with the comparative figures of 2011 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2012

	Notes	2012 HK\$'000	2011 HK\$'000
Revenue	3	607,274	701,279
Interest income		24,334	16,140
Other income		21,048	48,112
Costs:			
Property and related costs	4	(74,518)	(209,248)
Staff costs		(238,947)	(169,171)
Depreciation and amortisation		(83,899)	(76,876)
Other expenses		(202,778)	(138,070)
		<u>(600,142)</u>	<u>(593,365)</u>
Profit from operations before fair value changes on properties		52,514	172,166
Fair value changes on investment properties		<u>1,300,282</u>	<u>1,083,584</u>
Profit from operations after fair value changes on properties		1,352,796	1,255,750
Share of results of associates		2,510	1,530
Share of results of jointly controlled entities		(2,667)	(1,314)
Finance costs	5	<u>(92,526)</u>	<u>(101,237)</u>
Profit before taxation		1,260,113	1,154,729
Income tax expense	6	<u>(87,064)</u>	<u>(68,403)</u>
Profit for the year		<u><u>1,173,049</u></u>	<u><u>1,086,326</u></u>

* For identification purpose only

CONSOLIDATED INCOME STATEMENT (Continued)
For the year ended 31 December 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Attributable to:			
Company's shareholders		1,161,289	1,061,292
Non-controlling interests		11,760	25,034
		<u>1,173,049</u>	<u>1,086,326</u>
		HK cents	HK cents
Earnings per share for profit attributable to the			
Company's shareholders	8		
Basic		<u>174.0</u>	<u>158.4</u>
Diluted		<u>172.9</u>	<u>158.0</u>
<i>(Loss) earnings per share excluding fair value changes on</i>			
<i>properties net of deferred tax</i>	8		
<i>Basic</i>		<u>(6.1)</u>	<u>8.0</u>
<i>Diluted</i>		<u>(6.1)</u>	<u>8.0</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2012

	2012	2011
	HK\$'000	HK\$'000
Profit for the year	1,173,049	1,086,326
Other comprehensive income		
Exchange differences arising on translation of foreign operations	4,016	140,598
Revaluation increase upon reclassification of property, plant and equipment to investment properties	-	1,428
Share of translation differences of jointly controlled entities	(250)	1,997
Share of translation differences of associates	635	(86)
Total comprehensive income for the year	<u>1,177,450</u>	<u>1,230,263</u>
Total comprehensive income attributable to:		
Company's shareholders	1,172,415	1,196,760
Non-controlling interests	<u>5,035</u>	<u>33,503</u>
	<u>1,177,450</u>	<u>1,230,263</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2012

	<i>Notes</i>	2012 HK\$'000	2011 HK\$'000
Non-current Assets			
Investment properties		9,612,715	8,298,288
Property, plant and equipment		1,081,675	1,140,060
Properties for development		1,292,243	1,288,272
Club memberships		8,574	8,574
Interests in associates		13,191	10,046
Interests in jointly controlled entities		-	44,574
Loans receivable		9,396	16,911
Note receivable		15,510	-
Other receivable		365,800	381,183
Pledged bank deposits		58,750	-
Derivative financial instrument		-	80
		12,457,854	11,187,988
Current Assets			
Properties held for sale			
Completed properties		314,748	330,713
Properties under development		733,991	660,638
Other inventories		935	1,019
Loans receivable		642	978
Trade receivables, deposits and prepayments	9	118,242	137,206
Tax recoverable		3,014	2,477
Amounts due from non-controlling shareholders		1,270	1,384
Pledged bank deposits		-	785
Bank balances and cash		1,644,905	2,485,688
		2,817,747	3,620,888
Assets classified as held for sale		42,090	-
		2,859,837	3,620,888
Current Liabilities			
Payables, rental deposits and accrued charges	10	357,590	311,406
Sales deposits		-	601
Provisions		-	5,107
Tax liabilities		109,882	103,074
Amounts due to non-controlling shareholders		211,404	195,966
Bank borrowings – due within one year		409,367	1,054,331
		1,088,243	1,670,485
Net current assets		1,771,594	1,950,403
Total assets less current liabilities		14,229,448	13,138,391

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2012

	2012	2011
	HK\$'000	HK\$'000
Capital and Reserves		
Share capital	67,129	66,919
Reserves	10,902,667	9,822,750
Equity attributable to the Company's shareholders	10,969,796	9,889,669
Non-controlling interests	302,166	302,036
Total equity	11,271,962	10,191,705
Non-current liabilities		
Bank borrowings – due after one year	2,472,794	2,529,036
Derivative financial instrument	2,158	-
Deferred taxation	482,534	417,650
	2,957,486	2,946,686
	14,229,448	13,138,391

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

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

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

The application of the above amendments to HKFRS in the current year has had no material effect on the amounts reported and/or disclosures set out in the consolidated financial statements.

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

The directors of the Company expect that the application of the other new and revised standards, amendments or interpretations that were issued but not yet effective will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

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

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.

3. SEGMENT INFORMATION *(Continued)*

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

For the year ended 31 December 2012

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	39,196	319,872	248,206	-	607,274
Inter-segment sales	-	1,185	-	(1,185)	-
Total	39,196	321,057	248,206	(1,185)	607,274
SEGMENT RESULTS					
Segment (loss) profit	(100,393)	1,549,366	58,614		1,507,587
Interest income					24,334
Corporate income less expenses					(179,125)
Share of results of associates					2,510
Share of results of jointly controlled entities					(2,667)
Finance costs					(92,526)
Profit before taxation					1,260,113

For the year ended 31 December 2011

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	176,726	291,071	233,482	-	701,279
Inter-segment sales	-	601	-	(601)	-
Total	176,726	291,672	233,482	(601)	701,279
SEGMENT RESULTS					
Segment profit	1,721	1,295,446	56,579		1,353,746
Interest income					16,140
Corporate expenses					(114,136)
Share of results of associates					1,530
Share of results of jointly controlled entities					(1,314)
Finance costs					(101,237)
Profit before taxation					1,154,729

Inter-segment sales are at mutually agreed terms.

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

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

4. PROPERTY AND RELATED COSTS

	2012	2011
	HK\$'000	HK\$'000
Changes in completed properties and properties under development held for sale	15,777	147,419
Reversal of provision on relocation compensation	(5,089)	-
Write-down of properties held for sale	21,336	14,277
Selling and marketing expenses	2,949	4,746
Direct operating expenses of investment properties	39,545	42,806
	74,518	209,248

5. FINANCE COSTS

	2012	2011
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	51,188	61,152
Bank borrowings not wholly repayable within 5 years	38,387	35,065
	89,575	96,217
Less: Amounts capitalised to property development projects	(3,689)	(2,292)
	85,886	93,925
Front end fee	3,463	3,684
Other charges	3,177	3,628
	92,526	101,237

6. INCOME TAX EXPENSE

	2012	2011
	HK\$'000	HK\$'000
The charge comprises:		
Current tax		
Hong Kong Profits Tax	12,928	16,901
PRC Enterprise Income Tax	8,963	5,417
Other jurisdictions	129	148
	<u>22,020</u>	<u>22,466</u>
Under (over) provision in prior years		
Hong Kong Profits Tax	1,012	(5,543)
Deferred tax	64,032	51,480
	<u>87,064</u>	<u>68,403</u>

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

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

Tax overprovided of HK\$5,501,000 in relation to the estimated assessment revised by the Hong Kong Inland Revenue Department (“IRD”) under a tax audit for the various years of assessment was reversed upon settlement with the IRD in the preceding year.

7. DIVIDENDS

	2012	2011
	HK\$'000	HK\$'000
Dividend recognised as distribution during the year:		
2012 Interim dividend – HK5 cents (2011: HK5 cents) per share	33,561	33,459
2011 Final dividend – HK6 cents (2010: HK6 cents) per share	40,169	40,256
	<u>73,730</u>	<u>73,715</u>
2012 Final dividend proposed:		
HK6 cents (2011: HK6 cents) per share	40,318	40,151

A final dividend of HK6 cents (2011: HK6 cents) per share has been proposed by the directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

8. 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:

	2012	2011
	HK\$'000	HK\$'000
Earnings for the purpose of basic and diluted earnings per share	<u>1,161,289</u>	<u>1,061,292</u>
	Number of shares	
	2012	2011
Weighted average number of ordinary shares for the purpose of basic earnings per share	667,569,240	670,016,989
Effect of dilutive potential ordinary share options	<u>3,908,998</u>	<u>1,674,846</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>671,478,238</u>	<u>671,691,835</u>

For the purpose of assessing the performance of the Group, the directors are of the view that the profit for the year 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:

	2012	2011
	HK\$'000	HK\$'000
Profit attributable to the Company's shareholders as shown in the consolidated income statement	1,161,289	1,061,292
Fair value changes on investment properties	(1,300,282)	(1,083,584)
Deferred tax thereon	61,277	44,983
Attributable to non-controlling interests	<u>36,710</u>	<u>30,945</u>
Adjusted (loss) profit attributable to the Company's shareholders	<u>(41,006)</u>	<u>53,636</u>
(Loss) earnings per share excluding fair value changes on properties net of deferred tax		
Basic	<u>HK(6.1) cents</u>	<u>HK8.0 cents</u>
Diluted	<u>HK(6.1) cents</u>	<u>HK8.0 cents</u>

The computation of diluted adjusted loss per share for the year ended 31 December 2012 does not assume the exercise of the share options as it would result in decrease in loss per share. The denominators used in the calculation of basic and diluted adjusted earnings per share for the year ended 31 December 2011 and basic adjusted loss per share for the year ended 31 December 2012 are the same as those detailed above.

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK\$'000	HK\$'000
Trade receivables	11,671	9,368
Accrued income, deposits and prepayments	106,922	128,168
Less: Allowance for impairment loss	<u>(351)</u>	<u>(330)</u>
	<u>118,242</u>	<u>137,206</u>

Trade receivables mainly comprise of rental receivable from tenants for the use of the Group's properties and receivable 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.

Receivables from sale of properties are payable according to the payment terms of each individual contract and have to be fully settled before the transfer of legal title of the related properties to the customers.

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

	2012	2011
	HK\$'000	HK\$'000
0 to 30 days	10,761	8,294
31 to 60 days	763	782
61 to 90 days	4	153
91 to 365 days	142	129
Over 365 days	<u>1</u>	<u>10</u>
	<u>11,671</u>	<u>9,368</u>

Before granting credit to customers, the Group uses an internal credit assessment policy to assess the potential customers' credit quality and defines credit limits by customers. Trade receivable of HK\$2,088,000 (2011: HK\$1,370,000) at the end of the reporting period which are past due but not considered impaired as these debtors have good repayment history. The Group does not hold any collateral over these balances.

10. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2012 HK\$'000	2011 HK\$'000
Trade payables	2,720	2,022
Rental deposits	93,539	83,930
Rental received in advance	8,590	10,208
Other payables, other deposits and accrued charges	252,741	215,246
	<u>357,590</u>	<u>311,406</u>

Included in other payables is an aggregate amount of HK\$85,761,000 (2011: HK\$85,986,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands and deposit of HK\$40,000,000 (2011: nil) received from disposal of the interests in jointly controlled entities.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK\$61,667,000 (2011: HK\$60,701,000).

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

FINAL DIVIDEND

The Board has resolved to recommend for shareholders' approval at the forthcoming annual general meeting (the "2013 AGM") the payment of a final dividend of HK6 cents (2011: HK6 cents) per share for the year ended 31 December 2012 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Tuesday, 11 June 2013. The relevant dividend warrants are expected to be despatched on or before Wednesday, 19 June 2013.

Together with the interim dividend of HK5 cents per share already paid (2011: HK5 cents), the total dividend for the year will be HK11 cents per share (2011: HK11 cents).

ANNUAL GENERAL MEETING

The 2013 AGM will be held in Hong Kong on Friday, 31 May 2013 and the relevant notice and documents will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited ("HKEx") (www.hkex.com.hk) and the Company (www.seagroup.com.hk) no later than late April 2013.

BOOK CLOSE DATES

For the purpose of ascertaining the entitlements to attend and vote at the 2013 AGM and qualify for the proposed final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

For ascertaining shareholders' entitlement to attend and vote at the 2013 AGM

Latest time to lodge transfers documents	4:30 pm on 28 May 2013 (Tuesday)
Closure of register of members	29 May 2013 (Wednesday) to 31 May 2013 (Friday) (both days inclusive)
Record date	31 May 2013 (Friday)

For ascertaining shareholders' entitlement to the proposed final dividend

Latest time to lodge transfers documents	4:30 pm on 6 June 2013 (Thursday)
Closure of register of members	7 June 2013 (Friday) to 11 June 2013 (Tuesday) (both days inclusive)
Record date	11 June 2013 (Tuesday)

During the above closure periods, no transfer of shares will be registered. To be entitled to attend and vote at the 2013 AGM and to qualify for the proposed final 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 before the above latest time.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the year ended 31 December 2012 amounted to HK\$607.3 million (2011: HK\$701.3 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of properties in Hong Kong, New Zealand and Australia.

Profit attributable to the Company's shareholders for the year amounted to HK\$1,161.3 million (2011: HK\$1,061.3 million), equivalent to a basic earnings per share of HK174.0 cents (2011: HK158.4 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$1,239.0 million (2011: HK\$1,038.6 million). By excluding the effect of such surplus, the Group's net loss attributable to the Company's shareholders was HK\$41.0 million (2011: net profit of HK\$53.6 million), equivalent to loss of HK6.1 cents (2011: profit of HK8.0 cents) per share.

As at 31 December 2012, the Group's equity attributable to the Company's shareholders amounted to HK\$10,969.8 million (31 December 2011: HK\$9,889.7 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2012 was HK\$16.34 as compared with HK\$14.78 as at 31 December 2011.

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

	31 December 2012 HK\$' million	31 December 2011 HK\$' million
Hong Kong	8,930.8	7,814.0
Mainland China	3,777.4	3,531.1
Australia and New Zealand	255.2	270.8
Total	12,963.4	11,615.9

Business Review

The Group is firmly developed with the dual-engine business model. On one side is the quality property investment portfolio which provides stable cash flow to the Group while the other side is development projects for higher potential of earnings with the objective of obtaining sustainable growth in shareholders' value over the long run.

Property Investment and Development

The Group continues in focusing on the development and investment projects in Hong Kong and Mainland China. During the year, the Group has entered into an agreement to dispose of its entire interest in the 49%-owned Leiyang project to the joint venture partner and the transaction is expected to be completed in the second quarter of 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 year. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the year increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 95% as at 31 December 2012.

The Group has sold all the residential units of The Morrison and one residential unit of The Forest Hills for the year under review. The Group has also entered into provisional agreements for sale of the commercial podium and all public car parking spaces of The Forest Hills in February 2013 and it is expected that the sale will be completed in June 2013. The sale of the remaining residential units and residents' car parking spaces of The Forest Hills 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 works are continuing and superstructure plan was submitted in February 2013 to the Buildings Department for approval.

Mainland China

Chengdu, Sichuan Province

During the year, 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 has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 31 December 2012, the aggregate occupancy rate for the two office towers and the retail podium was approximately 93%. Leasing activities for the remaining areas of Plaza Central continue.

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

The Group 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 second quarter of 2013.

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 be varied from 2,000,000 to 2,500,000 square metres envisaging shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The master layout plan was re-submitted to local government in January 2013. Foundation works of Phase I of the residential development has been completed and the related superstructure works are scheduled to commence in the second quarter of 2013.

Guangzhou, Guangdong Province

As at 31 December 2012, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 89% 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 338,000 square metres comprising of development land of about 117,000 square metres and landscape land of 221,000 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 lands 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 and development projects in Australia and New Zealand for the year ended 31 December 2012 was HK\$22.5 million (2011: HK\$139.5 million). During the year, the Group had disposed the remaining block of Kaikainui Block in New Zealand. The strategy to sell the existing properties in Australia and New Zealand 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 year under review.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31 December 2012, the Group's total cash balance was HK\$1,703.7 million (2011: HK\$2,486.5 million) and unutilised facilities were HK\$1,040.0 million (2011: HK\$750.0 million).

Gearing ratio as at 31 December 2012, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.1% (2011: 9.4%).

As at 31 December 2012, maturity of the Group's outstanding borrowings was as follows:

	31 December 2012 HK\$' million	31 December 2011 HK\$' million
Due		
Within 1 year	410.2	1,055.2
1-2 years	1,171.0	116.4
3-5 years	1,015.4	2,081.3
Over 5 years	300.9	349.3
	2,897.5	3,602.2
Less: Front-end fee	(15.4)	(18.8)
	2,882.1	3,583.4

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 31 December 2012 amounted to HK\$2,725.1 million (2011: HK\$3,422.3 million) which comprised of secured bank loans only (2011: comprised of secured bank loans of HK\$3,162.3 million and unsecured bank loans of HK\$260.0 million). The secured bank loans were secured by properties valued at HK\$10,407.8 million (2011: HK\$9,103.9 million) and fixed deposits of HK\$58.8 million (2011: HK\$0.8 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$249.9 million as at 31 December 2012 (2011: HK\$270.9 million) to secure bank loans of HK\$157.0 million (2011: HK\$161.1 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2012, 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 31 December 2012, the Group had a total of 376 employees (2011: 393 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$238.9 million for the year ended 31 December 2012 (2011: HK\$169.2 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

In Mainland China, the transaction volume for residential properties has appeared to have hit its bottom already. The solid demand for domestic properties is accumulating and ready for release if there are some signals of relaxing of the housing policy by the Central Government. If inflationary pressure mitigate further, it is believed that the Central Government will adjust its housing policy to meet end-user demand.

Ultra-low interest rates in Hong Kong have continued to support the high prices of commercial investment as well as residential properties. The Hong Kong Government has been forced to intervene twice in recent months to control the surging prices by imposing punitive stamp duty rates on transfer of both commercial and residential properties. The new Hong Kong Chief Executive has promised to increase the supply of residential units by releasing more lands to stabilize the housing prices.

The Group is in the final stage of negotiation of the land premium for our Fotan project. With the new intervention measures introduced by the Hong Kong Government, it is difficult to predict residential prices over the short to mid term and accordingly the Group will proceed with caution. Despite a slightly decline in occupancy for our Hotel in Causeway Bay over 2012, which is in line with the general market conditions, there are signs of returning guests in recent months.

The Group is pressing on with both of its large residential projects in Kaifeng where the first pre-sales are likely to take place later this year and in Chengdu where sales are likely to commence in early 2014. There has been some easing of credit in China and thus property prices have begun to climb again although the Central Government will continue to monitor the overall state of the market to ensure stability. We remain confident that both of these projects will attract end user interest and will contribute to the Group's profitability over the coming years.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2012.

CORPORATE GOVERNANCE PRACTICES

The Stock Exchange made various amendments to the Code on Corporate Governance Practices (the "Former CG Code") contained in Appendix 14 to the Listing Rules and renamed it as the Corporate Governance Code (the "Revised CG Code") with effect from 1 April 2012. The Company has applied the principles and complied with all the code provisions set out in the Former CG Code and the Revised CG Code during the relevant periods in which they are in force except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three Independent Non-executive Directors.

- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing Non-executive Directors (including the Independent Non-executive Directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including Non-executive Director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

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

REVIEW BY AUDIT COMMITTEE

The audit committee comprises three members, namely Messrs. Leung Hok Lim, Walujo Santoso, Wally and Chung Pui Lam, all being Independent Non-executive Directors of the Company. The audit committee has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2012.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU (“DTT”)

The figures in respect of this Announcement of the Group’s financial results for the year ended 31 December 2012 have been agreed by DTT to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by DTT in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by DTT on this Announcement.

PUBLICATION OF ANNUAL REPORT

The 2012 Annual Report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the websites of HKEx (www.hkex.com.hk) and the Company (www.seagroup.com.hk) no later than late April 2013.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to the founders of the Group, our sincere thanks to the long-standing business partners, customers and shareholders, and our appreciation to all staff members for their dedication and hard work for the Group during the year.

By Order of the Board
Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 March 2013

At the date of this announcement, the Board comprises the following members:

<i>Executive Directors:</i>	Messrs. Lu Wing Chi (<i>Chairman and Managing Director</i>), Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu
<i>Non-executive Director:</i>	Mr. Lam Sing Tai
<i>Independent Non-executive Directors:</i>	Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam