



與時創建
Building with the times

Interim Report 2009 中期報告

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

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
Mr. Kwok Siu Man, Seaman

Company Secretary

Mr. Kwok Siu Man, Seaman

Legal Advisers

Stephenson Harwood & Lo
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
Dah Sing Bank Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business

26/F., Dah Sing Financial Centre
108 Gloucester Road
Wanchai, Hong Kong
Tel: (852) 2828 6363
Fax: (852) 2598 6861
E-mail: info@seagroup.com.hk

Branch Registrars in Hong Kong

Tricor Standard Limited
26/F., Tesbury Centre
28 Queen's Road East
Wanchai, Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2528 3158

Listing

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

Stock Code and Board Lot

251/2,000

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

Website

www.seagroup.com.hk

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Property Portfolio

As at 30th June, 2009

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	30th June, 2047	Commercial/Office	37,171 and 164 car-parking spaces	97.2
28/F., 9 Queen's Road Central	28/F., 9 Queen's Road Central, Central	15th November, 2854/ 20th January, 2856	Office	1,279	97.2
Shop No. 22, Excelsior Plaza	Shop No. 22, Ground Floor, Excelsior Plaza, Chee On Building, No.24 East Point Road, Causeway Bay	24th June, 2842/ 23rd December, 2864	Retail	39	97.2
The Morrison	Ground Floor, 1/F. and 2/F., 28 Yat Sin Street, Wanchai	11th February, 2050	Commercial/Retail	1,651	97.2

MAINLAND CHINA

Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6th October, 2063	Commercial/Office	91,455 (including car-parking floors)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23rd May, 2050	Office	16,112	97.2
Commercial podium in Zone B and 50 car-parking spaces, New Century Plaza	No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province	18th May, 2063	Commercial	19,261 (including car-parking spaces)	97.2

NEW ZEALAND

Clearwater Clubhouse	Harewood, Christchurch	21st March, 2101	Commercial	644	34.1
Clearwater Unit 4	Harewood, Christchurch	Freehold	Commercial	558	34.1
Clearwater Unit 5	Harewood, Christchurch	Freehold	Commercial	212	34.1

Particulars of Properties Held for Sale:

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
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HONG KONG

Royal Green	18 Ching Hiu Road, Sheung Shui, New Territories	Completed	Residential	260 and 5 car-parking spaces	53.4
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential	304	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential/Commercial	6,278 and 37 private car-parking spaces and 4 motorcycle spaces	97.2

MAINLAND CHINA

Commercial Podium, Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	46,868 (including car-parking floors)	97.2
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NEW ZEALAND

Man Street Carpark	12-26 Man Street, Queenstown	Completed	Carpark	534 car-parking spaces	100
Kaikainui Block	Harewood, Christchurch	Completed	Residential	19,375	34.1

Property Portfolio

Particulars of Properties under Development:

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
HONG KONG						
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay	Fitting-out and decorations works in progress	Superstructure work completed in April 2009	Hotel	996/14,945	97.2
Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744	1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories	Planning stage	Beyond 2011	Residential/Commercial	20,092/84,306	97.2
NEW ZEALAND						
Units 2 and 3 Clearwater Resort	Harewood, Christchurch	Planning stage	Beyond 2009	Commercial	5,410 [#]	34.1
High Terrace Clearwater Resort	Harewood, Christchurch	Planning stage	Beyond 2009	Residential	210,653 [#]	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Beyond 2010	Residential	356,505 [#]	55.0
Waterside Business Centre	Favona, Auckland	Planning stage	Beyond 2009	Commercial	62,952 [#]	100

Site area

Particulars of Property for Development:

Name of Project	Location	Stage of Completion	Site Area (square metres)	Group's Interest (%)
MAINLAND CHINA				
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	333,500	88.4

Chairman's Statement



Financial Summary

Turnover for the six months ended 30th June, 2009 amounted to HK\$270.9 million (2008: HK\$1,171.1 million). The turnover was principally attributable to the recognition of the sales of residential units of both The Forest Hills in Hong Kong and Westmin Plaza Phase II in Guangzhou, increased rental contributions from Dah Sing Financial Centre in Hong Kong and the improved occupancy of Plaza Central in Chengdu.

Net profit attributable to the Company's shareholders for the period amounted to HK\$570.1 million (2008: HK\$733.1 million), equivalent to basic earnings per share of HK\$0.88 (2008: HK\$1.15) and diluted earnings per share of HK\$0.87 (2008: HK\$1.12). The reported profit included a revaluation surplus on investment properties net of deferred

taxation. Excluding the net effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$72.2 million (2008: HK\$191.0 million), equivalent to basic earnings per share of HK\$0.11 (2008: HK\$0.30) and diluted earnings per share of HK\$0.11 (2008: HK\$0.29).

As at 30th June, 2009, the Group's equity attributable to the Company's shareholders amounted to HK\$6,839.1 million, an increase of HK\$515.2 million over the comparative figure as at 31st December, 2008 of HK\$6,323.9 million. The net asset value per share as at 30th June, 2009 was HK\$10.64 (31st December, 2008: HK\$9.63) and taking into consideration the potential effect of outstanding share options, the net asset value per share attributable to the Company's shareholders would become HK\$10.07 (31st December, 2008: HK\$9.07).

Interim Dividend

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended 30th June, 2009 (2008: HK5 cents) on Friday, 30th October, 2009 to the shareholders of the Company whose names appear on the Register of Members at the close of business on Friday, 23rd October, 2009. Total interim dividends payable at the date of this statement are HK\$32.3 million which will be increased by a maximum of HK\$1.6 million if additional ordinary shares are issued upon the exercise by the respective holders of all the outstanding share options with no vesting period or their vesting period being elapsed before the commencement of the fixed period of closure of the Register of Members on 19th October, 2009.

Business Review

During the period, the Group continued its development and investment activities in the Asia Pacific region. For property development business, all the remaining residential units of Westmin Plaza Phase II were sold in February 2009 and the marketing campaign for the remaining units of The Forest Hills, The Morrison and Royal Green is continuing. For property investment business, the Group recorded a satisfactory increase in rental income. Benefitting from better reversionary rental rate, Dah Sing Financial Centre achieved a reasonable growth in rental revenue during the period. Following the commencement of letting of office spaces of Westmin Plaza Phase II and the commercial podium of New Century Plaza last year, contribution from investment properties in mainland China to the Group has been rising.

Property Investment and Development

The Company through its 97.2% owned subsidiary Asian Growth Properties Limited ("AGP"), whose shares are listed on the AIM Market of London Stock Exchange Plc., holds

the following property development and investment projects in Hong Kong and mainland China:

Hong Kong

1. *Dah Sing Financial Centre, Gloucester Road, Wanchai*

The 39-storey commercial building includes offices and shops (total gross floor area of about 37,171 square metres) with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Gross rental income generated for the period was HK\$79.9 million. During the period, the occupancy rate stayed at a high level and it was 94.2% at 30th June, 2009 with the average rent per month increasing from HK\$38.2 per square foot as at 31st December, 2008 to HK\$40.83 per square foot as at 30th June, 2009 owing to higher reversionary rental rate.

2. *The Forest Hills, Diamond Hill*

The property has been developed as a 48-storey residential and commercial composite building, with a total gross floor area of approximately 18,825 square metres, comprising 304 residential units above a 7-level retail podium, a clubhouse and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. Turnover for the period, representing completion of the sales of 17 residential units and 12 private car-parking spaces, was HK\$72.8 million generating a net profit of HK\$12.6 million after taking into account the expenses directly related to the development.

Since 1st July, 2009, 3 additional residential units have been sold. To date, over 75% of the residential units and 46 out of 76 residents' car-parking spaces have been sold and marketing for the remaining residential units and the retail podium is continuing.

Chairman's Statement



Crowne Plaza Hong Kong Causeway Bay — Reception Area at Lobby (artist's impression)

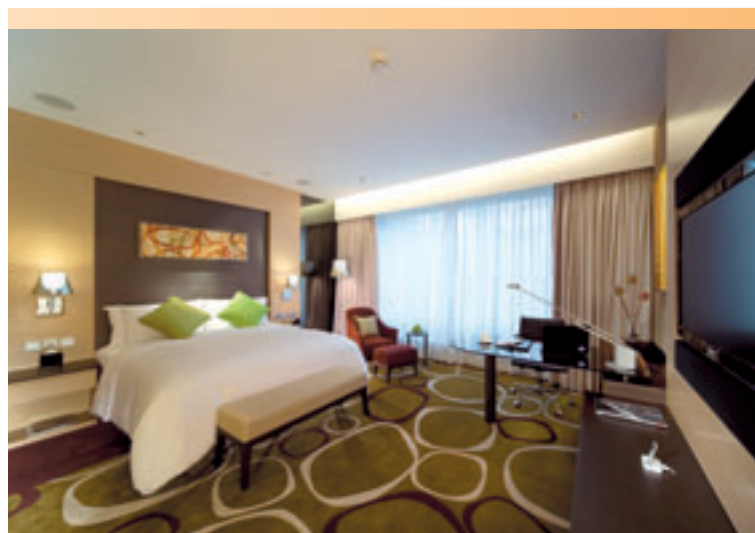
3. *Royal Green, Sheung Shui*

The Group has a 53.4% interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. The marketing campaign for the remaining 2 duplex residential units (1 of which is furnished) in Tower 3 known as Green Palace and 5 car-parking spaces reserved for the buyers for such units is continuing.

4. *The Morrison, Wanchai*

The property is a 30-storey residential and commercial composite building, with a total gross floor area of approximately 5,837 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. The development was completed in October of 2007 and has won the Best Interior Design Award of the CNBC Asia Pacific Property

Awards 2008 organised by the International Homes Magazine and the Best Environmental Design Award 2008 organised by The Hong Kong Institute of Surveyor.



Guestroom — the largest in the Causeway Bay District



During the period, one residential unit was sold and the sale and purchase agreement for another unit has recently been signed. Marketing for the remaining 5 units is continuing. Since February 2008, the

entire commercial podium of The Morrison has been leased at a satisfactory rental yield to Volkswagen Hong Kong Limited for car showroom purpose for a term of six years.

5. *Crowne Plaza Hong Kong Causeway Bay*

The project is being developed into a 29-storey five-star hotel comprising 263 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The Group engaged a member of the InterContinental Hotels Group to manage the operation of the hotel under the name of “Crowne Plaza Hong Kong Causeway Bay”. The relevant occupation permit was issued in April 2009 and fitting-out and decoration works are in progress. A key management team (comprising the general manager seconded from the InterContinental Hotels Group) of the future hotel operation has



Suite — overlooking the spectacular Happy Valley Racecourse view (artist's impression)

Chairman's Statement

been in place and is actively pursuing hotel opening preparations. Marketing activities for up-scale business travellers have been launched. The hotel is scheduled to be opened in the fourth quarter of 2009.

6. *Fo Tan, Sha Tin*

The property with a site area of about 20,092 square metres is currently leased out as a logistic centre until end of 2009. Rezoning applications with several master layout plans and design schemes have been submitted to the Town Planning Board and relevant parties for consideration. The proposed development will comprise, among other facilities, residential units, car parks, educational facilities and a bus terminus. The Town Planning Board rejected the Group's town planning application in July 2008 due to a number of outstanding environmental, traffic and urban design issues and the Group's appeal will be heard in mid October 2009. Discussions are ongoing with various relevant parties with a view to securing the requisite town planning approvals.

7. *28/F., 9 Queen's Road Central, Central*

The property is the entire floor of a 35-storey Grade A commercial building in Central with a gross floor area of approximately 1,279 square metres. It is currently let to a firm of international lawyers for a term of three years until May 2012.

8. *Excelsior Plaza Shop, Causeway Bay*

The shop which occupies a prime position in Hong Kong's busiest shopping district and has a gross floor area of approximately 39 square metres is let to an international jewellery retailer for a term of three years until July 2011.

Mainland China

9. *Westmin Plaza Phase II, Guangzhou*

The Westmin Plaza Phase II project, which has a total construction floor area of about 118,966 square metres, comprises four



Westmin Plaza Phase II

residential blocks of 646 units and one office block erected on a six-storey commercial/car-parking podium. The development has recently won the Best Mixed Use Development — China Award of the CNBC Asia Pacific Commercial Property Awards 2009.

In February 2009, all the remaining residential units were sold. The 14-storey office tower has a total gross floor area of about 16,112 square metres. As at 30th June, 2009, 61% of the tower was leased with more than one-third of the total office space being leased with naming rights to AIA, the successful arm in Asia of AIG for a term of six years from April 2008. Leasing activities for the remaining office space and the 3-storey shopping arcade with a total gross floor area of about 26,612 square metres are in progress.

10. *Plaza Central, Chengdu*

Plaza Central comprises two 30-storey office blocks erected on a common podium of six commercial/retail floors and two car-parking floors with a total construction floor area of approximately 91,455 square metres. As at 30th June, 2009, the occupancy rates for office tower I and II were about 79% and 19% respectively and leasing activities for the



Plaza Central

remaining areas are continuing. The retail podium with a construction floor area of about 28,758 square metres has been fully let principally to Chengdu New World Department Store on a long term lease. Rental return from this property will benefit from the improved occupancy.

11. Huangshan, Anhui Province

In March 2008, the Group acquired a 91% equity interest in a mainland China company for a total cash consideration of HK\$15.9 million with the remaining interest being held by a Chinese party. This joint venture company has the right to develop tourist leisure facilities on land located in the famous scenic Huangshan area, Anhui Province. The land to be developed by the joint venture company has a site area of about 333,500 square metres comprising about 66,700 square metres owned by the company and about 266,800 square metres leased from the local authority for development. A total cash consideration of HK\$43.8 million has been paid by the Group for the acquisition of its 91% interest in this project. A survey for the market positioning of the project prepared by an international property consultancy firm is being considered by the management.

12. New Century Plaza, Chengdu

In July 2008, the Group disposed to AGP of its entire equity interest in a subsidiary owning a shopping arcade with a gross floor area of about 16,280 square metres and 50 car parks in a commercial development known as New Century Plaza in Chengdu, Sichuan Province for a cash consideration of HK\$60.3 million. The arcade was fully let to a furniture retailer and the tenancy commencing from 1st September, 2009 has been renewed for a further term of five years at a lower rental in view of the present economic conditions.

13. Chi Shan, Nanjing

In November 2008, the Group formed a joint venture with a Chinese party for a cultural and tourism development in Chi Shan, Nanjing, Jiangsu Province. It has a 51% equity interest in the newly incorporated joint venture company and will contribute a maximum of HK\$49.1 million for such development at various stages.

In December 2008, the Group entered into an agreement with another Chinese party for the acquisition of 51% of each of the equity interest and shareholder's loan of a company incorporated in Nanjing at an aggregate cash consideration of about HK\$83.6 million. The said company has been established for a cultural and tourism development in Chi Shan, Nanjing, which is adjacent to the development mentioned in the first paragraph above. It is expected that the Group will contribute a maximum of HK\$306.0 million for the project at various stages, in line with its ownership percentage in the project.

The above total contribution will be used to pay the expenses of tenant relocation arrangements of the land and construction of roads and bridges (both refundable by the local government representatives after the tenders mentioned hereafter) and initial tenders by the joint venture companies for usable land with an aggregate area of 403,354 square metres in Chi Shan.

Chairman's Statement

14. Leiyang, Hunan Province

In mid March 2009, the Group formed a 50/50 joint venture with an individual by acquiring from him 50% of the entire issued shares in a company incorporated in Hong Kong that he previously held. Such joint venture company, through its wholly-owned company incorporated in mainland China has the rights to construct and develop certain residential projects in Leiyang, Hunan Province. So far, the Group has contributed about HK\$43.0 million in the Phase I development for which the superstructure work for seven blocks of 6 and 7 storey residential building with a total gross floor area of 20,000 square metres and two blocks of club-house and commercial buildings is in progress. The pre-sale campaign for Phase I development was launched in May 2009 and so far, 134 out of 138 residential units have been sold.

Australia and New Zealand

During the period, the Group had no significant acquisition or disposal in Australia and New Zealand. Turnover generated from the property investment and development for the six months ended 30th June, 2009 was HK\$8.7 million (2008: HK\$58.5 million) which incurred a net loss of HK\$6.5 million (2008: net loss of HK\$92.1 million after the provision for diminution in value of the properties). There are signs in the market showing that the prices for development lands and sites have been stabilised. No further provision for diminution in properties value was made for the period.

Disposal of an Investment Property after 30th June, 2009

On 31st August, 2009, the Group received an attractive offer from an independent party for the sale of the shop at Excelsior Plaza at the consideration of HK\$100.0 million and accordingly a preliminary sale and purchase agreement was entered into. It is expected the transaction, which will generate a profit, will be completed in November 2009.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30th June, 2009, the Group's total cash balance was HK\$2,320.4 million (31st December, 2008: HK\$2,516.1 million) and unutilized facilities were HK\$1,007.9 million (31st December, 2008: HK\$1,405.6 million).

Gearing ratio as at 30th June, 2009, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 8.8% (31st December, 2008: 5.7%).

As at 30th June, 2009, maturities of the Group's outstanding borrowings were as follows:

	30th June, 2009	31st December, 2008
	HK\$' million	HK\$' million
Due		
Within 1 year	1,411.6	1,651.2
1-2 years	796.3	59.4
3-5 years	590.8	980.2
Over 5 years	268.4	272.9
	3,067.1	2,963.7

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 30th June, 2009 amounted to HK\$2,772.3 million (31st December, 2008: HK\$2,670.2 million), which were mainly secured by properties valued at HK\$6,570.4 million (31st December, 2008: HK\$5,862.1 million) and fixed deposits of HK\$180.3 million (31st December, 2008: HK\$198.4 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$410.6 million as at 30th June, 2009 (31st December, 2008: HK\$357.9 million) and fixed deposits of HK\$4.7 million (31st December, 2008: HK\$4.2 million) to secure bank loans of HK\$298.6 million (31st December, 2008: HK\$293.5 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30th June, 2009, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis. Currently, borrowings are primarily denominated in Hong Kong dollars and mainly based on floating rate terms. There were no significant derivative financial instruments employed during the period.

Staff and Emolument Policy

The total number of employees of the Group at 30th June, 2009 was 157 (31st December, 2008: 153). Employee costs, including the emoluments of the directors of the Group, amounted to HK\$9.7 million (2008: HK\$8.0 million).

The Group aims 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, responsibilities and performance. 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 and voluntary employer contributions to retirement schemes are offered to employees. In addition, the Company has adopted an employee share option scheme with options granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis.

Outlook

With the conscious and forceful efforts taken by the governments of major countries, the global credit market has stabilized and restored its function. Market confidence has generally improved as the pace of the economic contraction sets to ease. Nevertheless, a sustainable global economic recovery will depend upon improvements in economic fundamentals.

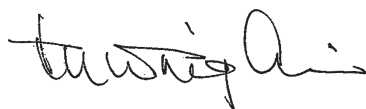
In mainland China, the Central Government, in the face of the global depressed situation, has

swiftly adjusted its policy. The proactive financial policies and moderately relaxed monetary measures are established to reform the economic structure to maintain the economic growth of the country. China is well-positioned to recover at a faster pace than other countries and its long-term economic prospects remain positive. The Group will adhere to its focused approach to mainland business expansion and will also continue to exert efforts to secure quality tenants for its office space in Plaza Central and office and commercial spaces in Westmin Plaza Phase II and carry on with caution the development of its Huangshan and Nanjing projects.

Hong Kong will benefit from the positive China factors and be able to mitigate, to some extent, the impact of external factors due to its close economic integration with mainland China. With the support of the Central Government's initiatives, Hong Kong is expected to sustain a certain degree of market stability. Strong affordability of home-buyers, due to the prevailing low interest rate environment, and the expectation of a new inflation cycle will continue to underpin the demand for Hong Kong property markets in near term. The Group will focus on leasing activities for its investment properties and continue its marketing campaign for the sale of the remaining unsold residential units of The Forest Hills, Royal Green and The Morrison. Fitting-out and decoration works of the Crowne Plaza Hong Kong Causeway Bay are at the final stage with a grand-opening date targeted at the end of 2009.

To concentrate resources on the projects with potential growth, the Group will continue its strategy to sell properties in Australia and New Zealand at reasonable prices.

Despite the early signs of global economic recovery, the Group will remain vigilant to further challenges that may arise and continue to explore new opportunities for stable and sustainable future growth.



Lu Wing Chi
Chairman and Managing Director

Hong Kong, 11th September, 2009

Corporate Governance and Other Information

Corporate Governance Practices

Throughout the period for the six months ended 30th June, 2009 (the “Period”), the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices of the Code on Corporate Governance Practices (the “CGP Code”) (as amended and came into effect on 1st January, 2009) contained in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) except for the following deviations:—

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group’s business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerable period of time and 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 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 annual general meeting and will then be eligible for re-election. As such, the Board considers that such requirement is sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

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

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company. Though amendments to the provisions of the Model Code had been made several times by the Stock Exchange before they came into effect on 1st January and 1st April, 2009 respectively, the Company has adopted all the relevant amendments timely.

In response to the specific enquiry made on them, all the directors of the Company have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the Period.

Corporate Governance and Other Information

Review of Results

The Group's condensed consolidated financial statements for the Period (the "Financial Statements") have not been audited but have been reviewed by Messrs. Deloitte Touche Tohmatsu ("DTT"), the Company's independent external auditor, whose review report is contained on page 20 of this Interim Report.

In the presence of the representatives of DTT, the audit committee which comprises three members, all of whom are Independent Non-executive Directors of the Company met on 9th September, 2009 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and principles adopted by the Group.

Directors' and Chief Executive's Interests in Securities

At 30th June, 2009, the interests and short positions of the directors and the chief executive of the Company and their respective associates (as defined in the Listing Rules) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO), as required to be entered in the register kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules and adopted by the Company, were as follows:

1. Long positions in shares and underlying shares in the Company

Name of directors	Number of shares of HK\$0.1 each	Number of underlying shares (share options)	Total	Approximate % of shares in issue
	Held as beneficial owner	Held as beneficial owner		
Lu Wing Chi	—	6,569,285 #	6,569,285	1.02
Lu Wing Yuk, Andrew	—	6,569,285 #	6,569,285	1.02
Lincoln Lu	1,772,717	6,569,285 #	8,342,002	1.30
Lambert Lu	1,772,717	6,569,285 #	8,342,002	1.30
Lam Sing Tai	101,478 ##	6,569,285 #	6,670,763	1.04
Walujo Santoso, Wally	—	656,928 #	656,928	0.10
Leung Hok Lim	—	656,928 #	656,928	0.10
Chung Pui Lam	—	656,928 #	656,928	0.10

Notes:

Particulars of the options granted are contained in the section headed "Share Options" below.

Of these shares, 5,739 shares were held by Mr. Lam Sing Tai's wife.

The total number of issued shares of the Company as at 30th June, 2009 was 642,716,517.

Corporate Governance and Other Information

2. Long positions in shares and underlying shares in associated corporations

(a) *JCS Limited (“JCS”) — ultimate holding company of the Company*

Name of directors	Number of shares of HK\$100.0 each	Approximate % of shares in issue
	Held as beneficial owner	
Lu Wing Chi	15,000	32.61
Lincoln Lu	6,000	13.04
Lambert Lu	6,000	13.04

(b) *Nan Luen International Limited (“NLI”) — immediate holding company of the Company*

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

Saved as disclosed herein, as at 30th June, 2009, none of the directors and chief executive nor their respective associates (as defined in the Listing Rules) had any interests or short positions in the shares or underlying shares in, or 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.

During the Period, none of the directors and chief executive of the Company nor their spouses or children under 18 years of age were granted or exercised any right to subscribe for any securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Further details of the directors’ respective interests in the share options are stated in the section headed “Share Options” below.

Corporate Governance and Other Information

Share Options

Share options are unlisted equity derivatives physically settled in cash to subscribe for shares of HK\$0.1 each in the Company.

Old scheme

The Company operates an Employee Share Option Scheme (the “Old Scheme”) adopted by an ordinary resolution on 23rd June, 2000, which complied with the Listing Rules as existed prior to 1st September, 2001. The rules governing share options were revised to the form currently set out in Chapter 17 of the Listing Rules on 1st September, 2001. According to the transitional arrangement set out in the Listing Rules, the Company cannot grant further options under the Old Scheme unless it has been amended to comply with the current requirements set out in the Listing Rules. The Company has not granted any share options under the Old Scheme since 1st September, 2001. At the special general meeting of the members of the Company held on 19th August, 2005, the Old Scheme was terminated.

New scheme

The Company adopted at a special general meeting held on 19th August, 2005 a New Employee Share Option Scheme (the “New Scheme”) which has been in compliance with the amended requirements set out in the Listing Rules.

Options granted

All options granted prior to the termination of the Old Scheme will continue to be valid and exercisable in accordance with the provisions of the Old Scheme. On 31st December, 2008, the Company granted share options to selected eligible Participants under the New Scheme.

Corporate Governance and Other Information

Details of the outstanding share options held by the directors of the Company and certain employees and other participant of the Group during the Period pursuant to both the Old Scheme and the New Scheme are as follows:

Name	Date of grant	Exercise price per share HK\$	Vesting period	Exercise period	Number of underlying shares comprised in share options			
					Balance as at 01.01.2009	Exercised during the Period ¹	Lapsed during the Period	Balance as at 30.06.2009
Directors								
Lu Wing Chi	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Lu Wing Yuk, Andrew	04.12.2000	1.440	—	04.12.2000 to 03.12.2010	3,000,000	—	—	3,000,000
	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,569,285	—	—	3,569,285
Lincoln Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Lambert Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Lam Sing Tai	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	—	—	6,569,285
Walujo Santoso, Wally	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	—	—	656,928
Leung Hok Lim	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	—	—	656,928
Chung Pui Lam	31.12.2008	2.262	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	656,928	—	—	656,928
Ex-director								
Tse Man Bun ²	31.12.2008	2.262	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	656,928	—	(656,928)	—
Sub-Total					35,474,137	—	(656,928)	34,817,209
Aggregate of eligible employees³	31.12.2008	2.262	Various ⁴	Various ⁴	10,660,000 ⁴	(1,290,000) ⁴	(220,000) ⁴	9,150,000 ⁴
Other participant	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,000,000	(3,000,000)	—	—
Sub-Total					13,660,000	(4,290,000)	(220,000)	9,150,000
Total					49,134,137	(4,290,000)	(876,928)	43,967,209

Corporate Governance and Other Information

Notes:

- The weighted average closing price of the shares in the Company immediately before the dates on which the share options were exercised was HK\$2.52 per share.
- Mr. Tse Man Bun resigned as a non-executive director of the Company on 1st May, 2009.
- Eligible employees mean any full-time employees of the Company and any member of the Group working under employment contracts that were regarded as "Continuous Contracts" for the purpose of the Hong Kong Employment Ordinance.
- Further exercise and lapse particulars of the underlying shares comprised in the options granted on 31st December, 2008 under the New Scheme to the eligible employees and other participant are as follows:

Number of underlying shares as at 01.01.2009	Vesting period	Exercise period	Exercised during the Period	Lapsed during the Period	Number of underlying shares as at 30.06.2009
3,290,000	—	31.12.2008 to 30.12.2010	(1,290,000)	—	2,000,000
150,000	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	—	—	150,000
210,000	31.12.2008 to 29.06.2010	30.06.2010 to 29.06.2012	—	—	210,000
3,400,000	31.12.2008 to 30.12.2010	31.12.2010 to 30.12.2012	—	—	3,400,000
500,000	31.12.2008 to 29.06.2011	30.06.2011 to 29.06.2013	—	—	500,000
100,000	31.12.2008 to 30.12.2011	31.12.2011 to 30.12.2013	—	—	100,000
670,000	31.12.2008 to 29.06.2012	30.06.2012 to 29.06.2014	—	(100,000)	570,000
1,010,000	31.12.2008 to 30.12.2012	31.12.2012 to 30.12.2014	—	(60,000)	950,000
1,330,000	31.12.2008 to 29.06.2013	30.06.2013 to 29.06.2015	—	(60,000)	1,270,000
<u>10,660,000</u>			<u>(1,290,000)</u>	<u>(220,000)</u>	<u>9,150,000</u>

No options were cancelled during the Period.

Substantial Shareholders' Interests in Securities

As at 30th June, 2009, so far as it is known or otherwise notified to any director or the chief executive of the Company, the particulars of corporations or persons (other than a director or the chief executive of the Company) who had 5% or more interests or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Long positions in shares and underlying shares in the Company

Name of shareholders	Number of shares of HK\$0.1 each		Approximate % of shares in issue
	Held as beneficial owner	Held by controlled corporation	
JCS ²	—	382,166,184	59.46
NLI ³	382,166,184	—	59.46

Corporate Governance and Other Information

Notes:

1. JCS held about 63.58% of the issued shares in NLI. 382,166,184 shares held by NLI were deemed to be JCS's interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS.
3. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of NLI.

Saved as disclosed above, the directors are not aware of any other corporation or person (other than a director or chief executive) who, as at 30th June, 2009, had any interests or short positions in the shares or underlying shares in the Company recorded in the register required to be kept under Section 336 of the SFO.

Dealings in the Company's Listed Shares

During the Period, the Company purchased a total of 18,502,000 ordinary shares of HK\$0.10 each of the Company on the Stock Exchange at an aggregate consideration of HK\$43,502,221 (excluding expenses). All the purchased shares were cancelled during the Period and the issued share capital of the Company was reduced by the total par value of the purchased shares so cancelled. The purchases were effected by the directors of the Company pursuant to a general mandate from the shareholders and the relevant particulars are as follows:

Month of the purchase	Total number of the shares purchased	Price paid per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
January 2009	6,832,000	2.30	2.26	15,713,200
February 2009	4,094,000	2.35	2.30	9,475,330
March 2009	<u>7,576,000</u>	2.60	2.30	<u>18,313,691</u>
	<u>18,502,000</u>			<u>43,502,221</u>

The directors considered that the aforesaid shares were purchased 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 per share of the Company.

Saved as disclosed herein, the Company did not redeem any of its listed shares nor did the Company and its subsidiaries purchase or sell any of the Company's shares during the Period.

Corporate Governance and Other Information

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 19th October, 2009 to Friday, 23rd October, 2009, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the proposed interim dividend, those shareholders whose names are presently not on the Register of Members must lodge all duly completed and stamped transfer documents accompanied by the relevant share certificates 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 for registration not later than 4:00 p.m. on Friday, 16th October, 2009.

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 21 to 40, which comprises the condensed consolidated statement of financial position of S E A Holdings Limited and its subsidiaries as of 30 June 2009 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-months 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 are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information 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 interim financial information 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 interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
11 September 2009

Condensed Consolidated Income Statement

For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
	NOTES		
Revenue		270,912	1,171,055
Interest income		5,693	22,907
Other income		22,357	10,815
Costs:			
Property and related costs	4	(93,145)	(822,550)
Staff costs		(35,620)	(32,752)
Depreciation		(1,573)	(1,757)
Other expenses		(29,705)	(31,560)
		(160,043)	(888,619)
Profit from operations before fair value changes on properties		138,919	316,158
Fair value changes on investment properties		619,158	395,083
Fair value changes on properties held for sale upon transfer to investment properties		—	269,242
Profit from operations after fair value changes on properties		758,077	980,483
Gain on liquidation of a jointly controlled entity	5	—	50,356
Share of loss of jointly controlled entities		(785)	—
Share of loss of associates		(15)	(142)
Finance costs	6	(39,209)	(57,291)
Profit before taxation	7	718,068	973,406
Income tax expense	8	(129,184)	(180,110)
Profit for the period		588,884	793,296
Attributable to:			
Company's shareholders		570,080	733,141
Minority interests		18,804	60,155
		588,884	793,296
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	10		
— Basic		88.3	114.5
— Diluted		87.4	111.9
Earnings per share excluding fair value changes of properties net of deferred tax	10		
— Basic		11.2	29.8
— Diluted		11.1	29.1

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Profit for the period	588,884	793,296
Other comprehensive income		
Exchange differences arising on translation of foreign operations	3,258	82,823
Total comprehensive income for the period	592,142	876,119
Total comprehensive income attributable to:		
Company's shareholders	580,580	812,581
Minority interests	11,562	63,538
	592,142	876,119

Condensed Consolidated Statement of Financial Position

At 30 June 2009

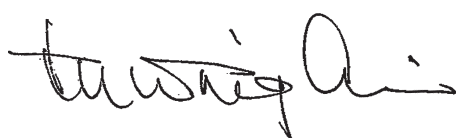
	NOTES	30.6.2009 HK\$'000 (unaudited)	31.12.2008 HK\$'000 (audited)
Non-current Assets			
Investment properties	11	6,360,143	5,712,333
Property, plant and equipment	11	485,044	348,493
Prepaid lease payments		345,735	350,040
Properties for development	12	48,981	49,995
Club memberships		8,574	8,574
Interests in associates		11,698	10,512
Interests in jointly controlled entities	13	41,981	—
Loans receivable		77,380	86,463
		7,379,536	6,566,410
Current Assets			
Properties held for sale			
Properties under development		644,870	638,497
Completed properties		698,483	744,933
Prepaid lease payments		8,607	8,607
Held for trading investments		102	51
Loans receivable		9,756	11,222
Receivables, deposits and prepayments	14	543,558	169,366
Tax recoverable		—	79
Amounts due from minority shareholders	15	15,810	19,650
Pledged bank deposits		185,005	202,644
Restricted bank balances and deposits	16	135,053	147,322
Bank balances and cash		2,000,328	2,166,157
		4,241,572	4,108,528
Current Liabilities			
Payables, deposits received and accrued charges	17	348,266	278,874
Sales deposits on properties held for sale received		11,891	9,580
Provisions		6,040	6,807
Tax liabilities		156,768	138,079
Amounts due to minority shareholders	15	167,878	80,602
Bank borrowings — due within one year	18	1,411,645	1,651,241
		2,102,488	2,165,183
Net Current Assets		2,139,084	1,943,345
Total Assets Less Current Liabilities		9,518,620	8,509,755

Condensed Consolidated Statement of Financial Position

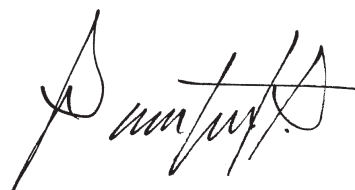
At 30 June 2009

	NOTES	30.6.2009 HK\$'000 (unaudited)	31.12.2008 HK\$'000 (audited)
Capital and Reserves			
Share capital	19	64,272	65,693
Reserves		6,774,865	6,258,226
Equity attributable to the Company's shareholders		6,839,137	6,323,919
Minority interests		274,203	236,053
Total Equity		7,113,340	6,559,972
Non-current Liabilities			
Bank borrowings — due after one year	18	1,655,480	1,312,446
Derivative financial liability		5,405	7,166
Deferred taxation	20	744,395	630,171
		2,405,280	1,949,783
		9,518,620	8,509,755

The condensed consolidated financial statements on pages 21 to 40 were approved and authorised for issue by the Board of Directors on 11 September 2009 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 2009

	Attributable to the Company's shareholders									
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 January 2008 (audited)	60,283	274,311	277,707	199,646	4,451	—	5,369,445	6,185,843	272,393	6,458,236
Profit for the period	—	—	—	—	—	—	733,141	733,141	60,155	793,296
Exchange movement during the period	—	—	—	79,440	—	—	—	79,440	3,383	82,823
Total comprehensive income for the period	—	—	—	79,440	—	—	733,141	812,581	63,538	876,119
Shares issued on exercise of warrants	5,189	66,429	—	—	—	—	—	71,618	—	71,618
Dividend paid	—	—	—	—	—	—	(58,925)	(58,925)	—	(58,925)
At 30 June 2008 (unaudited)	65,472	340,740	277,707	279,086	4,451	—	6,043,661	7,011,117	335,931	7,347,048
Loss for the period	—	—	—	—	—	—	(669,844)	(669,844)	(11,462)	(681,306)
Exchange movement during the period	—	—	—	(65,478)	—	—	—	(65,478)	44,726	(20,752)
Released upon disposal of subsidiaries	—	—	—	66,311	—	—	—	66,311	—	66,311
Total comprehensive income for the period	—	—	—	833	—	—	(669,844)	(669,011)	33,264	(635,747)
Recognition of equity-settled share based payments	—	—	—	—	—	11,542	—	11,542	—	11,542
Shares issued on exercise of warrants	221	2,821	—	—	—	—	—	3,042	—	3,042
Dividend paid	—	—	—	—	—	—	(32,771)	(32,771)	—	(32,771)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(124,969)	(124,969)
Acquisition of assets and liabilities through acquisition of a subsidiary	—	—	—	—	—	—	—	—	198	198
Contribution from a minority shareholder	—	—	—	—	—	—	—	—	693	693
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(9,064)	(9,064)
At 31 December 2008 (audited)	65,693	343,561	277,707	279,919	4,451	11,542	5,341,046	6,323,919	236,053	6,559,972
Profit for the period	—	—	—	—	—	—	570,080	570,080	18,804	588,884
Exchange movement during the period	—	—	—	10,500	—	—	—	10,500	(7,242)	3,258
Total comprehensive income for the period	—	—	—	10,500	—	—	570,080	580,580	11,562	592,142
Recognition of equity-settled share based payments	—	—	—	—	—	557	—	557	—	557
Shares repurchased	(1,850)	(41,652)	—	—	—	—	—	(43,502)	—	(43,502)
Shares issued on exercise of share options	429	10,597	—	—	—	(1,322)	—	9,704	—	9,704
Dividend paid	—	—	—	—	—	—	(32,121)	(32,121)	—	(32,121)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	(47,412)	(47,412)
Acquisition of assets and liabilities through acquisition of a subsidiary	—	—	—	—	—	—	—	—	10,097	10,097
Contributions from minority shareholders	—	—	—	—	—	—	—	—	63,903	63,903
At 30 June 2009 (unaudited)	64,272	312,506	277,707	290,419	4,451	10,777	5,879,005	6,839,137	274,203	7,113,340

Contributed surplus represents the difference between the nominal value of the shares of an acquired subsidiary and the nominal value of the Company's shares issued for the acquisition pursuant to the group reorganisation in previous years.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	NOTE	Six months ended 30 June	
		2009 HK\$'000 (unaudited)	2008 HK\$'000 (unaudited)
Net cash (used in) from operating activities		(9,653)	579,395
Investing activities			
Decrease (increase) in pledged bank deposits		18,103	(328,176)
Decrease in restricted bank balances and deposits		12,334	19,490
Repayment of loans receivable		11,468	—
Acquisition of property, plant and equipment		(128,385)	(46,914)
Acquisition of assets and liabilities through acquisition of a subsidiary	21	(2,456)	—
Loan to a jointly controlled entity		(5,500)	—
Repayment of advance to a minority shareholder		19,092	—
Advance to a minority shareholder		(15,252)	(70,857)
Other investing cash flows		—	20,728
Net cash used in investing activities		(90,596)	(405,729)
Financing activities			
Proceeds from bank borrowings		653,938	773,263
Repayment of bank borrowings		(584,732)	(1,048,746)
Proceeds on issuance of shares		9,704	71,618
Contributions from minority shareholders		63,903	—
Advance from minority shareholders		760	4,072
Repayment of advance from minority shareholders		(88,482)	—
Repurchase of shares		(43,502)	—
Dividends paid		(32,121)	(58,925)
Dividend paid to minority shareholders		(47,412)	—
Net cash used in financing activities		(67,944)	(258,718)
Net decrease in cash and cash equivalents		(168,193)	(85,052)
Cash and cash equivalents at beginning of period		2,166,157	1,186,259
Effect of foreign exchange rate changes		2,364	18,452
Cash and cash equivalents at end of period, represented by bank balances and cash		2,000,328	1,119,659

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

2. Principal Accounting Policies

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2008. In addition, the Group has adopted the accounting policy of share repurchase and those new and revised Hong Kong Financial Reporting Standards as detailed below:

Share repurchase

Repurchase of the Company’s own equity instruments is recognized and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Application of new and revised Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

2. Principal Accounting Policies *(continued)*

HKAS 1 (Revised 2007) "Presentation of Financial Statements" has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In prior years, the Group's primary reporting segment was geographical segments by location of customers with secondary reporting segment by business segment. The application of HKFRS 8 has resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. The adoption of HKFRS 8 has changed the basis of measurement of segment profit or loss.

The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 ¹
HKFRSs (Amendments)	Improvements to HKFRSs 2009 ²
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ³
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ³
HKFRS 3 (Revised in 2008)	Business Combinations ¹
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) — Int 18	Transfers of Assets from Customers ⁴

¹ Effective for annual periods beginning on or after 1 July 2009

² Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

³ Effective for annual periods beginning on or after 1 January 2010

⁴ Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised 2008) "Business Combinations" may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

3. Segment Information

As noted in note 2, the Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. Information reported to the Group’s chief operating decision maker (the executive directors of the Group) for the purposes of resource allocation and assessment of performance is mainly focused on the Group’s property development projects, property investment projects and the hotel project. Operating segments with similar economic characteristics are identified by the chief operating decision marker as three reportable segments. The remaining operating segments including provision of property management and agency services are aggregated in “Others”. The identification of the Group’s reportable segments under HKFRS 8 is consistent with the prior year’s presentation of business segment under HKAS 14.

Six months ended 30 June 2009

	Property investment HK\$'000	Property development HK\$'000	Hotel operations HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External	139,907	130,552	—	453	—	270,912
Inter-segment sales	4,962	107	—	—	(5,069)	—
Total	144,869	130,659	—	453	(5,069)	270,912
RESULT						
Segment profit (loss)	732,513	53,693	(7,452)	1,924	—	780,678
Interest income						5,693
Unallocated corporate expenses						(29,079)
Share of loss of associates						(15)
Finance costs						(39,209)
Profit before taxation						718,068

Six months ended 30 June 2008

	Property investment HK\$'000	Property development HK\$'000	Hotel operations HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE						
External	115,021	1,055,516	—	518	—	1,171,055
Inter-segment sales	4,268	—	—	—	(4,268)	—
Total	119,289	1,055,516	—	518	(4,268)	1,171,055
RESULT						
Segment profit (loss)	543,290	498,447	(2,886)	2,666	—	1,041,517
Interest income						22,907
Unallocated corporate expenses						(33,585)
Share of loss of associates						(142)
Finance costs						(57,291)
Profit before taxation						973,406

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

3. Segment Information *(continued)*

Inter-segment sales for the six-months are at mutually agreed terms.

The Group does not allocate interest income, corporate expenses, share of loss of associates and finance costs to individual reportable segment profit or loss in assessing their performance.

The following is in an analysis of the Group's segment assets, which is consistent with the prior year's presentation of business segment.

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Property investment	6,453,473	5,848,244
Property development	1,999,855	1,613,921
Hotel operations	824,778	654,606
Others	10,918	2,656
	9,289,024	8,119,427

4. Property and Related Costs

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Changes in completed properties and properties under development held for sale	60,493	627,658
Costs incurred for development of properties held for sale	12,583	102,788
Write down of properties held for sale	—	74,429
Direct operating expenses for investment properties	20,069	17,675
	93,145	822,550

5. Gain on Liquidation of a Jointly Controlled Entity

In the preceding period, the Group was distributed certain assets, mainly properties with fair value of HK\$124.2 million and had assumed certain liabilities, mainly the bank borrowings of a jointly controlled entity with carrying amount of HK\$55.4 million on liquidation of the jointly controlled entities. At the same time, the Company waived the amount due from the jointly controlled entity of HK\$16.9 million. The fair value of the properties and other assets taken over less liabilities assumed of HK\$67.3 million less the amount due from jointly controlled entity waived was recognised as a gain on disposal of the jointly controlled entity.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

6. Finance Costs

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	27,160	66,467
Bank borrowings not wholly repayable within 5 years	14,253	255
	41,413	66,722
Less: Amounts capitalised to property development projects	(6,269)	(11,675)
	35,144	55,047
Facilities charges	4,065	2,244
	39,209	57,291

7. Profit before Taxation

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Interest income on		
— bank deposits	(2,733)	(17,780)
— loans receivable	(2,731)	(5,127)
Imputed interest on loan to a jointly controlled entity	(229)	—
	(5,693)	(22,907)
Allowance for trade receivables	1,344	—
Gain on disposal of property, plant and equipment	(120)	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

8. Income Tax Expense

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Current tax		
Hong Kong Profits Tax	8,359	71,462
PRC Enterprise Income Tax	204	168
PRC Land Appreciation Tax	10,857	—
	19,420	71,630
Deferred taxation		
Current period	109,764	135,969
Attributable to a change in tax rate	—	(27,489)
	109,764	108,480
	129,184	180,110

Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the period. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

9. Dividends Paid

During the current period, a dividend of HK5 cents (2008: HK9 cents) per share amounting to HK\$32,121,000 (2008: HK\$58,925,000) was approved and paid to the shareholders as final dividend for the preceding financial year ended 31 December 2008.

Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK5 cents (2008: HK5 cents) per share payable to the shareholders of the Company whose names appear in the Register of Members on 23 October 2009.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

10. Earnings per Share

The calculation of basic and diluted earnings per share attributable to the Company's shareholders is based on the following data:

	Six months ended 30 June	
	2009 HK\$'000	2008 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	570,080	733,141

	Number of shares	
	2009	2008
Weighted average number of ordinary shares for the purpose of basic earnings per share	645,946,362	640,467,413
Effect of dilutive potential ordinary shares		
Options	6,317,258	2,193,239
Warrants	—	12,515,516
Weighted average number of ordinary shares for the purpose of diluted earnings per share	652,263,620	655,176,168

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

	2009 HK\$'000	2008 HK\$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	570,080	733,141
Fair value changes on investment properties	(619,158)	(395,083)
Fair value changes on properties held for sale upon transfer to investment properties	—	(269,242)
Deferred tax thereon	106,749	132,524
Effect of change in tax rate	—	(26,272)
Attributable to minority interests	14,501	15,897
Adjusted profit attributable to the Company's shareholders	72,172	190,965
Earnings per share excluding fair value changes on investment properties/properties held for sale upon transfer to investment properties net of deferred tax		
Basic	HK cents 11.2	HK cents 29.8
Diluted	HK cents 11.1	HK cents 29.1

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

11. Movements in Investment Properties and Property, Plant and Equipment

The Group's major investment properties of HK\$6,156.5 million were fair valued at 30 June 2009 by independent professional valuers, Savills Valuation and Professional Services Limited. The valuation was arrived at by reference to market recent transaction prices for similar properties in the same location and conditions or the basis of capitalisation of net income. The resulting increase in fair value of HK\$619.2 million has been recognised directly in the condensed consolidated income statement. The remaining investment properties of HK\$203.6 million were fair valued by the directors who are of the opinion that fair values of these properties at 30 June 2009 approximate to their carrying values at 31 December 2008.

There were no purchase or disposal of investment properties during the period whereas the Group had acquired property, plant and equipment of HK\$128.5 million and capitalised amortisation of prepaid lease payments of HK\$4.3 million to properties under development.

There was an exchange realignment of HK\$28.6 million resulting in an increase in the carrying value of investment properties brought forward from 1 January 2009.

12. Properties for Development

The carrying amount represents the Group's interest in certain pieces of lands located in the PRC to be held for development. However, the legal title of the land use rights have not yet been transferred to the Group.

13. Interests in Jointly Controlled Entities

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Unlisted investment in a jointly controlled entity	3,859	—
Share of post-acquisition losses	(785)	—
	3,074	—
Loan to a jointly controlled entity	38,907	—
	41,981	—

On 12 March 2009, the Group acquired a 50 per cent interest in a jointly controlled entity, a company incorporated in Hong Kong. The jointly controlled entity is an investment holding company with a wholly-owned subsidiary engaged in property development.

Loan to a jointly controlled entity is unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand for repayment within one year, the amount is classified as non-current asset.

On application of Hong Kong Accounting Standard 39 "Financial Instruments — Recognition and Measurement", the fair value of this amount is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount of the advance and their fair value, determined on initial recognition has been included in investment in jointly controlled entity as deemed contributions to the jointly controlled entity.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

14. Receivables, Deposits and Prepayments

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Trade receivables	5,785	4,354
Less: Allowance for impairment loss	(1,918)	—
	3,867	4,354
Other receivables, deposits and prepayments	539,691	165,500
Less: Allowance for impairment loss	—	(488)
	543,558	169,366

The Group has a policy of allowing credit period of 1 to 3 months to its trade customers.

Included in other receivables, deposits and prepayments is an amount of HK\$298.7 million (31.12.2008: nil) which was incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Hushu, Nanjing of the PRC undertaken by a subsidiary acquired during the period. Details are set out in note 21.

The following is an ageing analysis of the trade receivables based on the invoice date.

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
0 to 60 days	3,867	3,776
61 to 90 days	—	222
91 to 365 days	—	356
	3,867	4,354

15. Amounts due from/to Minority Shareholders

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

16. Restricted Bank Balances and Deposits

The use of bank deposits of US\$17.3 million (equivalent to HK\$135 million), being the capital of a PRC subsidiary under the process of winding up, were restricted until the winding up process had been completed. After the end of reporting period, the bank deposits were released subsequent to the completion of the winding up.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

17. Payables, Deposits Received and Accrued Charges

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Trade payables	6,808	12,672
Other payables, deposits received and accrued charges	341,458	266,202
	348,266	278,874

Included in other payables, deposits received and accrued charges is an amount of HK\$111.7 million (31.12.2008: nil) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed in note 21.

The following is an ageing analysis of the trade payables based on the invoice date.

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
0 to 60 days	6,109	12,661
61 to 90 days	67	—
91 to 365 days	632	11
	6,808	12,672

18. Bank Borrowings

During the period, the Group repaid bank loans amounting to HK\$584.7 million and obtained bank loans in the amount of HK\$653.9 million. There was an exchange realignment of HK\$34.2 million resulting in an increase in the carrying value of borrowings brought forward from 1 January 2009.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

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 2008	602,827,170	60,283
Shares issued upon exercise of warrants	51,897,911	5,189
At 30 June 2008	654,725,081	65,472
Shares issued upon exercise of warrants	2,203,436	221
At 31 December 2008	656,928,517	65,693
Shares issued upon exercise of share options	4,290,000	429
Shares repurchased and cancelled	(18,502,000)	(1,850)
At 30 June 2009	642,716,517	64,272

20. Deferred Taxation

The amount mainly includes deferred tax liabilities recognised on the fair value changes of the investment properties and the accelerated tax depreciation.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

21. Acquisition of Assets and Liabilities through Acquisition of a Subsidiary

During the period, the Group acquired the following assets and liabilities through acquisition of 51 per cent interest in a company established in the PRC ("Nanjing Company") at a consideration of HK\$11.6 million. The excess of the consideration over the net assets acquired representing pre-acquisition operating expenses of Nanjing Company of HK\$1 million is recognised as loss on acquisition.

	HK\$'000
Receivables	298,110
Bank balances and cash	9,110
Payables	(120,199)
Amount due to a shareholder	(166,415)
	20,606
Minority interest	(10,097)
	10,509
Loss on acquisition	1,057
	11,566
Total consideration satisfied by cash	11,566
Net cash outflow arising on acquisition:	
Consideration paid	(11,566)
Bank balances and cash acquired	9,110
	(2,456)

Prior to the acquisition, Nanjing Company had incurred a total amount of HK\$298.1 million for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Hushu, Nanjing for which a PRC local government is responsible for. The amount, together with further costs to complete the work, are wholly refundable out of the proceeds from private tendering or public auctions of certain portion of the lands. Nanjing Company will then be awarded the portion of the lands at a fixed price if the tender/auction price is below the price or else the excess of the proceeds from the tender/auction above the price will be awarded to Nanjing Company.

At the date of acquisition, payable to contractors on the work performed amounted to HK\$120.2 million.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

22. Major Non-cash Transactions

- (a) In current period, amount due from the joint venture partner and the jointly controlled entity totalling HK\$39.5 million previously classified as other receivables, deposits and prepayments were reclassified to loan to a jointly controlled entity upon acquisition of the jointly controlled entity.
- (b) As set out in note 5, assets of HK\$124.2 million was distributed, bank borrowings of HK\$55.4 million were assumed and the amount due from jointly controlled entity of HK\$16.9 million was waived by the Company on liquidation of a jointly controlled entity in last period.

23. Capital Commitments

At the end of the reporting period, the Group had capital commitments in respect of the development of the properties for owner's occupied purpose as follows:

	30.6.2009 HK\$'000	31.12.2008 HK\$'000
Authorised but not contracted for	42,002	132,906
Contracted but not provided for in the condensed consolidated financial statements	165,278	113,137

24. Pledge of Assets

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

- (a) Fixed charges on investment properties with an aggregate carrying value of HK\$5,352,500,000 (31.12.2008: HK\$4,747,208,000).
- (b) Fixed charges on properties under development held for owners' occupation presented in the condensed consolidated statement of financial position as property, plant and equipment and prepaid lease payments with aggregate carrying values of HK\$469,582,000 and HK\$354,342,000 (31.12.2008: HK\$336,275,000 and HK\$358,647,000) respectively.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$647,578,000 (31.12.2008: HK\$638,497,000).
- (d) Fixed charges on completed properties held for sale with aggregate carrying value of HK\$156,944,000 (2008: HK\$139,323,000).
- (e) Bank deposits of HK\$185,005,000 (31.12.2008: HK\$202,644,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

25. Contingent Liabilities

The Group has given guarantees for mortgages loans provided to the Group's customers for the purchases of the Group's properties located in the PRC. At 30 June 2009, the total outstanding mortgage loans which are under the guarantee were HK\$86.1 million (31.12.2008: HK\$76.0 million). The directors 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.

26. Related Party Disclosures

Details of the balances with a jointly controlled entity and minority shareholders are disclosed in the condensed consolidated statement of financial position and the related notes.

The remuneration of directors and other members of key management amounted to HK\$9,653,000 and HK\$814,000 (1.1.2008 to 30.6.2008: HK\$7,978,000 and HK\$905,700) respectively.

27. Events after the End of the Interim Period

Subsequent to the end of the reporting date, the Group entered into a preliminary sale and purchase agreement with an independent party for the sale of the shop in Excelsior Plaza, an investment property of the Group, at the consideration of HK\$100 million. The transaction will be completed in November 2009.

爪哇控股有限公司

SEA HOLDINGS LIMITED

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(於百慕達註冊成立之有限公司)

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