

## Listed Company Information

SEA HOLDINGS<00251> - Results Announcement

S E A Holdings Limited announced on 15/09/2005:  
 (stock code: 00251 )  
 Year end date: 31/12/2005  
 Currency: HKD  
 Auditors' Report: N/A  
 Interim report reviewed by: Both Audit Committee and Auditors

	(Unaudited ) Current Period from 01/01/2005 to 30/06/2005 Note ('000 )	(Unaudited ) Last Corresponding Period from 01/01/2004 to 30/06/2004 ( '000 )
Turnover	: 664,845	184,901
Profit/(Loss) from Operations	: 986,819	165,462
Finance cost	: (37,324)	(68,695)
Share of Profit/(Loss) of Associates	: 258	1,476
Share of Profit/(Loss) of Jointly Controlled Entities	: (810)	(2,301)
Profit/(Loss) after Tax & MI	: 730,743	66,471
% Change over Last Period	: +999 %	
EPS/(LPS)-Basic (in dollars) 2	: 1.428	0.130
-Diluted (in dollars) 2	: 1.242	0.120
Extraordinary (ETD) Gain/(Loss)	: N/A	N/A
Profit/(Loss) after ETD Items	: 730,743	66,471
Interim Dividend per Share	: 4 cents	4 cents
(Specify if with other options)	: N/A	N/A
B/C Dates for Interim Dividend	: 12/10/2005	to 14/10/2005 bdi.
Payable Date	: 17/10/2005	
B/C Dates for (-) General Meeting	: N/A	
Other Distribution for Current Period	: N/A	
B/C Dates for Other Distribution	: N/A	

Remarks:

### 1. Principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, 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 31st December, 2004 except as described below.

In the current period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), HKASs and Interpretations ("Int") (hereinafter collectively referred to as "new HKFRSs") issued by the HKICPA that are effective for accounting periods beginning on or after 1st January, 2005. The application of the new HKFRSs has resulted in a change in the presentation of the income statement, balance sheet and the statement of changes in equity. In particular, the presentation of minority interest has been changed. The changes in presentation have been applied retrospectively. The adoption of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current or prior accounting periods are prepared and presented.

#### Business Combinations

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In the current period, the Group has applied HKFRS 3 "Business Combinations", which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as "negative goodwill")

In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is

recognised immediately in profit or loss in the period in which the acquisition takes place. In previous periods, negative goodwill arising on acquisitions was presented as a deduction from assets and released to income based on an analysis of the circumstances from which the balance resulted. The Group has derecognised all negative goodwill at 1st January, 2005 with a corresponding increase to accumulated profits at 1st January, 2005.

#### Financial Instruments

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In the current period, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application. HKAS 39, which is effective for accounting periods beginning on or after 1st January, 2005, generally does not permit to recognise, derecognise or measure financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

#### Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

By 31st December, 2004, the Group classified and measured its debt and equity securities in accordance with the alternative treatment of Statement of Standard Accounting Practice "SSAP" 24. Under SSAP 24, investments in debt or equity securities are classified as "trading securities", "non-trading securities" or "held-to-maturity investments" as appropriate. Both "trading securities" and "non-trading securities" are measured at fair value. Unrealised gains or losses of "trading securities" is included in income statement. Unrealised gains or losses on "non-trading securities" are reported in equity until the securities are sold or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit and loss for that period. From 1st January, 2005 onwards, the Group classifies and measures its debt and equity securities in accordance with HKAS 39. Under HKAS 39, financial assets are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables", or "held-to-maturity financial assets". The classification depends on the purpose for which the assets are acquired. "Financial assets at fair value through profit or loss" and "available-for-sale financial assets" are carried at fair value, with changes in fair values recognised in income statement and equity respectively. "Loans and receivables" and "held-to-maturity financial assets" are measured at amortised cost using the effective interest method.

On 1st January, 2005, the Group classified and measured its equity securities in accordance with the requirements of HKAS 39.

#### Financial assets and financial liabilities other than debt and equity securities

From 1st January, 2005 onwards, the Group classifies and measures its financial assets and financial liabilities other than debt and equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. As mentioned above, financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity financial assets". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "financial liabilities other than financial liabilities at fair value through profit or loss (other financial liabilities)". "Other financial liabilities" are carried at amortised cost using the effective interest method.

The carrying amounts of amounts due to minority shareholders and other payables are adjusted for the effect of imputed interest based on the prevailing market rate as at the date of grant and are carried at amortised cost using the effective interest method subsequent to 1st January 2005.

#### Owner-occupied Leasehold Interest in Land

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In previous periods, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the cost model. In the current period, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to "prepaid lease payments", which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively. Alternatively, where the allocation between the land and buildings elements cannot be made reliably, the leasehold

interests in land continue to be accounted for as property, plant and equipment.

#### Investment Properties

In the current period, the Group has applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in the income statement for the period in which they arise. In previous periods, investment properties under the SSAP 13 were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. Where a decrease had previously been charged to the income statement and revaluation increase subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elect to apply HKAS 40 from 1st January, 2005 onwards. The amount previously held in investment property revaluation reserve at 1st January, 2005 have been transferred to accumulated profits.

#### Deferred Taxes related to Investment Properties

In previous periods, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current period, the Group has applied HKAS Int 21 "Income Taxes - Recovery of Revalued Non-Depreciable Assets" which removes the presumption that the carrying amount of investment properties are to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflects the tax consequences that will follow from the manner in which the Group expects to recover the property at each balance sheet date. In the absence of any specific transitional provisions in HKAS Int 21, this change in accounting policy has been applied retrospectively. Comparative figures have been restated.

#### Club memberships

Club memberships as intangible assets were required under HKAS 38 to be assessed at the individual asset level as having either finite or indefinite life. A finite-life intangible asset is amortised over its estimated useful life whereas an intangible asset with an indefinite useful life is carried at cost less accumulated impairment losses (if any). Intangible assets with indefinite lives are not subject to amortisation but are tested for impairment annually or more frequently when there are indications of impairment. In accordance with the transitional provisions in HKAS 38, the Group reassessed the useful lives of its club memberships on 1st January, 2005 and concluded that the club memberships have indefinite useful lives. The Group has applied the revised useful lives prospectively. Comparative figures for 2004 have not been restated.

#### Share-based Payments

In the current period, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of directors' and employees' share options of the Company determined at the date of grant of the share options over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of these share options until they were exercised. In relation to share options granted before 1st January, 2005, the Group has not applied HKFRS 2 to share options granted on or before 7th November, 2002 and share options that were granted after 7th November, 2002 and had vested before 1st January, 2005 in accordance with the relevant transitional provisions. This change has had no material effect on the results to the current period.

#### Summary of the effects of the changes in accounting policies

The effects of the adoption of new HKFRSs on the results for the six months ended 30th June, 2005 (unaudited) are as follows:

HKAS 32 & HKAS 39	HKAS 40	HKAS Int 21	HKFRS 3	Total effect
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HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

Decrease in release of negative goodwill	-	-	-	(11,228)	(11,228)
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Recognition of discount on acquisition	-	-	-	15,077	15,077
Fair value changes on investment properties	-	777,978	-	-	777,978
Increase in imputed interest expense on other payables	(404)	-	-	-	(404)
Increase in imputed interest expense on amounts due to minority shareholders	(1,870)	-	-	-	(1,870)
Increase in deferred tax on revaluation of investment properties	-	-	(130,773)	-	(130,773)
(Decrease) increase in profit for the period	(2,274)	777,978	(130,773)	3,849	648,780
	=====	=====	=====	=====	=====

Attributable to:

Equity holders of the Company	(404)	773,882	(130,385)	3,849	646,942
Minority interest	(1,870)	4,096	(388)	-	1,838
	(2,274)	777,978	(130,773)	3,849	648,780
	=====	=====	=====	=====	=====

Analysis of increase (decrease) in profit for the period by the line items presented according to their nature:

	HKAS 32 & HKAS 39	HKAS 40	HKAS Int 21	HKFRS 3	Total effect
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Increase in recognition of discount on acquisition/negative goodwill	-	-	-	3,849	3,849
Fair value changes on investment properties	-	777,978	-	-	777,978
Increase in finance costs	(2,274)	-	-	-	(2,274)
Increase in taxation	-	-	(130,773)	-	(130,773)
(Decrease) increase in profit for the period	(2,274)	777,978	(130,773)	3,849	648,780
	=====	=====	=====	=====	=====

The cumulative effects of the adoption of the new HKFRSs as at 31st December, 2004 and 1st January, 2005 are summarised below:

	As at 31st December, 2004 (originally stated)	Restropective adjustments		
		HKAS 1	HKAS 17	HKAS Int 21
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance sheet items				
Property, plant and equipment	795,237	-	(409,813)	-
Prepaid lease payments	-	-	409,813	-
Negative goodwill	(225,164)	-	-	-
Other investments	96,263	-	-	-
Club memberships	-	-	-	-
Available-for-sale investments-	-	-	-	-
Investments held for trading	-	-	-	-
Amounts due to minority shareholders	-	(91,897)	-	-
Other payables - due after one year	(18,800)	-	-	-
Deferred taxation	(39,613)	-	-	(126,900)
Total effects on assets and liabilities	607,923	(91,897)	-	(126,900)
	=====	=====	=====	=====
Accumulated profits	1,983,286	-	-	-

Investment property revaluation reserve	613,603	-	-	(126,165)
Minority interest	914,082	(91,897)	-	(735)
Total effects on equity	3,510,971	(91,897)	-	(126,900)
	(2,903,048)	-	-	-
	=====	=====	=====	=====

As at 31st December, 2004 (restated)	Adjustments on 1st January, 2005			As at 1st January, 2005 (restated)
	HKAS 32 & 39	HKAS 40	HKFRS 3	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

#### Balance sheet items

Property, plant and equipment	385,424	-	-	-	385,424
Prepaid lease payments	409,813	-	-	-	409,813
Negative goodwill	(225,164)	-	-	225,164	-
Other investments	96,263	(96,263)	-	-	-
Club memberships	-	8,574	-	-	8,574
Available-for-sale investments	-	86,893	-	-	86,893
Investments held for trading	-	796	-	-	796
Amounts due to minority shareholders	(91,897)	7,350	-	-	(84,547)
Other payables - due after one year	(18,800)	1,617	-	-	(17,183)
Deferred taxation	(166,513)	-	-	-	(166,513)
Total effects on assets and liabilities	389,126	8,967	-	225,164	623,257
	=====	=====	=====	=====	=====
Accumulated profits	1,983,286	1,617	487,438	225,164	2,697,505
Investment property revaluation reserve	487,438	-	(487,438)	-	-
Minority interest	821,450	7,350	-	-	828,800
Total effects on equity	3,292,174	8,967	-	225,164	3,526,305
	=====	=====	=====	=====	=====
	(2,903,048)	-	-	-	(2,903,048)
	=====	=====	=====	=====	=====

The effect on the adoption of new HKFRSs to the Group's equity at 1st January, 2004 was to decrease the investment property revaluation reserve by HK\$73,012,000 due to the application of HKAS Int 21 as mentioned above.

## 2. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the equity holders of the Company is based on the following data:

Six months ended 30th June	
2005	2004
HK\$'000	HK\$'000

Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to the equity holders of the Company)	730,743	66,471
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Number of shares

Weighted average number of ordinary shares for the

purposes of basic earnings per share	511,886,456	511,269,336
Effect of dilutive potential ordinary shares		
Options	14,086,957	7,574,468
Warrants	62,519,201	36,410,792
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Weighted average number of ordinary shares for the purposes of diluted earnings per share	588,492,614	555,254,596
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