



與時創建
Building with the times

Interim Report 2008 中期報告

Directory

Directors

Executive Directors

Mr. Lu Wing Chi (*Chairman and Managing Director*)
Mr. Lu Wing Yuk, Andrew
Mr. David Hsu
Mr. Lincoln Lu
Mr. Lambert Lu

Non-executive Directors

Mr. Lam Sing Tai
Mr. Tse Man Bun

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. David Hsu
Mr. Walujo Santoso, Wally
Mr. Leung Hok Lim

Authorised Representatives

Mr. David Hsu
Mr. Kwok Siu Man, Seaman

Qualified Accountant

Mr. Lee Bo Yuen

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
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 1768

Listing

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

Code and Board Lot

Stock: 251/2,000 **Warrant:** 920/2,000

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 30 June 2008

Particulars of Investment Properties:

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
Hong Kong					
Dah Sing Financial Centre	108 Gloucester Road, Wanchai	30 June 2047	Commercial / Office	37,171 and 164 car-parking spaces	97.2
28/F, 9 Queen's Road Central	28/F, 9 Queen's Road Central, Central	15 November 2854 / 20 January 2856	Office	1,279	97.2
Shop No. 22, Excelsior Plaza	Shop No. 22, Ground Floor, Excelsior Plaza, Chee On Building, 24 East Point Road, Causeway Bay	24 June 2842 / 23 December 2864	Retail	39	97.2
The Morrison	G/F, 1/F. and 2/F., 28 Yat Sin Street, Wanchai	11 February 2050	Commercial / Retail	1,651	97.2
Mainland China					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6 October 2063	Commercial / Office	91,455 (including car-parking floors)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	31 March 2042	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	18 May 2063	Commercial	19,261 (including car-parking spaces)	100.0
New Zealand					
Clearwater Clubhouse	Harewood, Christchurch	21 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 (%)
Hong Kong					
Royal Green	18 Ching Hiu Road, Sheung Shui, New Territories	Completed	Residential	347 and 5 car-parking spaces	53.4
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential	364	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential / Commercial	13,550, 76 private car-parking spaces and 4 motorcycle spaces*	97.2
Mainland China					
Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Residential / Commercial	50,977 (including car-parking floors)	97.2

* Including residential units and car-parking spaces in respect of which the sale and purchase agreements had been signed but assignments were not completed

Particulars of Properties Held for Sale (Continued):

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
New Zealand					
Man Street Carpark	12-26 Man Street, Queenstown	Completed	Car-parking	530 bay underground car parks	100.0
Jacks Point	Jacks Point, Queenstown	Completed	Residential	15,417	100.0
Kaikainui Block	Harewood, Christchurch	Completed	Residential	23,030	34.1

Particulars of Development Properties/Properties under Development:

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)/Gross Floor Area (square metres)	Group's Interest (%)
Hong Kong						
Crowne Plaza Hong Kong Causeway Bay	4-20 Leighton Road, Causeway Bay	Superstructure work in progress	1st half of 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 2009	Residential/Commercial	20,092/84,306	97.2
New Zealand						
Clearwater Resort	Harewood, Christchurch	Planning	Beyond 2009	Commercial	15,851 [#]	34.1
Clearwater Resort	Harewood, Christchurch	Planning	Beyond 2009	Residential	290,780 [#]	34.1
Timperley Block	Harewood, Christchurch	Planning	Beyond 2009	Residential	356,505 [#]	55.0
Waterside Business Centre	Favona, Auckland	Planning	Late 2009	Industrial	62,952 [#]	100.0

[#] Site area

Chairman's Statement



Showflats of The Forest Hills

Financial Summary

Turnover for the six months ended 30th June, 2008 amounted to HK\$1,171.1 million (2007: HK\$694.9 million). The increase was mainly attributable to the recognition of the sales of the completed development projects in Hong Kong.

Profit attributable to the Company's shareholders for the period amounted to HK\$733.1 million (2007: HK\$250.4 million), equivalent to basic earnings per share of HK\$1.15 (2007: HK\$0.42) and diluted earnings per share of HK\$1.12 (2007: HK\$0.39). The reported profit included a surplus arising from the revaluation of investment properties net of deferred taxation. By excluding the net effect of such surplus, the Group's profit attributable to the Company's shareholders was HK\$191.0 million for the period (2007: HK\$78.8 million), equivalent to basic earnings per share of HK\$0.30 (2007: HK\$0.13) and diluted earnings per share of HK\$0.29 (2007: HK\$0.12).

As at 30th June, 2008, the Group's equity attributable to the Company's shareholders amounted to HK\$7,011.1 million, an increase of HK\$825.3 million over the comparable figure as at 31st December, 2007 of HK\$6,185.8 million. The net asset value per share attributable to the Company's shareholders as at 30th June, 2008 was HK\$10.71 (31st December, 2007: HK\$10.26) and taking into consideration the potential dilutive effect of outstanding warrants and share options, the net asset value per share attributable to the Company's shareholders would become HK\$10.62.

Interim Dividend

The Board has declared the payment of an interim dividend of HK5 cents per share for the six months ended 30th June, 2008 (2007: HK5 cents) on Friday, 31st October, 2008 to the shareholders of the Company whose names appear on the Register of Members at the close of business on Friday, 24th October, 2008. Total interim dividends payable at the date of this Report are HK\$32.7 million which will be increased by a maximum of HK\$0.3 million if additional ordinary shares are issued upon the exercise by the respective holders of the subscription rights attached to all the outstanding warrants and share options before the commencement of the fixed period of closure of the Register of Members on 20th October, 2008.

Business Review

During the period, the Group has continued its development and investment activities in the Asia Pacific region. In Hong Kong, marketing for The Forest Hills development continued with satisfactory responses received from buyers. The Group's rental income from Dah Sing Financial Centre benefited from the increased demand resulting in higher average rentals. In mainland China, the development of Westmin Plaza Phase II was completed in March 2008. In Australia and New Zealand, the intended disposal of properties was affected by the severe downturn of the markets.

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

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) and with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Gross rental income generated for the period was HK\$72.1 million compared with HK\$50.0 million for the corresponding period in 2007. During the period, occupancy rate increased from 90.7% to 97.6% at 30th June, 2008 with the average rent per month increasing from HK\$32.5 per square foot to HK\$37.2 per square foot owing to the strong demand for office space.

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. Turnover for the period, representing completion of the sales of 74 residential units and 19 carparking spaces, was HK\$231.1 million generating a net profit of HK\$99.9 million after taking into account the related expenses. During the period, a total of 6 residential units and 16 car-parking spaces were sold. The marketing campaign for the remaining 2 furnished duplex residential units in Tower 3 known as Green Palace and 5 car-parking spaces is continuing.



Dah Sing Financial Centre

Chairman's Statement



The Morrison

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. Turnover for the period, representing completion of the sales of 47 residential units, was HK\$227.4 million generating a net profit of HK\$60.4 million after taking into account the related expenses.

During the period, a total of 2 residential units were sold and marketing for the remaining 6 units is continuing. In February 2008, the entire commercial podium of The Morrison was leased at a satisfactory rental yield to Volkswagen Hong Kong Limited for car showroom purpose for a term of six years.



The Forest Hills

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 144 residential units, was HK\$548.8 million generating a net profit of HK\$92.0 million after taking into account the related expenses.

During the period, a total of 52 residential units were sold. The marketing campaign for 76 private car-parking spaces commenced in August 2008. To date, over two-thirds of the 304 residential units and 26 car parks have been sold and marketing for the remaining residential units and leasing activities for the retail podium are continuing.



Crowne Plaza Hong Kong
Causeway Bay

Crowne Plaza Hong Kong Causeway Bay

The project is being developed into a 29-storey five-star hotel comprising 262 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The Group engaged a subsidiary of the InterContinental Hotels Group to manage the operation of the hotel under the name of "Crowne Plaza Hong Kong Causeway Bay". Key management team (including the general manager seconded from the InterContinental Hotels Group) of the future hotel operation has been put into place and is actively pursuing hotel opening preparations. Superstructure construction works are in progress and the hotel project is scheduled to be opened by the middle of 2009.

Fo Tan, Sha Tin

The property with a site area of about 20,092 square metres is currently leased out as a logistic centre. 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 held a hearing in July 2008 and rejected the Group's town planning application due to a number of outstanding environmental, traffic and urban design issues and the Group intends to appeal to the Town Planning Appeal Board shortly. Discussions are ongoing with various relevant parties with a view to securing the requisite town planning approvals.

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 tenant for a term of three years until May 2009.

Excelsior Plaza Shop, Causeway Bay

The shop with a gross floor area of approximately 39 square metres was let to a retail tenant for a term of two years until the end of June 2008. A new lease with an international jewellery retailer has been signed for a term of three years commencing from early July 2008 at a significantly higher rental.

Mainland China

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 residential blocks of 646 units and one office block erected on a 5-storey commercial/car-parking podium. The whole development was completed in March 2008.

The marketing campaign for the 45 unsold residential units is expected to commence in the fourth quarter of 2008 upon payment of the land premium. The leasing campaign for the 14-storey office tower with a total gross floor area of about 16,112 square metres has achieved initial success by securing an anchor tenant, a member of the American International Assurance group, for more than one-third of the total space with naming rights for the office tower with a six-year lease commencing in April 2008. The office tower was 45% let as at 30th June, 2008 at satisfactory rent levels and a further 16% has been let subsequently. Leasing activities for the remaining office space are continuing. In addition, leasing campaign for the 3-storey shopping arcade with a total gross floor area of about 26,945 square metres is in progress. Stable recurrent rental income from this property is expected.



Westmin Plaza Phase II

Chairman's Statement



Plaza Central

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, 2008, the occupancy rates for office tower I and II were about 73% and 12% respectively and leasing activities for the remaining area of the office towers 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. Rental return from this property will benefit from the improved occupancy.

Plaza Central was temporarily closed for safety inspection after the Sichuan earthquake in mid May 2008. With the exception of minor damage to

certain non-structural parts of the complex and accessories, it was confirmed by the appropriate authorities that the property is suitable for normal use. As a result, the complex was subsequently re-opened for occupation by tenants.

Huangshan, Anhui Province

In March 2008, the Group acquired a 91 per cent. interest in a mainland China company 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 of 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 the rights to develop about 266,800 square metres which are leased from the local authority for a 40-year period. A total cash consideration of HK\$43.8 million has been paid by the Group for the acquisition of its interest in this project. The Group has appointed an international property consultancy firm to prepare a survey for the market positioning of the project.

Australia and New Zealand

During the period, the Group sold further properties in New Zealand but the intended disposal was affected by the severe downturn of the markets in the region due to credit crunch caused by the U.S. sub-prime mortgage crisis. Accordingly, the Group finds it prudent to make a provision for diminution in value of HK\$78.1 million for certain property projects in New Zealand. Turnover generated from the property investment and development projects in Australia and New Zealand for the six month ended 30th June, 2008 was HK\$58.5 million (2007: HK\$308.7 million) which incurred a net loss of HK\$92.1 million after taking into account the above provision (2007: net profit of HK\$31.7 million).

The value of the property portfolio in Australia and New Zealand was HK\$573.3 million as at 30th June, 2008 as compared with HK\$588.5 million as at 31st December, 2007.

Others

Commercial podium and car-parking spaces, New Century Plaza, Chengdu

The Company had a 50 per cent. interest in a joint venture which completed a commercial development known as New Century Plaza in Chengdu comprising a 35-storey plus a 3-level basement commercial/office building. In March 2008, through a restructuring of the jointly controlled entity, the Company was distributed all the commercial space on levels 1 to 5 and basement 1 in Zone B with a total gross floor area of about 16,280 square metres and 50 car-parking spaces on basements 2 and 3 of the development. The commercial podium is fully let to a furniture retailer until August 2009. The properties were subsequently transferred by the Company to AGP in July 2008.



New Century Plaza

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30th June, 2008, the Group's cash balance was HK\$1,119.7 million (2007: HK\$1,186.3 million) and unutilized facilities were HK\$1,467.9 million (2007: HK\$1,756.7 million).

Gearing ratio as at 30th June, 2008, calculated on the basis of net interest bearing debts minus cash and restricted and pledged deposits as a percentage of total property assets, was 8.2% (2007: 12.9%).

As at 30th June, 2008, maturities of the Group's outstanding borrowings were as follows:

	30th June, 2008 HK\$' million	31st December, 2007 HK\$' million
Due		
Within 1 year	1,836.3	1,991.5
1-2 years	67.0	64.4
3-5 years	779.2	733.1
Over 5 years	43.9	67.2
	2,726.4	2,856.2

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 30th June, 2008 amounted to HK\$2,268.8 million (31st December, 2007: HK\$2,400.8 million), which were mainly secured by properties valued at HK\$5,891.2 million (31st December, 2007: HK\$7,689.0 million) and fixed deposits of HK\$691.3 million (31st December, 2007: HK\$370.3 million).

Chairman's Statement

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$529.1 million as at 30th June, 2008 (31st December, 2007: HK\$533.9 million) to secure bank loans of HK\$407.0 million (31st December, 2007: HK\$405.3 million) and fixed deposits of HK\$6.7 million (31st December, 2007: HK\$Nil).

In Indonesia, the total bank loans drawn by certain subsidiaries as at 30th June, 2008 amounted to HK\$50.6 million (31st December, 2007: HK\$50.1 million), which were secured by fixed deposits of HK\$50.3 million (31st December, 2007: HK\$50.0 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30th June, 2008, 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 derivative financial instruments employed during the year.

Staff and Emolument Policy

The Group had 147 employees at 30th June, 2008 (31st December, 2007: 137). Salary and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances and voluntary employer contributions to retirement schemes are offered to employees. 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.

Disposal by the Group after 30th June, 2008

In late August 2008, the Group completed the disposal of its 52 per cent. equity interest in each of the two companies held by a 64 per cent. indirect subsidiary of the Company to independent purchasers for a total consideration of about HK\$163.3 million. Such companies own various pieces of land in Indonesia with an aggregate area of about 1.4 million square metres and a right to redevelop them into residential properties.

Outlook

The booming of the global economy and surging in commodity prices have turned into an economic bubble for the past few years. Triggered by the sub-prime mortgage crisis, the bubble bursts. It has resulted in a credit crunch and meltdown of the global financial system. In the past two weeks, this has evolved rapidly and caused insolvency of a few leading financial institutions and instability of the global capital market. The deep and far-reaching ripple effect casts uncertainty on the future global economic outlook. The Group believes that the market needs to be closely monitored and the situation be evaluated in the coming few months in order to have a clearer view.

In mainland China, there has recently been a moderate relaxation of the macro-economic measures introduced by the government due to the global financial crisis. However, it is believed that the measures to regulate the overheated property market (including regulations restricting foreign investments in property projects) will continue and the property market is likely to consolidate for a longer period. Certain property companies will be severely affected by the tight control of commercial lending to the property sector and failure of fund raisings from the financial market which the Group believes will lead to increasingly attractive opportunities. We believe that despite current economic conditions, the market continues to present future growth potential for the Group as the long term economic prospects of mainland China still remain positive given its strong economic fundamentals. The Group will adhere to its focused approach to the expansion of its mainland China property portfolio.

In Hong Kong, the economy continued to grow in the first half of 2008 but the pace was inevitably affected due to rising inflation and a significant drop in the financial market. The local property market recorded substantially reduced transaction volumes in recent months. The Group expects that there will be further correction to the property market as the demand for top grade office premises and luxury residential units will be adversely affected. The Group will continue its marketing campaign and leasing activities for the remaining residential units in various development projects and the retail podium of The Forest Hills respectively. The rental income from Dah Sing Financial Centre will continue to grow but the pace will be affected by weakening demand. Construction of the Crowne Plaza Hong Kong Causeway Bay is in progress with a grand-opening date targeted in mid 2009.

In Australia and New Zealand, the Group will continue its strategy to sell further properties under very difficult market conditions.

Going forward, the Group will cautiously continue to target development and investment opportunities in mainland China and Hong Kong and other Asia Pacific cities.



Lu Wing Chi

Chairman and Managing Director

Hong Kong, 19th September, 2008

Corporate Governance and Other Information

Corporate Governance Practices

Throughout the period for the six months ended 30th June, 2008, 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 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 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 code provision A.2.1 for the time being. The Chairman 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.

The Board will continue to review and recommend such proposals as appropriate in the circumstances of such a deviation.

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.

In response to the specific enquiry made on them, all the directors of the Company have confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 30th June, 2008.

Review of Results

The Group’s condensed consolidated financial statements for the six months ended 30th June, 2008 (the “Financial Statements”) have not been audited but have been reviewed by Deloitte Touche Tohmatsu (“DTT”), Certified Public Accountants, the external independent auditor of the Company, whose review report is contained on page 16 of this Interim Report.

In the presence of the representatives of DTT, the audit committee met on 17th September, 2008 and reviewed with the management the unaudited Financial Statements and expressed no disagreement with the accounting policies and standards adopted by the Group.

Directors’ and Chief Executive’s Interests in Securities

At 30th June, 2008, 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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:—

Corporate Governance and Other Information

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 (warrants) (share options)		Total	Approximate % of shares in issue
	Beneficial interests	Beneficial interests	Beneficial interests	Beneficial interests		
Lu Wing Yuk, Andrew	—	—	3,000,000	—	3,000,000 ^Δ	0.46
Lincoln Lu	1,772,717	—	—	—	1,772,717	0.27
Lambert Lu	1,772,717	—	—	—	1,772,717	0.27
Lam Sing Tai	90,000	11,478 [#]	—	—	101,478	0.02
Tse Man Bun	100,000	—	—	—	100,000	0.02

Notes: ^Δ The options were granted on 4th December, 2000, the exercise price is HK\$1.44 per share and the exercisable period is from 4th December, 2000 to 3rd December, 2010.

[#] Of these underlying shares, 5,739 shares were held by the spouse of Mr. Lam Sing Tai.

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		Total	Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation		
Lu Wing Chi	3,000	12,000	15,000	32.61
Lincoln Lu	6,000	—	6,000	13.04
Lambert Lu	6,000	—	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
	Beneficial interests	Beneficial interests	
Lu Wing Chi	—	46,938	30.00
Lincoln Lu	—	5,021	3.21
Lambert Lu	—	5,021	3.21

Saved as disclosed above, as at 30th June, 2008, 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.

Corporate Governance and Other Information

During the period under review, 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 a director's interest in the share options are stated in the section headed "Share Options" below.

Share Options

Share options are unlisted 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 complies 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 a special general meeting of the members of the Company held on 19th August, 2005 (the "Special General Meeting"), the Old Scheme was terminated.

New scheme

The Company adopted a New Employee Share Option Scheme (the "New Scheme") which has been in compliance with the new requirements set out in the Listing Rules at the Special General Meeting.

Options granted

During the six months ended 30th June, 2008, the Company did not grant any share option under the New Scheme. 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. No options were exercised, cancelled or lapsed during the period under review.

Details of the outstanding share options held by a participant director during the period pursuant to the Old Scheme are as follows:—

Name of director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of underlying shares comprised in share options		
				Balance as at 1.1.2008	Exercised during the period	Balance as at 30.6.2008
Lu Wing Yuk, Andrew	4.12.2000	1.44	4.12.2000 — 3.12.2010	3,000,000	—	3,000,000

Substantial Shareholders' Interests in Securities

As at 30th June, 2008, 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 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	Number of shares of HK\$0.1 each			Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation	Total	
JCS ²	—	365,047,856	365,047,856 ¹	55.76
NLI ³	365,047,856	—	365,047,856 ¹	55.76

Notes:

As at 30th June, 2008,

1. JCS held about 63.58% of the issued shares in NLI. 365,047,856 shares held by NLI were deemed to be JCS' 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. With effect from 1st January, 2008, Mr. Lu Wing Yuk, Andrew has ceased to be a director 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, 2008, 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 Shares and Warrants

During the six months ended 30th June, 2008, the Company did not redeem any of its listed shares or warrants nor did the Company or any of its subsidiaries purchase or sell any such securities.

Closure of Register of Members

The Register of Members of the Company will be closed from Monday, 20th October, 2008 to Friday, 24th October, 2008, 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 transfer documents accompanied by the relevant share certificates with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited ("TSL") of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 17th October, 2008.

Holders of 2008 warrants who wish to be entitled to the above interim dividend must exercise their rights to subscribe for shares in the Company and lodge the duly completed subscription forms together with the relevant warrant certificates and subscription moneys with TSL not later than 4:00 p.m. on Friday, 17th October, 2008.

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

Introduction

We have reviewed the interim financial information set out on pages 17 to 36, which comprises the condensed consolidated balance sheet of S E A Holdings Limited as of 30 June 2008 and the related condensed consolidated income statement, statement of changes in equity and cash flow statement 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 (“HKAS”) 34 “Interim Financial Reporting” 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 enquiries, 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
19 September, 2008

Condensed Consolidated Income Statement

For the six months ended 30 June 2008

	NOTES	Six months ended 30 June	
		2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
Revenue		1,171,055	694,906
Interest income		22,907	31,959
Other income		10,815	17,591
Costs:			
Property and related costs	4	(822,550)	(462,431)
Staff costs		(32,752)	(40,681)
Depreciation		(1,757)	(2,357)
Other expenses		(31,560)	(30,878)
		(888,619)	(536,347)
Profit from operations before fair value changes on investment properties		316,158	208,109
Fair value changes on properties held for sale upon transfer to investment properties	10	269,242	—
Fair value changes on investment properties	10	395,083	175,598
Profit from operations after fair value changes on investment properties		980,483	383,707
Gain on liquidation of a jointly controlled entity	5	50,356	—
Share of results of associates		(142)	1,497
Finance costs		(57,291)	(52,132)
Profit before taxation	6	973,406	333,072
Income tax expense	7	(180,110)	(24,152)
Profit for the period		793,296	308,920
Attributable to:			
Company's shareholders		733,141	250,383
Minority interests		60,155	58,537
		793,296	308,920
Dividends paid	8	58,925	41,632
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	9		
— Basic		114.5	42.4
— Diluted		111.9	39.1
Earnings per share excluding changes in fair value of investment properties net of deferred tax	9		
— Basic		29.8	13.3
— Diluted		29.1	12.3

Condensed Consolidated Balance Sheet

At 30 June 2008

	NOTES	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
Non-current Assets			
Investment properties	10	6,812,747	5,752,782
Property, plant and equipment	10	203,480	146,375
Prepaid lease payments	10	347,880	358,448
Interests in associates		19,778	19,689
Interests in jointly controlled entities		—	—
Club memberships		8,574	8,574
Other loans receivable		129,003	125,235
		7,521,462	6,411,103
Current Assets			
Properties held for sale		953,528	565,770
Properties under development held for sale		707,741	1,867,149
Prepaid lease payments	10	8,607	8,805
Held for trading investments		398	398
Other loans receivable		5,259	41,063
Receivables, deposits and prepayments	11	226,433	345,141
Amount due from a minority shareholder	12	70,857	—
Income tax recoverable		3	2,794
Amounts due from jointly controlled entities		—	17,100
Pledged bank deposits		748,277	420,277
Restricted bank balances and deposits	13	123,014	134,240
Bank balances and deposits		1,119,659	1,186,259
		3,963,776	4,588,996
Current Liabilities			
Payables, deposits received and accrued charges	14	290,103	416,721
Sales deposits on properties held for sale received		33,545	357,498
Provisions		17,004	15,965
Income tax payable		155,943	109,200
Bank borrowings — due within one year	15	1,836,265	1,991,549
Amounts due to minority shareholders	16	91,173	87,177
		2,424,033	2,978,110
Net Current Assets		1,539,743	1,610,886
Total Assets Less Current Liabilities		9,061,205	8,021,989

Condensed Consolidated Balance Sheet

At 30 June 2008

	NOTES	30.6.2008 HK\$'000 (unaudited)	31.12.2007 HK\$'000 (audited)
Non-current Liabilities			
Amounts due to minority shareholders	16	6,492	6,492
Bank borrowings — due after one year	15	890,056	864,687
Deferred taxation		817,609	692,574
		1,714,157	1,563,753
Net Assets			
		7,347,048	6,458,236
Capital and Reserves			
Share capital	17	65,472	60,283
Reserves		6,945,645	6,125,560
Equity attributable to the Company's shareholders		7,011,117	6,185,843
Minority interests		335,931	272,393
Total Equity		7,347,048	6,458,236

The condensed consolidated financial statements on pages 17 to 36 were approved and authorised for issue by the Board of Directors on 19 September 2008 and are signed on its behalf by:



Lu Wing Chi
Chairman and Managing Director



David Hsu
Executive Director

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to the Company's shareholders										
	Share capital	Share premium	Translation reserve	Investments revaluation reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Retained profits	Total	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2007 (audited)	58,310	249,063	90,732	36,745	4,451	277,707	41,417	4,434,303	5,192,728	533,487	5,726,215
Exchange movement during the period	—	—	54,692	—	—	—	—	—	54,692	1,544	56,236
Recognition of deferred tax liability arising from foreign currency translations	—	—	(6,789)	—	—	—	—	—	(6,789)	—	(6,789)
Fair value changes on available-for-sale investments	—	—	—	14,582	—	—	—	—	14,582	—	14,582
Net profit recognised directly in equity	—	—	47,903	14,582	—	—	—	—	62,485	1,544	64,029
Profit for the period	—	—	—	—	—	—	—	250,383	250,383	58,537	308,920
Total recognised profit for the period	—	—	47,903	14,582	—	—	—	250,383	312,868	60,081	372,949
Shares issued on exercise of warrants	1,163	14,893	—	—	—	—	—	—	16,056	—	16,056
Dividend proposed	—	—	—	—	—	—	30,138	(30,138)	—	—	—
Dividend paid	—	—	—	—	—	—	(41,417)	—	(41,417)	—	(41,417)
Dividend paid to minority shareholders	—	—	—	—	—	—	—	—	—	(5,102)	(5,102)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	—	—	—	—	—	—	—	(215)	(215)	—	(215)
Acquisition of additional interests in subsidiaries	—	—	—	—	—	—	—	—	—	(109,041)	(109,041)
At 30 June 2007 (unaudited)	59,473	263,956	138,635	51,327	4,451	277,707	30,138	4,654,333	5,480,020	479,425	5,959,445

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2008

	Attributable to the Company's shareholders										
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Investments revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
Exchange movement during the period	–	–	45,671	–	–	–	–	–	45,671	(165)	45,506
Recognition of deferred tax liability arising from foreign currency translations	–	–	15,340	–	–	–	–	–	15,340	–	15,340
Fair value changes on available-for-sale investments	–	–	–	15,133	–	–	–	–	15,133	–	15,133
Net profit recognised directly in equity	–	–	61,011	15,133	–	–	–	–	76,144	(165)	75,979
Released upon disposal of available-for-sale investments	–	–	–	(66,460)	–	–	–	–	(66,460)	–	(66,460)
Profit for the period	–	–	–	–	–	–	–	715,114	715,114	88,829	803,943
Total recognised profit for the period	–	–	61,011	(51,327)	–	–	–	715,114	724,798	88,664	813,462
Shares issued on exercise of warrants	810	10,355	–	–	–	–	–	–	11,165	–	11,165
Dividend proposed	–	–	–	–	–	–	28,787	(28,787)	–	–	–
Dividend paid	–	–	–	–	–	–	–	(30,138)	(30,138)	–	(30,138)
Dividend paid to minority shareholders	–	–	–	–	–	–	–	–	–	(259,720)	(259,720)
Additional prior year's final dividend paid on exercise of warrants subsequent to issue of the financial statements	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Acquisition of additional interests in subsidiaries	–	–	–	–	–	–	–	–	–	(33,410)	(33,410)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(2,566)	(2,566)
At 31 December 2007 (audited)	60,283	274,311	199,646	–	4,451	277,707	58,925	5,310,520	6,185,843	272,393	6,458,236
Exchange movement during the period and net profit recognised directly in equity	–	–	79,440	–	–	–	–	–	79,440	3,383	82,823
Profit for the period	–	–	–	–	–	–	–	733,141	733,141	60,155	793,296
Total recognised profit 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 proposed	–	–	–	–	–	–	32,736	(32,736)	–	–	–
Dividend paid	–	–	–	–	–	–	(58,925)	–	(58,925)	–	(58,925)
At 30 June 2008 (unaudited)	65,472	340,740	279,086	–	4,451	277,707	32,736	6,010,925	7,011,117	335,931	7,347,048

The contributed surplus of the Group 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 at the time of the group reorganisation.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2008

	Six months ended 30 June	
	2008 HK\$'000 (unaudited)	2007 HK\$'000 (unaudited)
NET CASH FROM OPERATING ACTIVITIES	579,395	209,274
INVESTING ACTIVITIES		
Increase in pledged bank deposits	(328,176)	(283,173)
Decrease in restricted bank balances and deposits	19,490	26,396
Acquisition of investment properties	—	(3,499)
Acquisition of property, plant and equipment	(46,914)	(24,045)
Acquisition of additional interests in subsidiaries	—	(109,041)
Others	20,728	3,161
NET CASH USED IN INVESTING ACTIVITIES	(334,872)	(390,201)
FINANCING ACTIVITIES		
Proceeds from bank borrowings	773,263	739,312
Repayment of bank borrowings	(1,048,746)	(238,971)
Advance from (repayment of advance from) minority shareholders	4,072	(32,445)
Advance to a minority shareholder	(70,857)	(109,581)
Proceeds on issuance of shares	71,618	16,056
Dividends paid	(58,925)	(41,632)
Others	—	(5,102)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(329,575)	327,637
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(85,052)	146,710
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,186,259	570,445
Effect of foreign exchange rate changes	18,452	20,067
CASH AND CASH EQUIVALENTS AT END OF PERIOD, represented by bank balances and deposits	1,119,659	737,222

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

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 (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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 consolidated financial statements for the year ended 31 December 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations (“new Interpretations”) issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2008.

HK(IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new Interpretations had no material effect on the results or 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 standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ²
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC) — Int 13	Customer Loyalty Programmes ³
HK(IFRIC) — Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) — Int 16	Hedges of a Net Investment in a Foreign Operation ⁴

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

² Effective for annual periods beginning on or after 1 July 2009

³ Effective for annual periods beginning on or after 1 July 2008

⁴ Effective for annual periods beginning on or after 1 October 2008

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendment and interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Geographical Segments

The operations of the Group are currently located in New Zealand, Australia, Hong Kong and the other regions of the People's Republic of China (the "PRC"). The corresponding geographical locations of the Group's assets, which is the same as locations of customers, are the basis on which the Group reports its primary segment information.

Six months ended 30 June 2008

	New Zealand HK\$'000	Australia HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External	49,938	8,543	1,082,368	30,206	—	—	1,171,055
Inter-segment sales*	146	—	16,496	—	—	(16,642)	—
Total	<u>50,084</u>	<u>8,543</u>	<u>1,098,864</u>	<u>30,206</u>	<u>—</u>	<u>(16,642)</u>	<u>1,171,055</u>
* Inter-segment sales are charged at prevailing market sales.							
SEGMENT (LOSS) PROFIT	<u>(86,330)</u>	<u>7,945</u>	<u>868,146</u>	<u>201,914</u>	<u>(514)</u>	<u>—</u>	<u>991,161</u>
Interest income							22,907
Unallocated corporate expenses							(33,585)
Gain on liquidation of a jointly controlled entity	—	—	—	50,356	—	—	50,356
Share of results of associates	(142)	—	—	—	—	—	(142)
Finance costs							(57,291)
Profit before taxation							973,406
Income tax expense							(180,110)
PROFIT FOR THE PERIOD							<u>793,296</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

3. SEGMENT INFORMATION *(Continued)*

Geographical Segments *(Continued)*

Six months ended 30 June 2007

	New Zealand HK\$'000	Australia HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE							
External	299,990	8,667	367,556	18,693	—	—	694,906
Inter-segment sales*	—	—	16,694	—	—	(16,694)	—
Total	299,990	8,667	384,250	18,693	—	(16,694)	694,906
* Inter-segment sales are charged at prevailing market sales.							
SEGMENT PROFIT (LOSS)	21,764	9,920	349,830	2,702	(414)	—	383,802
Interest income							31,959
Unallocated corporate expenses							(32,054)
Share of results of associates	1,497	—	—	—	—	—	1,497
Finance costs							(52,132)
Profit before taxation							333,072
Income tax expense							(24,152)
PROFIT FOR THE PERIOD							308,920

Business Segments

The Group was currently organised into two operating divisions — property investment and property development following the disposal of major equity securities held by the Group during the prior year and the disposal of the Group's entire interest in Unimilo's Knitwear Company Limited in August 2007, of which was principally engaged in garment manufacturing and trading. Hence, the comparative figures have been restated to conform with current year's presentation.

Principal activities are as follows:

Property investment	—	rental of properties
Property development	—	development of properties

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

3. SEGMENT INFORMATION *(Continued)*

Business Segments *(Continued)*

Six months ended 30 June 2008

	Property investment HK\$'000	Property development 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	<u>119,289</u>	<u>1,055,516</u>	<u>518</u>	<u>(4,268)</u>	<u>1,171,055</u>
* Inter-segment sales are charged at prevailing market rates.					
SEGMENT PROFIT	<u>490,048</u>	<u>498,447</u>	<u>2,666</u>	<u>—</u>	991,161
Interest income					22,907
Unallocated corporate expenses					(33,585)
Gain on liquidation of a jointly controlled entity	50,356	—	—	—	50,356
Share of results of associates	—	—	(142)	—	(142)
Finance costs					(57,291)
Profit before taxation					973,406
Income tax expense					(180,110)
PROFIT FOR THE PERIOD					<u>793,296</u>

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

3. SEGMENT INFORMATION *(Continued)*

Business Segments *(Continued)*

Six months ended 30 June 2007

	Property investment HK\$'000	Property development HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE					
External	82,820	601,427	10,659	—	694,906
Inter-segment sales*	7,381	—	—	(7,381)	—
Total	90,201	601,427	10,659	(7,381)	694,906
* Inter-segment sales are charged at prevailing market rates.					
SEGMENT PROFIT (LOSS)	244,193	140,568	(959)	—	383,802
Interest income					31,959
Unallocated corporate expenses					(32,054)
Share of results of associates	—	—	1,497	—	1,497
Finance costs					(52,132)
Profit before taxation					333,072
Income tax expense					(24,152)
PROFIT FOR THE PERIOD					308,920

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Changes in inventories of consolidated finished goods and work-in-progress	—	641
Raw materials and consumables used	—	6,369
Changes in properties held for sale/properties under development held for sale	608,545	98,379
Costs incurred on properties held for sale/properties under development held for sale	42,096	278,160
Write down of properties held for sale/properties under development held for sale	74,429	—
Selling and marketing expenses	79,805	71,529
Direct operating expense from investment properties that generate rental income	17,675	7,353
	822,550	462,431

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

4. PROPERTY AND RELATED COSTS *(Continued)*

Certain property related costs for the six months ended 30 June 2007 classified as other expenses or disclosed separately in the condensed consolidated income statement have been reclassified to conform with the current period's presentation and are summarised as below:

	As originally stated HK\$'000	Reclassifications HK\$'000	Total HK\$'000
Property and related costs	383,549	78,882	462,431
Other expenses	109,760	(78,882)	30,878
	<u>493,309</u>	<u>—</u>	<u>493,309</u>

5. GAIN ON LIQUIDATION OF A JOINTLY CONTROLLED ENTITY

During the period, a jointly controlled entity of the Group, Chengdu Mingqiang Real Estate Co., Ltd ("Mingqiang") was liquidated. A gain on liquidation of HK\$50.4 million has been recognised in the condensed consolidated income statement which mainly represented distribution of investment properties of HK\$124.2 million together with bank borrowings of HK\$55.4 million to the Group and waiver of amount due from Mingqiang of HK\$16.9 million.

6. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Loss on disposal of property, plant and equipment	—	194
Dividend income from equity investments	—	(272)
Interest earned on bank deposits	(17,780)	(20,675)
Other interest income	(5,127)	(11,284)
	<u>(22,907)</u>	<u>(31,959)</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Hong Kong Profits Tax	71,462	24,704
Income tax outside Hong Kong	168	613
	71,630	25,317
Deferred taxation		
Attributable to a change in tax rate	(27,489)	(33,278)
Current period	135,969	32,113
	108,480	(1,165)
	180,110	24,152

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30 June 2008. The estimated average annual tax rate used is 16.5% (1.1.2007 - 30.6.2007: 17.5%) for the six months ended 30 June 2008.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC government promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for subsidiaries in the PRC from 1 January 2008.

8. DIVIDENDS PAID

During the current period, a dividend of HK9 cents (2007: final dividend for 2006 at HK7 cents) per share amounting to HK\$58,925,000 (2007: HK\$41,632,000) was paid to the shareholders as the final dividend for 2007.

The directors have declared that an interim dividend of HK5 cents (2007: HK5 cents) per share be paid to the shareholders of the Company whose names appear in the Register of Members on 24 October 2008.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

9. 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	
	2008 HK\$'000	2007 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	733,141	250,383
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	640,467,413	591,057,786
Effect of dilutive potential ordinary shares		
Options	2,193,239	2,068,002
Warrants	12,515,516	46,481,654
Weighted average number of ordinary shares for the purpose of diluted earnings per share	655,176,168	639,607,442

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 fair value changes on properties held for sale upon transfer to investment properties/investment properties and related deferred tax for calculation of the adjusted earning per share. A reconciliation of profits is as follows:

	2008 HK\$'000	2007 HK\$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	733,141	250,383
Increase in fair value of properties held for sale upon transfer to investment properties	(269,242)	—
Increase in fair value of investment properties	(395,083)	(175,598)
Deferred tax on changes in fair value of investment properties	132,524	31,426
Effect of change in tax rate	(26,272)	(33,278)
Effect of minority interests	15,897	5,909
Profit attributable to the Company's shareholders excluding changes in fair value of investment properties net of deferred tax	190,965	78,842

10. MOVEMENTS IN INVESTMENT PROPERTIES, PROPERTY, PLANT AND EQUIPMENT AND PREPAID LEASE PAYMENTS

During the period, there was an exchange realignment of HK\$109.6 million which contributed to an increase in the carrying value of investment properties brought forward from 1 January 2008.

In addition, investment properties with fair value of HK\$124.2 million were distributed from a jointly controlled entity upon its liquidation and certain properties with fair value of HK\$431.0 million were transferred from properties held for sales to investment properties upon the commencement of operating lease with third parties during the period. The difference between the fair value and the carrying value of these properties at the date of transfer of HK\$269.2 million have been recognised directly in the condensed consolidated income statement.

The Group's major investment properties of HK\$6,532.8 million were revalued by independent professional valuers, Savills Valuation and Professional Services Limited, at 30 June 2008. The directors assessed the fair value of the remaining investment properties of HK\$279.9 million at 30 June 2008 and of the opinion that the corresponding carrying value approximate their fair values.

The changes in fair value of investment properties amounting to HK\$395.1 million have been recognised directly in the condensed consolidated income statement.

During the period, the Group acquired property, plant and equipment at a cost of HK\$46.9 million and capitalised amortisation of prepaid lease payments with a carrying value of HK\$10.8 million to property under development included in property, plant and equipment. In addition, there was an exchange realignment of HK\$1.3 million which contributed to an increase in carrying value of property, plant and equipment brought forward from 1 January 2008.

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2008 HK\$'000	31.12.2007 HK\$'000
Trade receivables	2,243	3,009
Other receivables, deposits received and prepayments	224,190	342,132
	226,433	345,141

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

For the receivable from the sales of properties, the repayment terms are based on the respective agreements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Included in receivables, deposits and prepayments are trade receivables with an aged analysis as follows:

	30.6.2008 HK\$'000	31.12.2007 HK\$'000
0 to 60 days	1,766	2,605
61 to 90 days	63	214
91 to 365 days	406	89
Over 365 days	8	101
	<u>2,243</u>	<u>3,009</u>

12. AMOUNT DUE FROM A MINORITY SHAREHOLDER

The amount is unsecured, interest free and repayable on demand.

13. RESTRICTED BANK BALANCES AND DEPOSITS

Bank deposits of HK\$123.0 million, being proceeds received upon the pre-sale of certain units of a property under development held for sale, were placed in several banks and would be used solely for tax payment and settlement of the construction cost of the related property. During the six months ended 30 June 2008, the Group paid construction cost of the related property of HK\$21.2 million. In addition, there was an exchange realignment of HK\$8.3 million which contributed to an increase in carrying value of restricted bank balances and deposits brought forward from 1 January 2008.

14. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	30.6.2008 HK\$'000	31.12.2007 HK\$'000
Trade payables	37,926	70,877
Other payables, deposits received and accrued charges	252,177	345,844
	<u>290,103</u>	<u>416,721</u>

14. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

(Continued)

Included in payables, deposits received and accrued charges are trade payables with an aged analysis as follows:

	30.6.2008 HK\$'000	31.12.2007 HK\$'000
0 to 60 days	37,598	70,855
61 to 90 days	237	6
91 to 365 days	91	16
	37,926	70,877

15. BANK BORROWINGS

During the period, the Group acquired bank loans amounting to HK\$55.4 million through distribution from a jointly controlled entity, repaid bank loans amounting to HK\$1,048.7 million and obtained new bank loans in the amount of HK\$814.6 million of which bank loan of HK\$41.4 million was transferred to the Group upon the dissolution of a jointly control entity. In addition, there was an exchange realignment of HK\$47.8 million which contributed to an increase in carrying value of borrowings brought forward from 1 January 2008. The new loans bear interest at market rates ranging from 4.5% to 12.5% per annum and are repayable within one year. The proceeds were used to finance the construction costs of properties under development and for working capital purpose.

16. AMOUNTS DUE TO MINORITY SHAREHOLDERS

Amounts at 30 June 2008 of HK\$91,173,000 (31.12.2007: HK\$87,177,000) are unsecured, interest-free and repayable within twelve months from the balance sheet date.

Amount at 30 June 2008 of HK\$6,492,000 (31.12.2007: HK\$6,492,000) is unsecured, interest free and the minority shareholders have contracted not to demand repayment within twelve months from the balance sheet date. Accordingly, the amount is shown as non-current.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

17. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 January 2007, 31 December 2007 and 30 June 2008	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2007	583,102,364	58,310
Shares issued upon exercise of warrants	11,635,018	1,163
At 30 June 2007	594,737,382	59,473
Shares issued upon exercise of warrants	8,089,788	810
At 31 December 2007	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

18. CAPITAL COMMITMENTS

At the balance sheet date, the Group had capital commitments in respect of expenditure to be incurred on properties under development included in property, plant equipment in Hong Kong as follows:

	30.6.2008 HK\$'000	31.12.2007 HK\$'000
Authorised but not contracted for	148,495	142,780
Contracted for but not provided for in the condensed consolidated financial statements	215,707	278,703

19. NON-CASH TRANSACTIONS

- (a) As set out in note 5, the liquidation of Mingqiang has resulted in the distribution of investment properties of HK\$124.2 million together with bank borrowings of HK\$55.4 million to the Group and waiver of amount due from Mingqiang of HK\$16.9 million.
- (b) At 31 December 2007, the Group has a joint venture agreement in the form of a jointly controlled asset to develop a carpark in New Zealand. The Group has a 55% interest in the joint venture. During the period, the joint venture has been dissolved. Assets and liabilities of the joint venture, which mainly included properties held for sale of HK\$162.4 million and bank borrowings of HK\$92.1 million have been transferred to a 55% owned subsidiary of the Group upon its dissolution. At the same time, the Group acquired the remaining equity interest of the 55% owned subsidiary at a consideration of HK\$36.1 million satisfied by the waiver of other loan receivables.

20. PLEDGE OF ASSETS

At the balance sheet date, the Group had the following mortgages and/or pledge over its assets to secure banking facilities granted to the Group:

- (a) Fixed and floating charges on investment properties with an aggregate carrying value of HK\$5,157,274,000 (31.12.2007: HK\$5,751,182,000).
- (b) Fixed and floating charges in properties under development held for sale with an aggregate carrying value of HK\$137,967,000 (31.12.2007: HK\$1,607,386,000).
- (c) Fixed and floating charges on properties under development with an aggregate carrying value of HK\$157,028,000 (31.12.2007: HK\$126,803,000).
- (d) Prepaid lease payments with an aggregate carrying value of HK\$307,383,000 (31.12.2007: HK\$317,554,000).
- (e) Fixed and floating charges on properties held for sale with aggregate carrying value of HK\$660,712,000 (2007: HK\$419,943,000).
- (f) Bank deposits of HK\$748,277,000 (31.12.2007: HK\$420,277,000).
- (g) Unlisted shares of certain subsidiaries with assets which principally comprised investment properties, properties under development held for sale, properties under development, prepaid lease payments and properties held for sale included in (a), (b), (c), (d) and (e) above.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2008

21. RELATED PARTY DISCLOSURES

Balances with related parties are disclosed in the condensed consolidated balance sheet and notes 12 and 16.

The remuneration of directors and other members of key management paid/payable for short-term benefits and post-employment benefits amounted to HK\$7,978,000 and HK\$905,700 respectively (1.1.2007 to 30.6.2007: HK\$7,289,000 and HK\$663,000 respectively).

22. POST BALANCE SHEET EVENT

On 15 August 2008, the Group entered into an agreement with independent third parties for the disposal of all its property interests in Indonesia through the disposal of two subsidiaries at a consideration of Rp192,014 million (approximately HK\$163.3 million).

爪哇控股有限公司

S E A HOLDINGS LIMITED

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