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**S E A HOLDINGS LIMITED**  
爪哇控股有限公司\*

(Incorporated in Bermuda with limited liability)  
(Stock Code : 251)

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2011**

The board of directors (the “Board”) of S E A Holdings Limited (the “Company”) announces that the unaudited consolidated financial results of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2011 together with the comparative figures of 2010 are as follows:

**CONDENSED CONSOLIDATED INCOME STATEMENT  
For the six months ended 30 June 2011**

	Notes	Six months ended 30 June	
		2011 HK\$'000 (unaudited)	2010 HK\$'000 (unaudited) (restated)
Revenue	3	305,439	311,208
Interest income		7,788	6,084
Other income		22,828	11,556
Costs:			
Property and related costs	4	(56,191)	(81,103)
Staff costs		(63,164)	(54,854)
Depreciation and amortisation		(39,276)	(33,210)
Other expenses		(59,066)	(51,726)
		<u>(217,697)</u>	<u>(220,893)</u>
Profit from operations before fair value changes on properties		118,358	107,955
Fair value changes on investment properties		<u>936,242</u>	<u>287,169</u>
Profit from operations after fair value changes on properties		1,054,600	395,124
Share of results of associates		623	(290)
Share of results of jointly controlled entities		21	(1,786)
Finance costs	5	<u>(51,203)</u>	<u>(49,152)</u>
Profit before taxation		1,004,041	343,896
Income tax expense	6	<u>(45,283)</u>	<u>(22,543)</u>
Profit for the period		<u><u>958,758</u></u>	<u><u>321,353</u></u>

\* For identification purpose only

**CONDENSED CONSOLIDATED INCOME STATEMENT** *(Continued)*  
**For the six months ended 30 June 2011**

		<b>Six months ended 30 June</b>	
	<i>Notes</i>	<b>2011</b>	2010
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
			(restated)
Attributable to:			
Company's shareholders		<b>931,919</b>	312,694
Non-controlling interests		<b>26,839</b>	8,659
		<b>958,758</b>	321,353
		<b>HK cents</b>	HK cents
Earnings per share for profit attributable to the			
Company's shareholders	8		
Basic		<b>138.9</b>	47.8
Diluted		<b>138.5</b>	46.9
<i>Earnings per share excluding fair value changes on</i>			
<i>properties net of deferred tax</i>	8		
<i>Basic</i>		<b>6.6</b>	5.7
<i>Diluted</i>		<b>6.6</b>	5.6

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the six months ended 30 June 2011**

		<b>Six months ended 30 June</b>	
		<b>2011</b>	2010
		<b>HK\$'000</b>	HK\$'000
		<b>(unaudited)</b>	(unaudited)
			(restated)
Profit for the period		<b>958,758</b>	321,353
Other comprehensive income			
Exchange differences arising on translation of foreign operations		<b>60,610</b>	19,320
Share of translation differences of jointly controlled entities		<b>912</b>	145
Share of translation differences of associates		<b>622</b>	(1,749)
		<b>62,144</b>	17,716
Total comprehensive income for the period		<b>1,020,902</b>	339,069
Total comprehensive income attributable to:			
Company's shareholders		<b>996,617</b>	325,367
Non-controlling interests		<b>24,285</b>	13,702
		<b>1,020,902</b>	339,069

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2011**

		At 30 June 2011 HK\$'000 (unaudited)	At 31 December 2010 HK\$'000 (restated)
<b>Non-current assets</b>			
Investment properties		8,133,675	7,144,376
Property, plant and equipment		1,189,193	1,213,390
Properties for development		1,176,817	783,163
Club memberships		8,574	8,574
Interests in associates		9,847	8,602
Interests in jointly controlled entities		41,832	40,499
Loans receivable		25,717	34,392
Other receivable		364,896	350,726
		<u>10,950,551</u>	<u>9,583,722</u>
<b>Current assets</b>			
Properties held for sale			
Completed properties		398,158	414,400
Properties under development		721,064	719,663
Other inventories		1,082	1,245
Held for trading investments		131	143
Loans receivable		1,355	1,755
Receivables, deposits and prepayments	9	134,068	130,549
Tax recoverable		453	453
Amounts due from non-controlling shareholders		7,578	1,578
Pledged bank deposits		785	264,103
Bank balances and cash		2,398,197	2,355,639
		<u>3,662,871</u>	<u>3,889,528</u>
<b>Current liabilities</b>			
Payables, rental deposits and accrued charges	10	256,133	328,828
Sales deposits		-	5,682
Provisions		4,978	4,865
Tax liabilities		156,316	136,634
Amounts due to non-controlling shareholders		201,914	177,238
Bank borrowings – due within one year		979,812	1,647,761
Derivative financial liability		1,163	1,828
		<u>1,600,316</u>	<u>2,302,836</u>
<b>Net current assets</b>		<u>2,062,555</u>	<u>1,586,692</u>
<b>Total assets less current liabilities</b>		<u>13,013,106</u>	<u>11,170,414</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
**At 30 June 2011**

	At 30 June 2011 HK\$'000 (unaudited)	At 31 December 2010 HK\$'000 (restated)
<b>Capital and reserves</b>		
Share capital	67,037	66,913
Reserves	<u>9,661,559</u>	<u>8,705,352</u>
Equity attributable to the Company's shareholders	9,728,596	8,772,265
Non-controlling interests	<u>301,685</u>	<u>277,400</u>
<b>Total equity</b>	<u>10,030,281</u>	<u>9,049,665</u>
<b>Non-current liabilities</b>		
Bank borrowings – due after one year	2,598,030	1,769,227
Deferred taxation	<u>384,795</u>	<u>351,522</u>
	<u>2,982,825</u>	<u>2,120,749</u>
	<u>13,013,106</u>	<u>11,170,414</u>

*Notes:*

**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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010 except for those due to the application of the new or revised Hong Kong Financial Reporting Standards as detailed below.

*Application of new or revised Hong Kong Financial Reporting Standards*

In the current interim period, the Group has applied, for the first time, the following new or revised standards and interpretations ("new or revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets
HKAS 24 (Revised 2009)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The Group has applied amendments to HKAS 12 titled "*Deferred Tax: Recovery of Underlying Assets*" in advance of their mandatory effective date (which is annual periods beginning on or after 1 January 2012). Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "*Investment Property*" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

As a result, certain investment properties of the Group that are measured using the fair value model have been presumed to be recovered through sale for the purpose of measuring deferred taxes in respect of such properties. The application of the amendments has resulted in the Group's deferred tax liabilities being decreased by HK\$541,907,000 and HK\$671,432,000 as at 1 January 2010 and 31 December 2010 respectively, with the corresponding adjustment being recognised in retained profits and non-controlling interests. In addition, the application has resulted in the Group's income tax expense for the six months ended 30 June 2010 and 30 June 2011 being reduced by HK\$45,210,000 and HK\$139,590,000 respectively and profit for the six months ended 30 June 2010 and 30 June 2011 being increased by the same amount. The basic and diluted earnings per share for the six months ended 30 June 2011 is increased by HK20.2 cents (2010: HK6.7 cents) and HK20.1 cents (2010: HK6.6 cents) respectively.

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

Except for the application of Amendments to HKAS 12 "*Income Taxes*" as disclosed above, the Group has not early applied the new or revised standards and interpretations that have been issued but are not yet effective. The Group is in the process of making an assessment of the impact of these new or revised standards and interpretations upon initial application but is not yet in a position to state whether they would have material impact on the condensed consolidated financial statements of the Group.

## 3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance are as follows:

Property development	–	development and sale of properties
Property investment	–	renting of investment properties
Hotel operation	–	hotel operation and management

Property investment and development activities are in Hong Kong, the People's Republic of China (the "PRC"), Australia and New Zealand whereas the hotel operation is carried out in Hong Kong.

### 3. SEGMENT INFORMATION *(Continued)*

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

#### Six months ended 30 June 2011

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>					
External sales	54,900	143,800	106,739	-	305,439
Inter-segment sales	-	319	-	(319)	-
<b>Total</b>	<b>54,900</b>	<b>144,119</b>	<b>106,739</b>	<b>(319)</b>	<b>305,439</b>
<b>SEGMENT RESULTS</b>					
Segment profit	4,218	1,061,142	19,943		1,085,303
Interest income					7,788
Corporate expenses					(38,491)
Share of results of associates					623
Share of results of jointly controlled entities					21
Finance costs					(51,203)
<b>Profit before taxation</b>					<b>1,004,041</b>

#### Six months ended 30 June 2010

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>					
External sales	100,634	137,110	73,464	-	311,208
Inter-segment sales	-	481	-	(481)	-
<b>Total</b>	<b>100,634</b>	<b>137,591</b>	<b>73,464</b>	<b>(481)</b>	<b>311,208</b>
<b>SEGMENT RESULTS</b>					
Segment profit	51,150	370,575	347		422,072
Interest income					6,084
Corporate expenses					(33,032)
Share of results of associates					(290)
Share of results of jointly controlled entities					(1,786)
Finance costs					(49,152)
<b>Profit before taxation</b>					<b>343,896</b>

Inter-segment sales are at mutually agreed terms.

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

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

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

#### 4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Changes in properties held for sale	24,727	56,690
Write down of properties held for sale	8,989	5,463
Selling and marketing expenses	3,261	3,056
Direct operating expenses on investment properties	19,214	15,894
	<u>56,191</u>	<u>81,103</u>

#### 5. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	32,115	28,613
Bank borrowings not wholly repayable within 5 years	16,590	17,239
	<u>48,705</u>	<u>45,852</u>
Less: Amounts capitalised to property development projects	<u>(1,392)</u>	<u>(1,188)</u>
	47,313	44,664
Front end fee	2,208	2,701
Other charges	1,682	1,787
	<u>51,203</u>	<u>49,152</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000 (restated)
Current tax		
Hong Kong Profits Tax	19,781	14,428
PRC Enterprise Income Tax	906	-
Other jurisdictions	148	975
	<u>20,835</u>	<u>15,403</u>
Deferred tax	24,448	7,140
	<u>45,283</u>	<u>22,543</u>

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

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

In the preceding year, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on two group entities for the years of assessments 2002/2003 to 2008/2009. At the same time, estimated assessments ("Protective Assessments") for the year of assessment 2003/2004 were issued to the entities. During the current period, Protective Assessments were also issued for the year of assessment 2004/2005. Objections against the Protective Assessments were lodged by these group entities and against which tax reserve certificates totaling HK\$8,995,000 were purchased. In order to save the time of the management and professional cost in pursuing further, a settlement proposal was submitted to the IRD for giving up the deductibility of certain interest costs in arriving at the assessable profit of the relevant group entity. Subsequent to the end of the reporting period, a revised settlement proposal was submitted to the IRD by giving up the claim for the tax loss by a group entity of HK\$266,304,000 but retaining the interest cost deductibility of the other group entity on a without prejudice basis. The directors are of the view that the additional tax liability for the years of assessments 2003/2004 up to 2009/2010 and other cost totaling HK\$58,974,000 provided for in the consolidated financial statements for the year ended 31 December 2010 is sufficient under the revised proposal.

## 7. DIVIDEND PAID

During the current period, a dividend of HK6 cents (final dividend of 2009: HK6 cents) per share amounting to HK\$40,256,000 (final dividend of 2009: HK\$40,426,000) was approved and paid to the shareholders as final dividend for the financial year ended 31 December 2010.



## 8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000 (restated)
Earnings for the purpose of basic and diluted earnings per share	<u>931,919</u>	<u>312,694</u>
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>670,862,859</u>	654,801,879
Effect of dilutive potential ordinary shares options	<u>2,056,180</u>	<u>12,363,087</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>672,919,039</u>	<u>667,164,966</u>

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000 (restated)
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	<u>931,919</u>	312,694
Fair value changes on investment properties	<u>(936,242)</u>	(287,169)
Deferred tax thereon	<u>21,347</u>	3,293
Attributable to non-controlling interests	<u>27,389</u>	<u>8,497</u>
Adjusted profit attributable to the Company's shareholders	<u>44,413</u>	<u>37,315</u>

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

## 9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Trade receivables	13,445	10,170
Accrued income, deposits and prepayments	121,111	120,867
Less: Allowance for impairment loss	<u>(488)</u>	<u>(488)</u>
	<u><b>134,068</b></u>	<u>130,549</u>

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

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

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
0 to 30 days	7,912	9,432
31 to 60 days	1,531	552
61 to 90 days	1,018	55
91 to 365 days	2,435	10
Over 365 days	<u>549</u>	<u>121</u>
	<u><b>13,445</b></u>	<u>10,170</u>

## 10. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Trade payables	1,449	2,294
Rental deposits	79,228	73,429
Other payables, other deposits and accrued charges	<u>175,456</u>	<u>253,105</u>
	<u><b>256,133</b></u>	<u>328,828</u>

Included in other payables, other deposits and accrued charges is an aggregate amount of HK\$73,469,000 (31 December 2010: HK\$94,743,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK\$64,293,000 (31 December 2010: HK\$50,934,000).

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

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK5 cents (2010: HK5 cents) per share for the six months ended 30 June 2011 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 30 September 2011. The relevant dividend warrants are expected to be despatched on or before Friday, 7 October 2011.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 27 September 2011 to Friday, 30 September 2011, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged 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 4:30 p.m. on Monday, 26 September 2011.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Summary**

Turnover for the six months ended 30 June 2011 amounted to HK\$305.4 million (2010: HK\$311.2 million). The turnover was principally attributable to the recognition of the sales of residential units in The Forest Hills, rental income from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the period amounted to HK\$931.9 million (2010 (restated): HK\$312.7 million), equivalent to basic earnings per share of HK138.9 cents (2010 (restated): HK47.8 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$887.5 million (2010 (restated): HK\$275.4 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$44.4 million (2010: HK\$37.3 million), equivalent to basic earnings per share of HK6.6 cents (2010: HK5.7 cents).

As at 30 June 2011, the Group's equity attributable to the Company's shareholders amounted to HK\$9,728.6 million (31 December 2010 (restated): HK\$8,772.3 million). The net asset value per share as at 30 June 2011 was HK\$14.51 as compared with HK\$13.11 (restated) as at 31 December 2010.

### **Business Review**

During the period under review, the Group has continued the development of various property projects in Hong Kong and Mainland China.

The rental income from investment properties situated in both Hong Kong and Mainland China continued to provide stable return to the Group. Turnover for the period included the sale of certain remaining units of The Forest Hills and the contribution from the sale of developed properties has decreased gradually.

Crowne Plaza Hong Kong Causeway Bay commenced operations in November 2009 and performed satisfactorily during the period.

After winning the planning appeal for the large mixed use retail and residential development in Fo Tan, Hong Kong in 2010, the revised building plan approvals and land exchange application are now in progress.

## Property Investment and Development

### Hong Kong

The office leasing market was strong during the period. The rental income generated from Dah Sing Financial Centre, a 39-storey commercial building, has been stable and satisfactory and its occupancy rate remains at a high level of approximately 96% as at 30 June 2011.

During the period under review, the Group continued to sell the remaining units of the developed properties. About 98% of the residential units and 60 out of 76 residents' car parking spaces of The Forest Hills have been sold up to 30 June 2011 and all the non-residents' car parking spaces have been leased to a car park operator at satisfactory rentals until the end of February 2012. The sale of the remaining 4 residential units (which are presently leased) of The Morrison is continuing.

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus, was finally approved by the Town Planning Appeal Board in October 2010. This project has a site area of approximately 20,092 square metres and the revised general building plan and master layout plan have been submitted to the Buildings Department and the revised land exchange application will also be submitted for confirmation on land lease condition and land premium. The Group is awaiting the comments from the Buildings Department for further progress.

### Mainland China

#### *Chengdu, Sichuan Province*

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central improved marginally and its retail podium with a gross floor area of about 29,000 square metres has been fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2011, the aggregate occupancy rate for the two office towers and the retail podium was approximately 84%. Leasing activities for the remaining areas of Plaza Central continue.

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

During 2010 and up to the date of this announcement, the Group has acquired three pieces of land in Longquan with a total site area of about 506,000 square metres. The Group is now preparing the master layout plan and targets to submit to the local government by the end of this year. Preliminary site works of the project are being undertaken.

#### *Kaifeng, Henan Province*

The project in Kaifeng, to be known as "Nova City", has a site area of 735,000 square metres and it is proposed to be developed into an integrated complex in Zhen-Kai District, a new town in Kaifeng. The proposed development has a gross floor area of approximately 3,000,000 square metres envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and high-rise residential towers. Research and a feasibility study in respect of market positioning is completed. Master layout plans have been submitted and are awaiting approval of local government. Preliminary site works are proceeding.

#### *Guangzhou, Guangdong Province*

The Group still retains the ownership of the 14-storey office tower and the 3-storey shopping arcade of Westmin Plaza Phase II. As at 30 June 2011, the office tower of about 16,100 square metres was fully leased with more than one-third of the total office space being leased to AIA. Leasing activities for the shopping arcade with a total gross floor area of about 26,400 square metres are in progress.

### *Huangshan, Anhui Province*

The project in Huangshan has a site area of about 333,500 square metres comprising about 66,700 square metres of land owned by the Group and about 266,800 square metres of land leased from the local authority. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared.

### *Chi Shan, Nanjing, Jiangsu Province*

The Group has established two joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of lands in Chi Shan. A series of land auctions for these lands are being arranged and targeted to commence in early 2012. The Group has submitted master layout plans for these lands for the government's assessment.

### *Leiyang, Hunan Province*

This joint venture development project is known as The Redbud City. The superstructure work for eleven blocks of semi-detached houses, eight high-rise apartment buildings and eight bungalows with a total gross floor area of approximately 128,000 square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. As at the date of this announcement, 733 out of 949 residential units and 2 out of 8 bungalows of the Phase I development have been sold and will be delivered to the purchasers at different completion stages up to early 2013.

### *Australia and New Zealand*

Turnover generated from the property investment and development projects in Australia and New Zealand for the six months ended 30 June 2011 was HK\$13.8 million (2010: HK\$7.8 million). During the period under review, the Group has made a provision for diminution in value of HK\$9.0 million (2010: HK\$5.5 million) for certain properties in New Zealand. After taking into account the above provision, a net loss of approximately HK\$11.5 million (2010: HK\$11.2 million) was incurred. During the period, the Group had no significant acquisition or disposal in Australia and New Zealand. The strategy to sell the existing properties in Australia and New Zealand at reasonable prices remains unchanged.

### Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is presently managed by the InterContinental Hotels Group. It commenced business in November 2009 and has achieved satisfactory occupancy and room rates for the period under review.

## **Financial Resources and Liquidity**

### Working Capital and Loan Facilities

As at 30 June 2011, the Group's total cash balance was HK\$2,399.0 million (31 December 2010: HK\$2,619.7 million) and unutilised facilities were HK\$952.1 million (31 December 2010: HK\$1,010.4 million).

Gearing ratio as at 30 June 2011, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 10.3% (31 December 2010: 7.9%).

As at 30 June 2011, maturity of the Group's outstanding borrowings was as follows:

	<b>30 June 2011</b> <b>HK\$' million</b>	31 December 2010 HK\$' million
Due		
Within 1 year	<b>979.8</b>	1,647.8
1-2 years	<b>258.8</b>	503.2
3-5 years	<b>1,964.3</b>	737.2
Over 5 years	<b>374.9</b>	528.8
	<hr/> <b>3,577.8</b> <hr/>	<hr/> 3,417.0 <hr/>

#### Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2011 amounted to HK\$3,279.1 million (31 December 2010: HK\$3,108.1 million) which comprised of secured bank loans of HK\$3,009.1 million (31 December 2010: HK\$2,828.1 million) and unsecured bank loans of HK\$270 million (31 December 2010: HK\$280 million). The secured bank loans were secured by properties valued at HK\$8,991.2 million (31 December 2010: HK\$8,339.7 million) and fixed deposits of HK\$0.8 million (31 December 2010: HK\$264.1 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$412.9 million as at 30 June 2011 (31 December 2010: HK\$400.3 million) to secure bank loans of HK\$298.7 million (31 December 2010: HK\$308.9 million).

#### Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2011, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

#### **Staff and Emolument Policy**

As at 30 June 2011, the Group had a total of 360 employees (31 December 2010: 352 employees) in Hong Kong, Mainland China and New Zealand. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$63.2 million for the six months ended 30 June 2011 (2010: HK\$54.9 million).

The Group maintains a good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted an employee share option scheme and a share award scheme with options to subscribe for shares in the Company and awards of shares being granted by the Board to the Group's employees (including directors of the Company) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

## Outlook

Economic growth in US has been sluggish in the first half of the year with 0.4% in the first quarter and 1.3% in the second quarter. After Standard & Poor's downgraded the US debt, the US economy may enter into a long cycle of economic weakening that will also put pressure on China's holding of US dollar assets.

In Mainland China, the consumer price index (the "CPI") rose to a peak of three-year-high of 6.5% in July 2011 and it is expected that the CPI will ease in the coming months. The Central Government's tightening policies and the market turmoil will lead to slower growth this year. Nonetheless, the Board is optimistic on the mainland property market in the medium to long term as its economy continues to grow.

The Group is still in a good position of having excellent core assets. Dah Sing Financial Centre has achieved high occupancy rate with increasing rental income. The demand for good quality office space in Hong Kong by investors, who are concentrating in Asia, is likely to continue and result in further office rental growth. Crowne Plaza Hong Kong Causeway Bay has enhanced its turnover by establishing reputation as the best hotel in the thriving commercial district in Causeway Bay. Our office buildings in Chengdu and Guangzhou have also increased their occupancy levels. Considerable progress is being made on our development projects in Chengdu and Kaifeng with detailed plans under approval process while the detailed building plans of our large commercial/residential project in Fo Tan, Hong Kong has also been submitted.

There is no doubt that the prospects for the coming twelve months are somber and the uncertainty of the US's intention to reduce its untenable debt situation is a dominant factor which could impinge the world markets. The world economic recovery remains fragile and unbalanced. The Board will be watchful of the market developments and will continue to take a cautious and prudent approach in managing the Group's property portfolio and in assessing new investment opportunities with a view to improve the overall asset quality of the Group.

## PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2011, the Company repurchased a total of 2,502,000 ordinary shares of HK\$0.10 each of the Company on the Stock Exchange at an aggregate cash consideration of HK\$11,580,540 (excluding expenses). All the purchased shares were then cancelled and the issued share capital of the Company was reduced by the total par value of these shares so cancelled. Particulars of the repurchases are as follows:

Day of repurchase	Total number of shares repurchased	Price paid per share		Aggregate consideration HK\$	Date of cancellation of the repurchased shares
		Highest HK\$	Lowest HK\$		
20 June 2011	1,216,000	4.66	4.57	5,664,940	30 June 2011
29 June 2011	1,286,000	4.60	4.60	5,915,600	14 July 2011
	<u>2,502,000</u>			<u>11,580,540</u>	

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

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2011.

## **CORPORATE GOVERNANCE**

Throughout the six months ended 30 June 2011, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three Independent Non-executive Directors.
- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing Non-executive Directors (including the Independent Non-executive Directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including Non-executive Director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

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

## **REVIEW OF INTERIM FINANCIAL STATEMENTS**

The condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have not been audited but have been reviewed 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 HKICPA by Deloitte Touche Tohmatsu, whose report on review is contained in the Company's 2011 interim report to be despatched to shareholders. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have also been reviewed by the audit committee of the Company.



## **PUBLICATION OF INTERIM REPORT**

The 2011 Interim Report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.seagroup.com.hk](http://www.seagroup.com.hk) under “Investor Relations/Financial Reports” not later than late September 2011.

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

Hong Kong, 26 August 2011

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

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