爪哇集團
SEA Group

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 2013

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 2013 together with the comparative figures of 2012 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	**HK$'000**	HK$'000
		(unaudited)	(unaudited)
Revenue	3	**488,677**	299,213
Interest income		**12,042**	12,367
Other income		**12,276**	6,581
Costs:			
Property and related costs	4	**(107,967)**	(25,321)
Staff costs		**(84,928)**	(73,185)
Depreciation and amortisation		**(43,899)**	(41,873)
Other expenses		**(73,029)**	(85,861)
		(309,823)	(226,240)
Profit from operations before fair value changes on properties		**203,172**	91,921
Fair value changes on investment properties		**158,655**	376,190
Profit from operations after fair value changes on properties		**361,827**	468,111
Gain on disposal of assets classified as held for sale		**21,640**	-
Share of results of associates		**(1,473)**	703
Share of results of joint ventures		**-**	(2,667)
Finance costs	5	**(43,789)**	(46,926)
Profit before taxation		**338,205**	419,221
Income tax expense	6	**(50,833)**	(54,704)
Profit for the period		**287,372**	364,517

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (*Continued*)
For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
	Notes	**HK$'000**	HK$'000
		(unaudited)	(unaudited)
Attributable to:			
Company's shareholders		**280,447**	356,130
Non-controlling interests		**6,925**	8,387
		287,372	364,517
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	8		
Basic		**41.7**	53.2
Diluted		**40.9**	53.1
Earnings per share excluding fair value changes on properties net of deferred tax	*8*		
Basic		***20.3***	*3.4*
Diluted		***19.9***	*3.4*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**287,372**	364,517
Other comprehensive income (expense):		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**55,708**	(14,004)
Release of translation reserve upon disposal of assets classified as held for sale	**(2,480)**	-
Share of translation differences of joint ventures	**-**	(250)
Share of translation differences of associates	**(595)**	319
Other comprehensive income (expense) for the period	**52,633**	(13,935)
Total comprehensive income for the period	**340,005**	350,582
Total comprehensive income attributable to:		
Company's shareholders	**330,309**	346,343
Non-controlling interests	**9,696**	4,239
	340,005	350,582

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2013

	Notes	**At 30 June 2013 HK$'000 (unaudited)**	At 31 December 2012 HK$'000 (audited)
Non-current assets			
Investment properties		**9,786,861**	9,612,715
Property, plant and equipment		**1,050,694**	1,081,675
Properties for development		**1,348,975**	1,292,243
Club memberships		**8,574**	8,574
Interests in associates		**11,123**	13,191
Loans receivable		**8,169**	9,396
Note receivable		**15,510**	15,510
Other receivable		**372,355**	365,800
Pledged bank deposits		**-**	58,750
Restricted bank deposits		**6,277**	-
		12,608,538	12,457,854
Current assets			
Properties held for sale			
Completed properties		**235,604**	314,748
Properties under development		**820,799**	733,991
Other inventories		**794**	935
Loans receivable		**502**	642
Trade receivables, deposits and prepayments	9	**123,807**	118,242
Tax recoverable		**827**	3,014
Amounts due from non-controlling shareholders		**2,199**	1,270
Bank balances and cash		**2,259,505**	1,644,905
		3,444,037	2,817,747
Assets classified as held for sale		**-**	42,090
		3,444,037	2,859,837
Current liabilities			
Payables, deposits and accrued charges	10	**258,947**	357,590
Sales deposits		**6,931**	-
Tax liabilities		**138,035**	109,882
Amounts due to non-controlling shareholders		**95,350**	211,404
Bank borrowings – due within one year		**939,416**	409,367
		1,438,679	1,088,243
Net current assets		**2,005,358**	1,771,594
Total assets less current liabilities		**14,613,896**	14,229,448

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
At 30 June 2013

	At 30 June 2013 HK$'000 (unaudited)	At 31 December 2012 HK$'000 (audited)
Capital and reserves		
Share capital	**67,198**	67,129
Reserves	**11,202,692**	10,902,667
Equity attributable to the Company's shareholders	**11,269,890**	10,969,796
Non-controlling interests	**428,827**	302,166
Total equity	**11,698,717**	11,271,962
Non-current liabilities		
Bank borrowings – due after one year	**2,414,667**	2,472,794
Deferred taxation	**498,886**	482,534
Derivative financial instrument	**1,626**	2,158
	2,915,179	2,957,486
	14,613,896	14,229,448

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The application of the new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements except as described below.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11 "Joint Arrangements". The directors concluded that the Group's joint arrangements, which were classified as jointly controlled entities under HKAS 31 "Interests in Joint Ventures" and were accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method up to the date of the joint arrangements are classified as assets held for sale.

In accordance with the transitional provisions of HKFRS 13 "Fair Value Measurement", the Group has applied the new fair value measurement and disclosure requirements prospectively. The application of HKRFS 13 has had no material impact on the reported amount in these condensed consolidated financial statements.

The amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income" introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The amendments to HKAS 34 "Interim Financial Reporting" clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision makers (the "**CODMs**") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

Since the CODMs do not review assets and liabilities of the Group's reportable segments for performance assessment and resource allocation purposes, the Group has not included total asset information as part of the segment information.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the CODMs, for the purposes of resource allocation and assessment of segment performance is mainly focused on property development, property investment and hotel operation.

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

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

Six months ended 30 June 2013

	Property development HK$'000	**Property investment HK$'000**	**Hotel operation HK$'000**	**Eliminations HK$'000**	**Consolidated HK$'000**
SEGMENT REVENUE					
External sales	**177,000**	**189,301**	**122,376**	**-**	**488,677**
Inter-segment sales	**-**	**1,185**	**-**	**(1,185)**	**-**
Total	**177,000**	**190,486**	**122,376**	**(1,185)**	**488,677**
SEGMENT RESULTS					
Segment profit	**69,889**	**327,137**	**30,228**		**427,254**
Interest income					**12,042**
Corporate expenses					**(55,829)**
Share of results of associates					**(1,473)**
Finance costs					**(43,789)**
Profit before taxation					**338,205**

Six months ended 30 June 2012

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Eliminations HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	24,188	156,176	118,849	-	299,213
Inter-segment sales	-	309	-	(309)	-
Total	24,188	156,485	118,849	(309)	299,213
SEGMENT RESULTS					
Segment (loss) profit	(6,940)	477,260	34,601		504,921
Interest income					12,367
Corporate expenses					(49,177)
Share of results of associates					703
Share of results of joint ventures					(2,667)
Finance costs					(46,926)
Profit before taxation					419,221

3. SEGMENT INFORMATION (*Continued*)

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 joint ventures and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODMs.

No segment assets and liabilities are presented as the information is not reportable to the CODMs for resource allocation and assessment of performance.

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Changes in properties held for sale	**80,619**	10,207
Reversal of provision on relocation compensation	**-**	(5,095)
Selling and marketing expenses	**3,405**	1,308
Direct operating expenses on investment properties	**23,943**	18,901
	107,967	25,321

5. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	**23,975**	25,493
Bank borrowings not wholly repayable within 5 years	**19,350**	19,070
	43,325	44,563
Less: Amounts capitalised to property development projects	**(2,631)**	(539)
	40,694	44,024
Front end fee	**1,912**	1,732
Other charges	**1,183**	1,170
	43,789	46,926

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Current tax		
Hong Kong Profits Tax	**32,728**	17,967
PRC Enterprise Income Tax	**4,253**	3,782
Other jurisdictions	**125**	130
	37,106	21,879
Deferred tax	**13,727**	32,825
	50,833	54,704

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

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

7. DIVIDEND PAID

	Six months ended 30 June	
	2013	2012
	HK$'000	HK$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2012 of HK6 cents per share (1 January 2012 to 30 June 2012: final dividend for the year ended 31 December 2011 of HK6 cents per share)	**40,318**	40,169

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	
	2013	2012
	HK$'000	HK$'000
Earnings for the purpose of basic and diluted earnings per share	**280,447**	356,130

	Number of shares	
	2013	2012
Weighted average number of ordinary shares for the purpose of basic earnings per share	**671,958,687**	669,306,451
Effect of dilutive potential ordinary shares options	**13,219,993**	1,080,009
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**685,178,680**	670,386,460

For the purpose of assessing the performance of the Group, the directors are 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	
	2013	2012
	HK$'000	HK$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	**280,447**	356,130
Fair value changes on investment properties	**(158,655)**	(376,190)
Deferred tax thereon	**10,454**	32,981
Attributable to non-controlling interests	**4,302**	10,166
Adjusted profit attributable to the Company's shareholders	**136,548**	23,087

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

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2013 HK$'000	At 31 December 2012 HK$'000
Trade receivables	**10,063**	11,671
Accrued income, deposits and prepayments	**113,744**	106,922
Less: Allowance for impairment loss	**-**	(351)
	123,807	118,242

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

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 2013 HK$'000	At 31 December 2012 HK$'000
0 to 30 days	**9,070**	10,761
31 to 60 days	**846**	763
61 to 90 days	**3**	4
91 to 365 days	**144**	142
Over 365 days	**-**	1
	10,063	11,671

10. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	At 30 June 2013 HK$'000	At 31 December 2012 HK$'000
Trade payables	**1,724**	2,720
Rental deposits	**106,281**	93,539
Rental received in advance	**10,839**	8,590
Other payables, other deposits and accrued charges	**140,103**	252,741
	258,947	357,590

Included in other payables is an aggregate amount of HK$83,458,000 (31 December 2012: HK$85,761,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure works on certain pieces of land. Included in other deposits at 31 December 2012 is an amount of HK$40,000,000 received on disposal of the interests in joint ventures.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK$69,212,000 at 30 June 2013 (31 December 2012: HK$61,667,000).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5 cents (2012: HK5 cents) per share for the six months ended 30 June 2013 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 3 October 2013. The relevant dividend warrants are expected to be despatched on or before Friday, 11 October 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 30 September 2013 to Thursday, 3 October 2013, 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 for registration with the Company’s Branch Share Registrars in Hong Kong, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 27 September 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the six months ended 30 June 2013 amounted to HK$488.7 million (2012: HK$299.2 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of commercial podium and all public car parking space of The Forest Hills.

Profit attributable to the Company's shareholders for the period amounted to HK$280.4 million (2012: HK$356.1 million), equivalent to a basic earnings per share of HK41.7 cents (2012: HK53.2 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK$143.9 million (2012: HK$333.0 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$136.5 million (2012: HK$23.1 million), equivalent to a basic earnings per share of HK20.3 cents (2012: HK3.4 cents).

As at 30 June 2013, the Group's equity attributable to the Company's shareholders amounted to HK$11,269.9 million (31 December 2012: HK$10,969.8 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2013 was HK$16.77 as compared with HK$16.34 as at 31 December 2012.

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

	30 June 2013 HK$' million	31 December 2012 HK$' million
Hong Kong	**9,068.2**	8,930.8
Mainland China	**3,919.9**	3,777.4
Australia and New Zealand	**200.6**	255.2
Total	**13,188.7**	12,963.4

Business Review

Property Investment and Development

The Group continues to focus on development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review and optimise the project portfolios from time to time. During the period, the Group has completed the disposal of the entire interest in the 50%-owned Leiyang project to the joint venture partner in May 2013. The Group's core projects located in Hong Kong and Mainland China are listed below.

Hong Kong

The office leasing market was stable during the period. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the period increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 97% as at 30 June 2013.

The Group has sold the commercial podium, all public car parking spaces and all the remaining residential units of The Forest Hills for the period under review. Four of the sold units of The Forest Hills will be completed in the third quarter of this year and the sale of the residents' car parking spaces are continuing.

The proposed development project at Fo Tan envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus and has a site area of approximately 20,000 square metres. The foundation work has been completed and building plans were approved by the Buildings Department.

Mainland China

Chengdu, Sichuan Province

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2013, the aggregate occupancy rate for the two office towers and the retail podium was approximately 93%. Leasing activities for the remaining areas of Plaza Central continue.

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

The Group submitted to the local government the master layout plan of the Longquan project, which has a site area of 506,000 square metres, in December 2012. Preliminary site works of the project have been completed and site formation works for Phase I are planned to commence in the third quarter of 2013.

Kaifeng, Henan Province

The project in Kaifeng, known as "Nova City", has a site area of 735,000 square metres and it is to be developed into an integrated complex in Zheng-Kai District, a new town in Kaifeng. In order to provide a better living environment with lower density, the gross floor area of the proposed development will vary from 2,000,000 to 2,500,000 square metres and envisage shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The master layout plan was approved by the local government in April 2013. Foundation work for Phase I of the residential component has been completed and the superstructure works are scheduled to commence in the third quarter of 2013.

Guangzhou, Guangdong Province

As at 30 June 2013, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 97% with more than one-third of the total office space being leased to AIA. Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 337,000 square metres comprising of development land of about 117,000 square metres and landscape land of 220,000 square metres. An overall development plan for a hotel, serviced apartments and resort villas in the integrated resort site has been prepared and conceptual design has been completed.

Chi Shan, Nanjing, Jiangsu Province

The Group has established two 51%-owned joint venture companies to participate in the tenant relocation arrangements and excavation and infrastructure works on certain pieces of land in Chi Shan. The Group intends to acquire such lands through land auctions by different stages.

Australia and New Zealand

Turnover generated from the property investment project in Australia for the period ended 30 June 2013 was HK$10 million (2012: HK$12.5 million). During the period, the Group had disposed its interest in Christchurch project in New Zealand. The strategy to sell the existing properties at reasonable prices remains unchanged.

Hotel Operation

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

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2013, the Group's total cash balance was HK$2,265.8 million (31 December 2012: HK$1,703.7 million) and unutilised facilities were HK$861.0 million (31 December 2012: HK$1,040.0 million).

Gearing ratio as at 30 June 2013, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 8.3% (31 December 2012: 9.1%).

As at 30 June 2013, maturity of the Group's outstanding borrowings was as follows:

	30 June 2013 HK$' million	31 December 2012 HK$' million
Due		
Within 1 year	**940.8**	410.2
1-2 years	**710.3**	1,171.0
3-5 years	**1,425.9**	1,015.4
Over 5 years	**292.8**	300.9
	3,369.8	2,897.5
Less: Front-end fee	**(15.7)**	(15.4)
	3,354.1	2,882.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2013 amounted to HK$3,233.3 million (31 December 2012: HK$2,725.1 million) which comprised of secured bank loans of HK$3,069.3 million (31 December 2012: HK$2,725.1 million) and unsecured bank loans of HK$164.0 million (31 December 2012: nil). The secured bank loans were secured by properties valued at HK$10,686.1 million (31 December 2012: secured by properties valued at HK$10,407.8 million and fixed deposits of HK$58.8 million).

A subsidiary of the Company operating in Australia pledged its properties with an aggregate carrying value of HK$200.6 million as at 30 June 2013 (31 December 2012: HK$225.3 million) to secure bank loans of HK$120.8 million (31 December 2012: HK$157.0 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2013, 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 2013, the Group had a total of 421 employees (31 December 2012: 376 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK$84.9 million for the six months ended 30 June 2013 (2012: HK$73.2 million).

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

Outlook

Market sentiment remains very unclear and is affected by the global moves of central banks and governments' intervention. In the past month, the Federal Reserve has given mixed signals about the timing of tapering quantitative easing. The uncertainties of U.S. economic growth and Eurozone debt levels remain one of the major risks.

Mainland China continued to experience strong economic growth with GDP growth rate maintained at 7.5% in the second quarter of 2013. The property market continues to grow with the 100 cities index recording thirteen months growth since June 2012. However, the growth momentum seems to be slowing down.

In Hong Kong, the imposition of additional stamp duties has quietened down the property market in term of transaction volume but there is no signal of property price going down as the supply of new residential units in the foreseeable future is limited. The sales of first-hand properties became much quieter following the new Residential Properties (First-hand Sales) Ordinance in April this year. Developers are slowing down their sale plans to assess the means of compliance with the new law.

Despite the uncertainty of the economic environment, the Group continues to progress well. Occupancy of our investment property in Hong Kong remains high and the hotel continues to achieve high occupancy levels. The investment properties in the Mainland China have also achieved high occupancy levels and in particular in Chengdu where there is an oversupply of offices but the Group has managed to retain a large number of tenants by proactive management.

In Hong Kong, the foundation work of the Fo Tan project has been completed but the development will not proceed until a more realistic land premium is agreed with the Government. The Group is currently in appeal process to ensure the land premium is in line with the market conditions where land price paid for development sites are currently falling.

In respect to the development projects in Mainland China, Phase I of the Kaifeng project is underway. Around 1,200 residential units will be released for sale in the fourth quarter of this year and will be priced in line with the current competitive developments. As the site was purchased on good terms, it is foreseen that the project will provide good potential returns to the Group. The master layout plan of our Longquan project is now approved and the first pre-sales are expected to take place in mid 2014.

In view of the turbulence of the worldwide finance markets, the Board will continue the conservative approach on cash management until a clearer picture is seen.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2013.

CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2013, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code 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.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2013 have not been audited but have been reviewed by the audit committee of the Company, and by Deloitte Touche Tohmatsu 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.

PUBLICATION OF INTERIM REPORT

The 2013 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 (www.hkex.com.hk) and the Company (www.seagroup.com.hk) no later than late September 2013.

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

Hong Kong, 28 August 2013

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

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