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Interim Report 2010 中期報告

# Directory

## Directors

### Executive Directors

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

### Non-executive Director

Mr. Lam Sing Tai

### Independent Non-executive Directors

Mr. Walujo Santoso, Wally  
Mr. Leung Hok Lim  
Mr. Chung Pui Lam

## Audit Committee

Mr. Leung Hok Lim (*Chairman*)  
Mr. Walujo Santoso, Wally  
Mr. Chung Pui Lam

## Remuneration Committee

Mr. Chung Pui Lam (*Chairman*)  
Mr. Lu Wing Chi  
Mr. Lambert Lu  
Mr. Walujo Santoso, Wally  
Mr. Leung Hok Lim

## Authorised Representatives

Mr. Lambert Lu  
Mr. Kwok Siu Man, Seaman

## Company Secretary

Mr. Kwok Siu Man, Seaman

## Legal Advisers

Stephenson Harwood  
Conyers Dill & Pearman

## Independent Auditor

Deloitte Touche Tohmatsu

## Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited  
Bank of China (Hong Kong) Limited  
Standard Chartered Bank (Hong Kong) Limited  
Dah Sing Bank, Limited

## Registered Office

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

## Principal Place of Business

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

## Branch Registrars in Hong Kong

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

## Listing

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

## Stock Code and Board Lot

251/2,000

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

## Website

[www.seagroup.com.hk](http://www.seagroup.com.hk)





# contents



2	Property Portfolio
4	Chairman's Statement
13	Corporate Governance and Other Information
21	Report on Review of Interim Financial Information
22	Condensed Consolidated Income Statement
23	Condensed Consolidated Statement of Comprehensive Income
24	Condensed Consolidated Statement of Financial Position
26	Condensed Consolidated Statement of Changes in Equity
27	Condensed Consolidated Statement of Cash Flows
28	Notes to the Condensed Consolidated Financial Statements

# Property Portfolio

As at 30th June 2010

## Particulars of Investment Properties:

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
<b>HONG KONG</b>					
Dah Sing Financial Centre	108 Gloucester Road, Wanchai	30th June, 2047	Commercial/Office	37,171 and 164 car-parking spaces	97.2
<b>MAINLAND CHINA</b>					
Plaza Central	8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province	6th October, 2063	Commercial/Office	91,455 (including car-parking floors)	97.2
Office Tower, Westmin Plaza Phase II	50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	23rd May, 2050	Office	16,112	97.2
Commercial podium in Zone B and car-parking spaces on Basements 2 and 3, New Century Plaza	No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province	18th May, 2063	Commercial	19,261 (including car-parking spaces)	97.2

## Particulars of Properties Held for Sale:

Name	Location	Stage of Completion	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
<b>HONG KONG</b>					
Royal Green	18 Ching Hiu Road, Sheung Shui, New Territories	Completed	Residential	260 and 5 car-parking spaces	53.5
The Morrison	28 Yat Sin Street, Wanchai	Completed	Residential	303	97.2
The Forest Hills	99 Po Kong Village Road, Diamond Hill, Kowloon	Completed	Residential/Commercial	3,415 and 17 private car-parking spaces and 4 motorcycle spaces	97.2
<b>MAINLAND CHINA</b>					
Commercial podium, Westmin Plaza Phase II	48-58 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province	Completed	Commercial	45,984 (including car-parking floors)	97.2
<b>NEW ZEALAND</b>					
Man Street Carpark	12-26 Man Street, Queenstown	Completed	Carpark	530 car-parking spaces	100
Kaikainui Block	Harewood, Christchurch	Completed	Residential	10,915	34.1
Clearwater Resort	Harewood, Christchurch	Completed	Commercial	5,410	34.1

# Property Portfolio

As at 30th June 2010

## Particulars of Hotel Building:

Name	Location	Lease Expiry	Usage	Approximate Gross Floor Area (square metres)	Group's Interest (%)
<b>HONG KONG</b>					
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay	6th November, 2049	Hotel	14,945	97.2

## Particulars of Development Properties/Properties under Development:

Name of Project	Location	Stage of Completion	Estimated Completion Date	Usage	Approximate Site Area (square metres)	Group's Interest (%)
<b>HONG KONG</b>						
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 2012	Residential/ Commercial	20,092	97.2
<b>MAINLAND CHINA</b>						
Huangshan Project	Qiankou Town, Huizhou District, Huangshan City, Anhui Province	Planning stage	Beyond 2011	Tourist leisure facilities	333,500	97.2
The Redbud City (Phase I)	Ti Yu North Road, Leiyang City, Hunan Province	Superstructure works in progress	2011	Residential	45,000 (Gross Floor Area)	48.6
Kaifeng Project	South lateral of Zheng Kai Da Road, Kaifeng, Henan Province	Planning stage	2014	Residential/ Commercial	675,000	97.2
<b>NEW ZEALAND</b>						
Clearwater Resort	Harewood, Christchurch	Planning stage	Late 2011	Residential	210,653	34.1
Timperley Block	Harewood, Christchurch	Planning stage	Late 2012	Residential	356,505	55.0
Waterside Business Centre	Favona, Auckland	Planning stage	Early 2012	Commercial	62,952	100



# Chairman's Statement

## Financial Summary

Turnover for the six months ended 30th June, 2010 amounted to HK\$311.2 million (2009: HK\$270.9 million). The turnover was principally attributable to the recognition of the sales of residential units of The Forest Hills, rental incomes from investment properties and revenue from the hotel operation.

Net profit attributable to the Company's shareholders for the period amounted to HK\$268.8 million (2009: HK\$570.1 million), equivalent to basic earnings per share of HK\$0.41 (2009: HK\$0.88). The reported profit included a revaluation surplus on investment properties net of deferred taxation. By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$37.3 million (2009: HK\$72.2 million), equivalent to basic earnings per share of HK\$0.06 (2009: HK\$0.11).

As at 30th June, 2010, the Group's equity attributable to the Company's shareholders amounted to HK\$7,650.5 million (31st December, 2009: HK\$7,367.3 million). The net asset value per share as at 30th June, 2010 was HK\$11.42 as compared with HK\$11.38 as at 31st December, 2009.

## Interim Dividend

The Board has declared the payment of an interim cash dividend of HK5 cents per share for the six months ended 30th June, 2010 (2009: HK5 cents) on Friday, 15th October, 2010 to the shareholders of the Company whose names appear on the Hong Kong Branch Register of Members at the close of business on Friday, 8th October, 2010. Total interim dividends payable at the date of this statement amount to HK\$33.5 million which will



*Swimming pool of Crowne Plaza Hong Kong Causeway Bay*

be increased by a maximum of HK\$0.3 million if additional ordinary shares are issued upon the exercise by the respective holders of all their outstanding share options before the commencement of the fixed period of closure of the Hong Kong Branch Register of Members on 5th October, 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 the investment properties situated in both Hong Kong and mainland China continued to provide stable return to the Group.

For developed properties, turnover for the period represented the sale of certain remaining residential units of The Forest Hills. As the number of remaining units for sale has been reducing, the contribution from the property development business decreased gradually.

The Crowne Plaza Hong Kong Causeway Bay commenced operations in November 2009 and its performance was improved during the period. Though an accounting loss was recorded when depreciation of the hotel property was taken into account, the hotel generated positive cash flow from its operation.

## Property Investment and Development

The Company through Asian Growth Properties Limited ("AGP"), its 97.2% owned subsidiary whose issued shares are admitted for trading on the AIM Market of London Stock Exchange Plc., holds the following property development and investment projects in Hong Kong and mainland China:

### Hong Kong

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

The 39-storey commercial building includes offices and shops (total gross floor area of about 37,200 square metres) and with ancillary car-parking facilities for 137 covered and 27 open car-parking spaces. Rental income generated from the Dah Sing Financial Centre has been stable and satisfactory. The occupancy rate still stays at a high level and it was approximately 98% as at 30th June, 2010.



## Chairman's Statement

### 2. *The Forest Hills, Diamond Hill*

With a total gross floor area of approximately 18,800 square metres, the property has been developed as a 48-storey residential and commercial composite building, comprising 304 residential units above a 7-level retail podium, a club-house and car parks. The development was completed in April 2008 and delivery of the residential units to buyers commenced in May 2008. Up to 30th June, 2010, about 86% of the residential units and 59 out of 76 residents' car-parking spaces have been sold while all the non-residents' car-parking spaces have been leased to a

### 3. *The Morrison, Wanchai*

The property is a 30-storey residential and commercial composite building with a total gross floor area of approximately 5,800 square metres, comprising 104 residential units above a club-house floor and a 3-storey commercial podium. The development was completed in October 2007 and has won the Best Interior Design Award of the CNBC Asia Pacific Property Awards 2008 organised by the International Homes Magazine and the Best Environmental Design



*Dah Sing Financial Centre*



*The Forest Hills*



*The Morrison*

car-park operator at satisfactory rentals until end of February 2012.

Marketing for the remaining residential units and residents' car-parking spaces and the leasing activities for the retail podium are continuing.

Award 2008 organised by The Hong Kong Institute of Surveyors.

Marketing for the remaining 5 residential units (which are presently leased) is continuing. In December 2009, the Group entered into an agreement for sale and purchase with an independent party for the



## Chairman's Statement

disposal of the entire commercial podium of The Morrison at a consideration of HK\$245 million. The transaction was completed in late March 2010 and the profit generated therefrom was included in the fair value changes on investment properties in the consolidated financial statements of the Company for the year ended 31st December, 2009 as a result of the relevant property revaluation in accordance with the applicable financial reporting standards.



*Royal Green*

#### 4. *Royal Green, Sheung Shui*

The Group has a 53.5% effective interest in this private residential development comprising 922 residential units contained in three 40-storey residential towers with ancillary recreational and car-parking facilities. In June 2010, an agreement for sale and purchase for the disposal of 1 duplex residential unit was signed and since 1st July, 2010, 3 car-parking spaces have been sold.

The marketing campaign for the remaining 1 furnished duplex residential unit in Tower 3 known as Green Palace and 2 car-parking spaces reserved for the buyer for such unit is continuing.

#### 5. *Fo Tan, Sha Tin*

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 envisages, among other facilities, residential units, car parks,



*Crowne Plaza Hong Kong Causeway Bay*

educational facilities and a bus terminus. The Town Planning Board rejected the Group's town planning application in July 2008 due to a number of outstanding environmental, traffic and urban design issues. The hearing of the Group's appeal which commenced in mid October 2009 ended in early January 2010 and the Group is expecting the outcome over the next few months.

## Location of the Group's properties/projects

### IN MAINLAND CHINA

- 1 Westmin Plaza Phase II
- 2 Plaza Central
- 3 Huangshan Project
- 4 New Century Plaza
- 5 Nanjing Project
- 6 The Redbud City
- 7 Kaifeng Project

MAINLAND CHINA



### IN HONG KONG

- A Dah Sing Financial Centre
- B Royal Green
- C The Morrison
- D The Forest Hills
- E Crowne Plaza Hong Kong Causeway Bay
- F Fo Tan Project



## Mainland China

### 6. 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 gross floor area of approximately 91,500 square metres. During the period, the aggregate occupancy rate for the two office towers improved marginally and leasing activities for the remaining areas are continuing. The 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 30th June, 2010, the aggregate occupancy rate for the two office towers and the retail podium was 73%. Rental return from this property will benefit from the improved occupancy.

### 7. New Century Plaza, Chengdu

The Group's property is a shopping arcade with a gross floor area of about 16,300 square metres and two car-parking basement floors in a commercial development known as New Century Plaza in Chengdu, Sichuan Province. The arcade has been fully let since the Group's renewal of the tenancy with a furniture retailer for a further term of five years commencing on 1st September, 2009 at a rental commensurate with the economic conditions then.

### 8. Westmin Plaza Phase II, Guangzhou

The Westmin Plaza Phase II project, which has a total gross floor area of about 119,000 square metres, comprises four residential blocks of 646 units and one office block erected on a 5-storey commercial/car-parking podium. The residential units were fully sold in February 2009 and the Group retains ownership of the office and commercial units. The development has won the Best Mixed Use Development — China Award of the CNBC Asia Pacific Commercial Property Awards 2009.

The 14-storey office tower has a total gross floor area of about 16,100 square metres. As at 30th June, 2010, 99% of the tower was leased with more than one-third of the total office space being leased with naming rights to AIA, an international insurer, for a term of six years from April 2008. Leasing activities for the remaining office space and the 3-storey shopping arcade with a total gross floor area of about 26,400 square metres are in progress.

### 9. Huangshan

In March 2010, the Group completed its acquisition from the joint venture partner of the remaining 9% equity interest not owned by it in the project company which has the right to develop tourist leisure facilities on land located in the famous scenic and most visited tourist Huangshan (Yellow Mountain) area in Anhui Province. The project is presently 97.2% owned by the Group.

The land to be developed by the Group has a site area of about 333,500 square metres, comprising about 66,700 square metres owned by the project company and about 266,800 square metres leased from the local authority for development. An overall development plan for a hotel and villas in the integrated resort site prepared by a renowned architect in Japan is being considered by the management.

### 10. Chi Shan, Nanjing

Through the establishment/acquisition of two 51%-owned joint venture companies by a 97.2% owned subsidiary since late 2008, the Group started its investment projects in Chi Shan, Nanjing, Jiangsu Province. The joint venture companies are currently participating in the excavation, tenant relocation arrangements and infrastructure works on certain pieces of lands in that locality. Negotiations with the joint-venture partners about the size and scope of this luxury villa development are continuing.

# Chairman's Statement

## 1.1. The Redbud City, Leiyang

A 50/50 joint venture of the AGP group was established in March 2009 for the development project known as The Redbud City in Leiyang, Hunan Province. The superstructure work for, in aggregate, twelve blocks of link-house and high-rise apartment building with a total gross floor area of approximately 45,000 square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. The pre-sale campaign for Phase I development was launched in May 2009 and so far, 275 out of 285 residential units have been sold. Marketing activities for the remaining units are continuing. Delivery of the first batch of units has commenced

In late June 2010, the Group acquired eight pieces of land in Kaifeng, Henan Province with a total site area of about 675,000 square metres for residential and commercial development for HK\$459.8 million. Also in mid August 2010, the Group made successful bids in the public tenders for two additional pieces of land with a total site area of about 60,000 square metres adjacent to the abovementioned land for residential and commercial development for HK\$54.6 million. A cash deposit of HK\$9.2 million for the bidding has been paid and it is expected that the balance of the total bided land cost will be paid before 30th September, 2010.

Research and feasibility study in respect of the above projects' market positioning are in progress.



recently and the remaining units are expected to be delivered to the purchasers at different completion stages up until October 2011.

## New Development Projects

During the period under review, the Group was active in pursuing new development opportunities and increasing its land bank in attractive second-tier cities in mainland China because the land prices are lower and their economies are likely to grow even when there is a slow-down in the primary cities.

## Hotel Operation

### Crowne Plaza Hong Kong Causeway Bay

The project has been developed into a 29-storey five-star hotel comprising 263 guest rooms (gross floor area of approximately 14,945 square metres) with ancillary facilities. The operation of the Hotel under the name of "Crowne Plaza Hong Kong Causeway Bay", which commenced operations in early November 2009,



is presently managed by a member of the InterContinental Hotels Group ("IHG"). So far, the room occupancy and room rates have been satisfactory and the Hotel has proved popular with a wide range of guests and increasing up-scale business travellers. Efforts are being made in further improving its food and beverages operation and turnover.

In April 2010, the Hotel won three awards of the International Property Awards in association with Bloomberg Television, namely:

1. the Best Hotel Construction & Design Hong Kong — 5-star Award;
2. the Architecture (Leisure & Hospitality) Hong Kong — 5-star Award; and
3. the Best Interior Design Hong Kong — Highly Commended Award.

In July 2010, it won two other awards, namely:

- a) the "Best New Hotel Award" amongst the Crowne Plaza Hotels for Greater China opened in 2009 conferred by the IHG; and
- b) the "Golfers' Choice Awards 2010 — Choice New Hotel" conferred by Golf Vacations, a magazine distributed in mainland China, Hong Kong and Macau.

## Australia and New Zealand

Turnover generated from the property investment and development for the six months ended 30th June, 2010 was HK\$7.8 million (2009: HK\$8.7 million) which incurred a net loss of HK\$11.2 million (2009: net loss of HK\$6.5 million). 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.

## Financial Resources and Liquidity

### Working Capital and Loan Facilities

As at 30th June, 2010, the Group's total cash balance was HK\$2,422.0 million (31st December, 2009: HK\$2,663.6 million) and unutilized facilities were HK\$1,122.8 million (31st December, 2009: HK\$937.4 million).

Gearing ratio as at 30th June, 2010, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.3% (31st December, 2009: 6.9%).

As at 30th June, 2010, maturities of the Group's outstanding borrowings were as follows:

	<b>30th June, 2010</b>	31st December, 2009
	<b>HK\$' million</b>	HK\$' million
Due		
Within 1 year	<b>1,491.0</b>	1,020.0
1-2 years	<b>547.0</b>	946.3
3-5 years	<b>729.9</b>	1,112.9
Over 5 years	<b>538.7</b>	193.1
	<b>3,306.6</b>	3,272.3

### Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and mainland China, the total bank loans drawn as at 30th June, 2010 amounted to HK\$3,028.7 million (31st December, 2009: HK\$2,958.6 million), which were secured by properties valued at HK\$7,733.9 million (31st December, 2009: HK\$6,865.4 million) and fixed deposits of HK\$264.1 million (31st December, 2009: HK\$325.3 million).

Certain subsidiaries of the Company operating in New Zealand and Australia pledged their properties with an aggregate carrying value of HK\$365.7 million as at 30th June, 2010 (31st December, 2009: HK\$388.7 million) and fixed deposits of HK\$5.1 million (31st December, 2009: HK\$5.3 million) to secure bank loans of HK\$277.9 million (31st December, 2009: HK\$313.7 million).

# Chairman's Statement

## Treasury Policies

The Group adheres to prudent treasury policies. As at 30th June, 2010, 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 30th June, 2010, the Group had a total of 308 employees in Hong Kong, mainland China and New Zealand (31st December, 2009: 254). Employee costs, including the emoluments of the directors of the Group, amounted to HK\$54.9 million (1st January, 2009 to 30th June, 2009: HK\$35.6 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.

Further, the Group provides on-the-job and certain in-house training to its staff to update their occupational knowledge and skills for quality services.

## Outlook

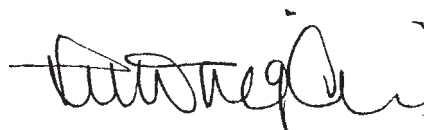
At the time of writing, the outlook for the coming six months is somewhat uncertain. It would appear that the nascent recovery in the US appears to be slowing despite good corporate

results in the first half. The Federal Reserve has recently expressed concerns about the strength of recovery and as a result, interest rates are likely to remain benign for some considerable time. Yet, this is unlikely to stimulate economic growth with a high level of unemployment continuing in the US and slowing consumer spending and confidence. US national debt levels remain at unsustainable levels. Similar conditions exist in the Eurozone with many national governments contending with having to reduce substantial deficits.

Set against this background, it is hardly surprising that economic growth has been slowing in mainland China. Recent intervention by government using various fiscal measures to restrict the rapid rise of property prices has been having an effect and market prices are stabilising.

We do, however, remain cautiously optimistic about the long-term prospects for the property development business in mainland China and Hong Kong but as stated in our previous report, we would not underestimate the uncertainties and difficulties in the coming period with potentially choppy waters ahead.

Hong Kong continues to benefit from its proximity to mainland China and its role as a fund raising centre of excellence, which is reflected in its low vacancy rates in the office market and continuing high residential property prices. The Group will adhere to prudent financial policies and continue to maintain high liquidity and low gearing. We believe in the short term that the current environment with all its uncertainties may well offer us some excellent longer term opportunities and we are well placed to take advantage of those opportunities should they arise. However, we would stress that we see an amber light for the time being and will proceed accordingly.



**Lu Wing Chi**  
*Chairman and Managing Director*

Hong Kong, 30th August, 2010



# Corporate Governance and Other Information

## Corporate Governance Practices

Throughout the period for the six months ended 30th June, 2010 (the "Period"), 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 (as amended) contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a 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. The Board meets at approximately quarterly intervals to discuss substantial issues affecting the operations of the Group. There is a strong independent element in the composition of the Board. Of the eight Board members, three are Independent Non-executive Directors.
- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing Non-executive Directors (including the Independent Non-executive Directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional Director (including Non-executive Director) will hold office only until the next annual general meeting and will then be eligible for re-election. As such, the Board considers that such 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.

## Securities Transactions by Directors and Employees

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 by the Company, all the directors of the Company have confirmed in writing that they had complied with the required standard as set out in the Model Code throughout the Period.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the directors of the Company) (the "Relevant Employees") to regulate their dealings in the listed shares of the Company and Asian Growth Properties Limited ("AGP"), a subsidiary of the Company as the Relevant Employees are likely to be in possession of unpublished price-sensitive information in relation to such shares because of their office or employment.

# Corporate Governance and Other Information

## Review of Results

The 2010 interim financial information which comprises the Group's condensed consolidated financial statements as at 30th June, 2010 and for the Period (the "Financial Statements") has not been audited but has been reviewed by Messrs. Deloitte Touche Tohmatsu ("DTT"), the Company's independent external auditor, whose review report is contained on page 21 of this Interim Report.

In the presence of the representatives of DTT, the Audit Committee which comprises three members, all of whom are Independent Non-executive Directors of the Company met on 27th August, 2010 and reviewed with the management the unaudited Financial Statements and expressed no disagreement over the same (including the accounting policies adopted by the Group).

## Directors' and Chief Executive's Interests in Securities

The directors and the chief executive of the Company who held office on 30th June, 2010 and their respective associates (as defined in the Listing Rules) had the following interests or short positions 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")) on that date 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 Appendix 10 to the Listing Rules and adopted by the Company, were as follows:

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

Name of directors	Number of shares of HK\$0.1 each	Number of underlying shares (share options)	Total interests	Approximate % of total interests to total issued shares
	Held as beneficial owner	Held as beneficial owner		
Lu Wing Chi	6,569,285	—	6,569,285	0.98
Lu Wing Yuk, Andrew	3,000,000	3,569,285 <sup>#</sup>	6,569,285	0.98
Lincoln Lu	5,342,002	—	5,342,002	0.80
Lambert Lu	8,342,002	—	8,342,002	1.24
Lam Sing Tai	101,478 <sup>##</sup>	—	101,478	0.02
Walujo Santoso, Wally	656,928	—	656,928	0.10
Leung Hok Lim	—	656,928 <sup>#</sup>	656,928	0.10
Chung Pui Lam	—	656,928 <sup>#</sup>	656,928	0.10

Notes:

<sup>#</sup> Particulars of the options granted are contained in the "Share Options" sub-section of the section headed "Share Option Schemes" below.

<sup>##</sup> Of these shares, 5,739 shares were held by Mr. Lam Sing Tai's wife.

The total number of issued shares of the Company as at 30th June, 2010 was 670,142,585.

## Corporate Governance and Other Information

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

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

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

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

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

Saved as disclosed herein, none of the directors and chief executive of the Company who held office as at 30th June, 2010 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) on that date as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 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.

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

Further details of the directors' respective interests in the underlying shares (share options) are stated in the “Share Options” sub-section of the section headed “Share Option Schemes” below.



# Corporate Governance and Other Information

## Share Option Schemes

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

### Old scheme

The Company operates an Employee Share Option Scheme (the “Old Scheme”) adopted by an ordinary resolution on 23rd June, 2000, which complied with the Listing Rules as existed prior to 1st September, 2001. The rules governing share options were revised to the form set out in Chapter 17 of the Listing Rules on 1st September, 2001. According to the transitional arrangement set out in the Listing Rules, the Company cannot grant further options under the Old Scheme unless it has been amended to comply with the current requirements set out in the Listing Rules. The Company has not granted any share options under the Old Scheme since 1st September, 2001. At the special general meeting of the members of the Company held on 19th August, 2005, the Old Scheme was terminated and no further options could be granted. The Old Scheme expired on 30th June, 2010 and all options previously granted under the Old Scheme have been exercised.

### New scheme

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

At the special general meeting of the Company held on 27th May, 2010 (the “SGM”), the total number of shares in respect of which share options may be granted under the New Scheme was refreshed and increased to 67,377,365 shares, which is approximately 10% of the shares of the Company in issue as at the date of the SGM.

Other details of the New Scheme have been disclosed in the Directors’ Report contained in the 2009 annual report of the Company.

### Share Options

On 31st December, 2008, the Company granted share options to selected eligible participants under the New Scheme.

## Corporate Governance and Other Information

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

Name	Date of grant	Exercise price per share (HK\$)	Vesting period	Exercise period	Number of underlying shares comprised in share options			
					As at 01.01.2010	Exercised during the Period <sup>1</sup>	Lapsed during the Period	As at 30.06.2010
<b>Directors</b>								
Lu Wing Chi	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285) <sup>(a)</sup>	—	—
Lu Wing Yuk, Andrew	04.12.2000	1.440	—	04.12.2000 to 03.12.2010	3,000,000	(3,000,000) <sup>(a)</sup>	—	—
	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,569,285	—	—	3,569,285
Lincoln Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	3,000,000	(3,000,000) <sup>(b)</sup>	—	—
Lambert Lu	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285) <sup>(a)</sup>	—	—
Lam Sing Tai	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	6,569,285	(6,569,285) <sup>(b)</sup>	—	—
Walujo Santoso, Wally	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	(656,928) <sup>(c)</sup>	—	—
Leung Hok Lim	31.12.2008	2.262	—	31.12.2008 to 30.12.2010	656,928	—	—	656,928
Chung Pui Lam	31.12.2008	2.262	31.12.2008 to 30.12.2009	31.12.2009 to 30.12.2011	656,928	—	—	656,928
<b>Sub-Total</b>					<b>31,247,924</b>	<b>(26,364,783)</b>	<b>—</b>	<b>4,883,141</b>
<b>Aggregate of eligible employees<sup>2</sup></b>	31.12.2008	2.262	Various <sup>3</sup>	Various <sup>3</sup>	7,830,000 <sup>3</sup>	(730,000) <sup>3</sup>	(280,000) <sup>3</sup>	6,820,000 <sup>3</sup>
<b>Total</b>					<b>39,077,924</b>	<b>(27,094,783)</b>	<b>(280,000)</b>	<b>11,703,141</b>

# Corporate Governance and Other Information

## Notes:

1. (i) The average closing price of the shares of the Company immediately before the date on which the share option was exercised by each of the relevant Directors was as follows:
  - (a) HK\$3.95 per share;
  - (b) HK\$3.98 per share; and
  - (c) HK\$4.05 per share.
- (ii) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by the eligible employees was HK\$3.64 per share.
- (iii) The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised by all the participants stated in (i) and (ii) above was HK\$3.95 per share.
2. Eligible employees mean any full-time employees of the Company and any member of the Group working under employment contracts that were regarded as “Continuous Contracts” for the purpose of the Hong Kong Employment Ordinance.
3. Further information on the exercise and lapse particulars of the underlying shares comprised in the share options granted on 31st December, 2008 under the New Scheme to the eligible employees are as follows:

Number of underlying shares as at 01.01.2010	Vesting period	Exercise period	Exercised during the Period	Lapsed during the Period	Number of underlying shares as at 30.06.2010
1,100,000	—	31.12.2008 to 30.12.2010	(730,000)	—	370,000
140,000	31.12.2008 to 29.06.2010	30.06.2010 to 29.06.2012	—	—	140,000
3,400,000	31.12.2008 to 30.12.2010	31.12.2010 to 30.12.2012	—	—	3,400,000
500,000	31.12.2008 to 29.06.2011	30.06.2011 to 29.06.2013	—	—	500,000
100,000	31.12.2008 to 30.12.2011	31.12.2011 to 30.12.2013	—	—	100,000
570,000	31.12.2008 to 29.06.2012	30.06.2012 to 29.06.2014	—	(70,000)	500,000
850,000	31.12.2008 to 30.12.2012	31.12.2012 to 30.12.2014	—	—	850,000
1,170,000	31.12.2008 to 29.06.2013	30.06.2013 to 29.06.2015	—	(210,000)	960,000
<u>7,830,000</u>			<u>(730,000)</u>	<u>(280,000)</u>	<u>6,820,000</u>

No share options had been granted or cancelled under the New Scheme during the Period.

## Share Award Scheme

A share award scheme (the “Share Award Scheme”) was approved by the shareholders of the Company at a special general meeting held on 27th May, 2010 (the “Special General Meeting”). The Share Award Scheme is an incentive scheme established for the Group as a flexible means to recognize and acknowledge the performance and/or contributions which the eligible participants (including directors and employees of the Group) have made or will make to the Group and promote the long term success of the Company. The Share Award Scheme commenced on 15th June, 2010 and will continue in force until the fifteenth anniversary of such date.



## Corporate Governance and Other Information

A share option scheme and a share award scheme for AGP (the "Share Schemes") were also approved by the shareholders of the Company at the Special General Meeting. The Share Schemes are incentive schemes established for AGP group as a flexible means to recognize and acknowledge the performance and/or contributions which the eligible participants (including directors and employees of AGP group) have made or will make to AGP group and promote the long term success of AGP. The Share Schemes commenced on 16th August, 2010 and the said share option scheme and share award scheme will continue in force until the tenth and the fifteenth anniversaries of such date respectively.

Details of the Share Award Scheme and the Share Schemes are set out in the circular of the Company dated 11th May, 2010. No share award was granted since the commencement of the Share Award Scheme.

### Interests of Substantial Shareholders and Other Persons in Securities

As at 30th June, 2010, so far as it is known by or otherwise notified to any director or the chief executive of the Company, the particulars of corporations or persons (other than a director or the chief executive of the Company) who had 5% or more interests or short positions in the shares and underlying shares in the Company as recorded in the register required to be kept under Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (i.e. within the meaning of substantial shareholders of the Listing Rules) (the "Voting Entitlements") were as follows:

#### Long positions in shares and underlying shares in the Company

Name of shareholders	Number of shares of HK\$0.1 each		Approximate % of shares in issue
	Held as beneficial owner	Held by controlled corporation	
JCS <sup>2</sup>	—	393,515,469	58.72
NLI <sup>3</sup>	393,515,469	—	58.72

Notes:

1. JCS held about 63.58% of the issued shares in NLI. The above 393,515,469 shares held by NLI were deemed to be JCS's interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS.
3. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of NLI.

## Corporate Governance and Other Information

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, 2010, had the Voting Entitlements or any interests or short positions in the shares or underlying shares in the Company recorded in the register required to be kept under Section 336 of the SFO.

### Dealings in the Company's Listed Shares

During the Period, the Company purchased a total of 4,288,000 ordinary shares of HK\$0.10 each of the Company on the Stock Exchange at an aggregate cash consideration of HK\$17,120,320 (excluding expenses). All the purchased shares were cancelled during the Period and the issued share capital of the Company was reduced by the total par value of these shares so cancelled. The purchases were effected by the directors of the Company pursuant to the general mandates given by the shareholders at the annual general meetings held on 10th June, 2009 and 27th May, 2010 respectively. The relevant particulars are as follows:

Period of the purchase	Total number of the shares purchased	Price paid per share		Aggregate consideration (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May 2010	3,578,000	4.00	3.70	14,251,240
June 2010	710,000	4.10	3.98	2,869,080
	<u>4,288,000</u>			<u>17,120,320</u>

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

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

### Closure of Register of Members

The Hong Kong Branch Register of Members of the Company will be closed from Tuesday, 5th October, 2010 to Friday, 8th October, 2010, 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 Hong Kong Branch Register of Members must lodge all duly completed and stamped transfer documents accompanied by the relevant share certificates 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 4:00 p.m. on Monday, 4th October, 2010.

# Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

## INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 40, which comprises the condensed consolidated statement of financial position of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*  
Hong Kong  
30 August 2010



# Condensed Consolidated Income Statement

For the six months ended 30 June 2010

		Six months ended 30 June	
	NOTES	2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
Revenue		311,208	270,912
Interest income		6,084	5,693
Other income		11,556	22,357
Costs:			
Property and related costs	4	(81,103)	(93,145)
Staff costs		(54,854)	(35,620)
Depreciation and amortisation		(33,210)	(1,573)
Other expenses	5	(51,726)	(29,705)
		<b>(220,893)</b>	(160,043)
Profit from operations before fair value changes on properties		<b>107,955</b>	138,919
Fair value changes on investment properties		<b>287,169</b>	619,158
Profit from operations after fair value changes on properties		<b>395,124</b>	758,077
Share of results of jointly controlled entities		(1,786)	(785)
Share of results of associates		(290)	(15)
Finance costs	6	(49,152)	(39,209)
Profit before taxation	7	<b>343,896</b>	718,068
Income tax expense	8	(67,753)	(129,184)
Profit for the period		<b>276,143</b>	588,884
Attributable to:			
Company's shareholders		<b>268,838</b>	570,080
Non-controlling interests		<b>7,305</b>	18,804
		<b>276,143</b>	588,884
		<b>HK\$</b>	HK\$
Earnings per share for profit attributable to the Company's shareholders	10		
— Basic		<b>0.41</b>	0.88
— Diluted		<b>0.40</b>	0.87
<i>Earnings per share excluding fair value changes on properties net of deferred tax</i>	10		
— Basic		<b>0.06</b>	0.11
— Diluted		<b>0.06</b>	0.11

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	<b>Six months ended 30 June</b>	
	<b>2010 HK\$'000 (unaudited)</b>	2009 HK\$'000 (unaudited)
Profit for the period	<b>276,143</b>	588,884
Other comprehensive income		
Exchange differences arising on translation of foreign operations	<b>19,320</b>	2,057
Share of translation differences of jointly controlled entities	<b>145</b>	—
Share of translation differences of associates	<b>(1,749)</b>	1,201
	<b>17,716</b>	3,258
Total comprehensive income for the period	<b>293,859</b>	592,142
Total comprehensive income attributable to:		
Company's shareholders	<b>281,511</b>	580,580
Non-controlling interests	<b>12,348</b>	11,562
	<b>293,859</b>	592,142

# Condensed Consolidated Statement of Financial Position

At 30 June 2010

	NOTES	30.6.2010 HK\$'000 (unaudited)	31.12.2009 HK\$'000 (restated)
<b>Non-current assets</b>			
Investment properties	11	6,470,948	6,462,103
Property, plant and equipment	11	1,240,192	984,907
Properties for development	12	727,046	48,956
Club memberships		8,574	8,574
Interests in associates		8,035	12,806
Interests in jointly controlled entities	13	39,356	40,613
Loans receivable		53,073	63,209
Other receivable	14	149,002	145,235
		<b>8,696,226</b>	7,766,403
<b>Current assets</b>			
Properties held for sale			
Completed properties		500,056	566,529
Properties under development		711,211	714,089
Other inventories		1,077	1,339
Held for trading investments		162	154
Loans receivable		2,659	3,073
Other receivable	14	195,228	192,330
Receivables, deposits and prepayments	15	134,068	256,647
Tax recoverable		27,612	35,754
Amount due from a non-controlling shareholder	16	7,038	2,397
Pledged bank deposits		269,198	330,616
Bank balances and cash		2,152,762	2,332,975
		<b>4,001,071</b>	4,435,903
Investment properties held for sale	17	—	245,000
		<b>4,001,071</b>	4,680,903
<b>Current liabilities</b>			
Payables, deposits received and accrued charges	18	296,881	424,449
Sales deposits received		1,974	1,180
Provisions		4,746	6,047
Tax liabilities		95,774	95,054
Amounts due to non-controlling shareholders	16	157,656	134,966
Bank borrowings — due within one year	19	1,490,968	1,019,994
		<b>2,047,999</b>	1,681,690
Liabilities associated with investment properties held for sale	17	—	27,200
		<b>2,047,999</b>	1,708,890
<b>Net current assets</b>		<b>1,953,072</b>	2,972,013
<b>Total assets less current liabilities</b>		<b>10,649,298</b>	10,738,416

# Condensed Consolidated Statement of Financial Position

At 30 June 2010

	NOTES	<b>30.6.2010</b> <b>HK\$'000</b> <b>(unaudited)</b>	31.12.2009 HK\$'000 (restated)
<b>Capital and reserves</b>			
Share capital	20	<b>67,014</b>	64,719
Reserves		<b>7,583,438</b>	7,302,624
Equity attributable to the Company's shareholders		<b>7,650,452</b>	7,367,343
Non-controlling interests		<b>278,168</b>	266,329
<b>Total equity</b>		<b>7,928,620</b>	7,633,672
<b>Non-current liabilities</b>			
Bank borrowings — due after one year	19	<b>1,815,595</b>	2,252,324
Derivative financial liability		<b>2,816</b>	3,305
Deferred taxation	21	<b>902,267</b>	849,115
		<b>2,720,678</b>	3,104,744
		<b>10,649,298</b>	10,738,416

The condensed consolidated financial statements on pages 22 to 40 were approved and authorised for issue by the Board of Directors on 30 August 2010 and are signed on its behalf by:



**Lu Wing Chi**  
*Chairman and Managing Director*



**Lambert Lu**  
*Executive Director*



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to the Company's shareholders									Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Share options reserve HK\$'000	Other reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000		
At 1 January 2009 (audited)	65,693	343,561	277,707	279,919	4,451	11,542	—	5,341,046	6,323,919	236,053	6,559,972
Profit for the period	—	—	—	—	—	—	—	570,080	570,080	18,804	588,884
Other comprehensive income for the period	—	—	—	10,500	—	—	—	—	10,500	(7,242)	3,258
Total comprehensive income for the period	—	—	—	10,500	—	—	—	570,080	580,580	11,562	592,142
Recognition of equity-settled share-based payments	—	—	—	—	—	557	—	—	557	—	557
Share repurchased and cancelled	(1,850)	(41,652)	—	—	—	—	—	—	(43,502)	—	(43,502)
Shares issued on exercise of share options	429	10,597	—	—	—	(1,322)	—	9,704	9,704	—	9,704
Dividend paid	—	—	—	—	—	—	—	(32,121)	(32,121)	—	(32,121)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(47,412)	(47,412)
Acquisition of assets and assumption of liabilities	—	—	—	—	—	—	—	—	—	10,097	10,097
Contribution from non-controlling shareholders	—	—	—	—	—	—	—	—	—	63,903	63,903
At 30 June 2009 (unaudited)	64,272	312,506	277,707	290,419	4,451	10,777	—	5,879,005	6,839,137	274,203	7,113,340
Profit for the period	—	—	—	—	—	—	—	552,569	552,569	11,493	564,062
Other comprehensive income for the period	—	—	—	(2,644)	—	—	—	—	(2,644)	4,088	1,444
Total comprehensive income for the period	—	—	—	(2,644)	—	—	—	552,569	549,925	15,581	565,506
Recognition of equity-settled share-based payments	—	—	—	—	—	526	—	—	526	—	526
Shares issued on exercise of share options	447	11,039	—	—	—	(1,377)	—	10,109	10,109	—	10,109
Dividend paid	—	—	—	—	—	—	—	(32,354)	(32,354)	—	(32,354)
Dividend paid to non-controlling shareholders	—	—	—	—	—	—	—	—	—	(23,455)	(23,455)
At 31 December 2009 (audited)	64,719	323,545	277,707	287,775	4,451	9,926	—	6,399,220	7,367,343	266,329	7,633,672
Profit for the period	—	—	—	—	—	—	—	268,838	268,838	7,305	276,143
Other comprehensive income for the period	—	—	—	12,673	—	—	—	—	12,673	5,043	17,716
Total comprehensive income for the period	—	—	—	12,673	—	—	—	268,838	281,511	12,348	293,859
Recognition of equity-settled share-based payments	—	—	—	—	—	375	—	—	375	—	375
Shares repurchased and cancelled	(429)	(16,691)	—	—	—	—	—	—	(17,120)	—	(17,120)
Shares issued on exercise of share options	2,724	63,908	—	—	—	(7,471)	—	59,161	59,161	—	59,161
Dividend paid	—	—	—	—	—	—	—	(40,427)	(40,427)	—	(40,427)
Acquisition of additional interest in a subsidiary	—	—	—	—	—	—	(391)	—	(391)	(509)	(900)
At 30 June 2010 (unaudited)	67,014	370,762	277,707	300,448	4,451	2,830	(391)	6,627,631	7,650,452	278,168	7,928,620

Contributed surplus represents the excess of the nominal value of the shares of the acquired company over the nominal value of the Company's shares issued for the acquisition pursuant to the group reorganisation in previous years.

Other reserves represents the excess of the consideration paid for acquisition of additional interest in a subsidiary from non-controlling shareholder over the carrying amount of non-controlling interests.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	NOTE	Six months ended 30 June	
		2010 HK\$'000 (unaudited)	2009 HK\$'000 (unaudited)
<b>Net cash used in operating activities</b>		<b>(19,302)</b>	(9,653)
<b>Investing activities</b>			
Net proceeds received on disposal investment properties		<b>217,800</b>	—
Refund of tender deposits		<b>149,500</b>	—
Acquisition of and additional costs on properties for development		<b>(674,427)</b>	—
Receipt of repayment of loans		<b>10,450</b>	11,468
Decrease in pledged bank deposits		<b>61,215</b>	18,103
Release of restricted bank balances		—	12,334
Purchase of and additional costs on property, plant and equipment		<b>(3,351)</b>	(128,385)
Acquisition of assets and assumption of liabilities	22	—	(2,456)
Loan to a jointly controlled entity		—	(5,500)
Repayments from non-controlling shareholders		—	19,092
Dividend received from an associate		<b>2,732</b>	—
<b>Net cash used in investing activities</b>		<b>(236,081)</b>	(75,344)
<b>Financing activities</b>			
Drawn down of bank borrowings		<b>508,352</b>	653,938
Repayments of bank borrowings		<b>(461,351)</b>	(584,732)
Issue of new shares		<b>59,161</b>	9,704
Contributions from non-controlling shareholders		—	63,903
Advance to a non-controlling shareholder		<b>(4,641)</b>	(15,252)
Advances from (repayments to) non-controlling shareholders		<b>25,980</b>	(87,722)
Repurchase of shares		<b>(17,120)</b>	(43,502)
Dividends paid		<b>(40,427)</b>	(32,121)
Dividend paid to non-controlling shareholders		—	(47,412)
Acquisition of additional interest in a subsidiary		<b>(900)</b>	—
<b>Net cash from (used in) financing activities</b>		<b>69,054</b>	(83,196)
<b>Net decrease in cash and cash equivalents</b>		<b>(186,329)</b>	(168,193)
<b>Cash and cash equivalents at beginning of period</b>		<b>2,332,975</b>	2,166,157
Effect of foreign exchange rate changes		<b>6,116</b>	2,364
<b>Cash and cash equivalents at end of period, represented by bank balances and cash</b>		<b>2,152,762</b>	2,000,328

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 1. BASIS OF PREPARATION

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

## 2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2009 except for those due to the application of the new and revised Hong Kong Financial Reporting Standards as detailed below:

### Application of new and revised Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning on 1 January 2010.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and revised Hong Kong Financial Reporting Standards *(continued)*

#### HKFRS 3 (Revised) Business Combinations and HKAS 27 (Revised) Consolidated and Separate Financial Statements

The Group applied HKFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) *Consolidated and Separate Financial Statements* in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no business combination occurred during the current interim period in which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) had no effect on the consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised) are applicable.

In respect of the Group's acquisition of additional interest in a subsidiary during the current interim period, the application of HKAS 27 (Revised) has resulted in recognition of the difference between the consideration received and the decrease in the carrying amount of the non-controlling interests of HK\$391,000 in equity. In addition, cash consideration of HK\$900,000 paid to the non-controlling shareholders is presented as cash used in financing activities.

#### Amendment to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendment has removed such a requirement. The amendment requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendment to HKAS 17, the Group reassessed the classification of unexpired leasehold land at 1 January 2010 based on information that existed at the inception of leases. Leasehold lands that qualified for finance lease classification have been reclassified from prepaid lease payment to property, plant, and equipment retrospectively, resulting in a reclassification of prepaid lease payment with previous carrying amount of HK\$358,647,000 and HK\$350,040,000 as at 1 January 2009 and 31 December 2009 respectively to property, plant and equipment that are measured at cost model. Accordingly, the carrying amount of property, plant and equipment is increased from HK\$348,493,000 and HK\$634,867,000 as at 1 January 2009 and 31 December 2009 to HK\$707,140,000 and HK\$984,907,000 respectively.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

### Application of new and revised Hong Kong Financial Reporting Standards *(continued)*

The application of the other new and revised HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the condensed consolidated financial statements of the Group.

## 3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision maker, who are the executive directors of the Group, for the purposes of resource allocation and performance assessment are as follows:

Property development — development of properties  
 Property investment — renting of properties  
 Hotel operation — hotel operation and management

Information regarding the above segments is reported below.

### Six months ended 30 June 2010

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 3. SEGMENT INFORMATION *(continued)*

### Six months ended 30 June 2009

	Property investment HK\$'000	Property development HK\$'000	Hotel operation HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>					
External	140,360	130,552	—	—	270,912
Inter-segment sales	—	107	—	(107)	—
Total	140,360	130,659	—	(107)	270,912
<b>SEGMENT RESULTS</b>					
Segment profit (loss)	734,437	54,478	(7,452)	—	781,463
Interest income					5,693
Corporate expenses					(29,079)
Share of results of jointly controlled entities					(785)
Share of results of associates					(15)
Finance costs					(39,209)
Profit before taxation					718,068

Inter-segment sales are at mutually agreed terms.

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

The Group does not allocate interest income, corporate expenses, share of results of jointly controlled entities, share of results of associates and finance costs to individual operating segment profit or loss for the purposes of resource 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Changes in completed properties and properties under development held for sale	63,888	60,493
Costs incurred for development of properties held for sale	(4,142)	12,583
Write down of properties held for sale	5,463	—
Direct operating expenses for investment properties	15,894	20,069
	<b>81,103</b>	93,145

## 5. OTHER EXPENSES

During the period, the operating expenses related to hotel operation amounted to HK\$24,576,000 (1.1.2009 — 30.6.2009: HK\$2,111,000).

## 6. FINANCE COSTS

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	28,613	27,160
Bank borrowings not wholly repayable within 5 years	17,239	14,253
	<b>45,852</b>	41,413
Less: Amounts capitalised to property development projects	(1,188)	(6,269)
	<b>44,664</b>	35,144
Front end fee	2,701	935
Other charges	1,787	3,130
	<b>49,152</b>	39,209

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 7. PROFIT BEFORE TAXATION

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Interest earned on bank deposits	(4,055)	(2,733)
Interest income from second mortgage loans	(1,645)	(2,107)
Allowance for trade receivables	—	1,344

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2010 HK\$'000	2009 HK\$'000
Current tax		
Hong Kong Profits Tax	14,428	8,359
People's Republic of China ("PRC") Enterprise Income Tax	—	204
PRC Land Appreciation Tax	—	10,857
Other jurisdictions	975	—
	15,403	19,420
Deferred taxation	52,350	109,764
	67,753	129,184

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

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

PRC Land Appreciation Tax was calculated at progressive sales on the appreciated property value, less allowance deductions in accordance with the relevant PRC tax laws and regulations.

## 9. DIVIDENDS PAID

During the current period, a dividend of HK6 cents (2009: HK5 cents) per share amounting to HK\$40,427,000 (2009: HK\$32,121,000) was approved and paid to the shareholders as final dividend for the preceding financial year ended 31 December 2009.

Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK5 cents (2009: HK5 cents) per share payable to the shareholders of the Company whose names appear in the Register of Members on 8 October 2010.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 10. EARNINGS PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<b>268,838</b>	570,080
	<b>Number of shares</b>	
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>654,801,879</b>	645,946,362
Effect of dilutive potential ordinary shares options	<b>12,363,087</b>	6,317,258
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>667,164,966</b>	652,263,620

For the purpose of assessing the performance of the Group, management is of the view that the profit for the period should be adjusted for the fair value changes on properties 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:

	<b>2010</b> <b>HK\$'000</b>	2009 HK\$'000
Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement	<b>268,838</b>	570,080
Fair value changes on investment properties	<b>(287,169)</b>	(619,158)
Deferred tax thereon	<b>48,503</b>	106,749
Attributable to non-controlling interests	<b>7,143</b>	14,501
Adjusted profit attributable to the Company's shareholders	<b>37,315</b>	72,172
Earnings per share excluding fair value changes on properties net of deferred tax		
Basic	<b>HK\$0.06</b>	HK\$0.11
Diluted	<b>HK\$0.06</b>	HK\$0.11

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 11. MOVEMENTS IN INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

The Group's major investment properties of HK\$6,284,487,000 were fair valued at 30 June 2010 by independent professional valuers, Savills Valuation and Professional Services Limited. The valuation was arrived at on the basis of capitalisation of net income. The resulting increase in fair value of HK\$287,169,000 has been recognised directly in the condensed consolidated income statement. The remaining investment properties of HK\$186,461,000 were fair valued by the directors who are of the opinion that fair values of these properties at 30 June 2010 approximate to their carrying values at 31 December 2009.

On 25 November 2009, the Group entered into an agreement for the disposal of certain investment properties at a consideration equivalent to its carrying amount of HK\$245,000,000. The transaction was completed during the period.

During the period, the Group acquired property, plant and equipment of HK\$3,351,000 (1.1.2009 — 30.6.2009: HK\$128,385,000).

## 12. PROPERTIES FOR DEVELOPMENT

During the period, the Group acquired, through tendering, certain pieces of lands located in the PRC at a total consideration of HK\$674,425,000.

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

## 13. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	30.6.2010 HK\$'000	31.12.2009 HK\$'000
Cost of unlisted investments in jointly controlled entities	3,859	3,859
Share of post-acquisition losses and other comprehensive income	(4,185)	(2,557)
	(326)	1,302
Loan to a jointly controlled entity	39,682	39,311
	39,356	40,613

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 13. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

On application of Hong Kong Accounting Standard 39 “Financial Instruments — Recognition and Measurement”, the fair value of the loan is determined based on effective interest rate of 2% per annum on initial recognition. The difference between the principal amount and the fair value of the advance, determined on initial recognition, deemed to be capital contributed to the jointly controlled entity, is included as part of the cost investment in the jointly controlled entity.

## 14. OTHER RECEIVABLE

Other receivable of HK\$344,230,000 (31.12.2009: HK\$337,565,000) represents expenses incurred for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC as detailed in note 22. Based on the latest time schedule for auction of the relevant land, the directors estimate that the receivable will be fully recovered by 31 December 2011. The carrying amount of receivable expected to be recovered one year after the end of the reporting period, discounted at an effective interest rate of 2%, is presented under non-current assets.

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30.6.2010 HK\$'000	31.12.2009 HK\$'000
Trade receivables	9,307	5,774
Accrued incomes, deposits and prepayments	125,249	251,361
Less: Allowance for impairment loss	(488)	(488)
	<b>134,068</b>	256,647

Included in accrued incomes, deposits and prepayments at 31 December 2009 are deposits of HK\$149,500,000 for the tendering of certain pieces of lands situated in the PRC. The deposits were refunded to the Group during the current period on successful land tendering.

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. Average credit period of 30 days are allowed to corporate customers and travel agents.

Receivables from sale of properties are settled according to the payment terms of each individual contract and have to be fully settled before the transfer of legal title of the related properties to the customers.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

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

	<b>30.6.2010</b> HK\$'000	31.12.2009 HK\$'000
0 to 30 days	<b>7,281</b>	4,962
31 to 60 days	<b>625</b>	297
61 to 90 days	<b>471</b>	23
91 to 365 days	<b>470</b>	443
Over 365 days	<b>460</b>	49
	<b>9,307</b>	5,774

## 16. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS

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

## 17. INVESTMENT PROPERTIES HELD FOR SALE

On 25 November 2009, the Group entered into an agreement for the disposal of certain investment properties at a consideration of HK\$245,000,000. The transaction was completed during the period. The liabilities associated with the disposal of the investment properties at the end of the preceding reporting period are as follows:

	HK\$'000
Sale deposit received	24,500
Rental deposit received	2,700
	27,200

## 18. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

	<b>30.6.2010</b> HK\$'000	31.12.2009 HK\$'000
Trade payables	<b>1,162</b>	2,383
Rental deposits	<b>72,463</b>	69,980
Other payables, deposits received and accrued charges	<b>223,256</b>	352,086
	<b>296,881</b>	424,449



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 18. PAYABLES, DEPOSITS RECEIVED AND ACCRUED CHARGES

*(continued)*

Included in other payables, deposits received and accrued charges is an amount of HK\$89,381,000 (31.12.2009: HK\$130,109,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of the lands as detailed in note 22.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$42,137,000 (31.12.2009: HK\$53,010,000).

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

## 19. BANK BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$461,351,000 (1.1.2009 — 30.6.2009: HK\$584,732,000) and drew new bank loans in the amount of HK\$508,352,000 (1.1.2009 — 30.6.2009: HK\$653,938,000). There was an exchange realignment of HK\$4,860,000 (1.1.2009 — 30.6.2009: HK\$34,200,000) resulting in a decrease and an increase in the carrying value of borrowings brought forward from 1 January 2010 and 1 January 2009 respectively.

## 20. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.1 each</b>	<b>Nominal value HK\$'000</b>
Authorised	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2009	656,928,517	65,693
Shares issued upon exercise of share options	4,290,000	429
Shares repurchased and cancelled	(18,502,000)	(1,850)
At 30 June 2009	642,716,517	64,272
Shares issued upon exercise of share options	4,469,285	447
At 31 December 2009	647,185,802	64,719
Shares issued upon exercise of share options	27,244,783	2,724
Shares repurchased and cancelled	(4,288,000)	(429)
<b>At 30 June 2010</b>	<b>670,142,585</b>	<b>67,014</b>

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 21. DEFERRED TAXATION

Deferred tax liabilities are mainly provided on the fair value changes of the investment properties and the accelerated tax depreciation.

## 22. ACQUISITION OF ASSETS AND ASSUMPTION OF LIABILITIES

On 31 May 2009, the Group acquired certain assets, mainly a receivable from a PRC local government and assumed certain liabilities, mainly payable to contractors and amount due to a shareholder through acquisition of 51 per cent interest in Nanjing Hushu Ecology Travel Development Company Limited, a company established in the PRC ("Nanjing Company") at a consideration of HK\$11,566,000. The excess of the consideration over the net assets acquired representing pre-acquisition operating expenses of Nanjing Company of HK\$1 million is recognised as loss on acquisition.

Net cash outflow arising on acquisition:

	HK\$'000
Consideration paid	(11,566)
Bank balances and cash acquired	9,110
	(2,456)

Prior to the acquisition, Nanjing Company had incurred a total amount of HK\$298,110,000, for which a PRC local government is responsible, for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Hushu, Nanjing. The amount, together with further costs to complete the work, is wholly refundable out of the proceeds from tendering or public auctions of certain portion of the lands. Nanjing Company will then be awarded the portion of the lands at a fixed price if the auction price is below the fixed price or else the excess of the proceeds from the auction above the fixed price will be awarded to the Nanjing Company.

At the date of acquisition, payable to contractors on the work performed amounted to HK\$120,199,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2010

## 23. MAJOR NON-CASH TRANSACTIONS

In the preceding period, amount due from the joint venture partner and the jointly controlled entity totalling HK\$39,537,000 previously classified under other receivables, deposits and prepayments were reclassified to loan to a jointly controlled entity upon acquisition of the jointly controlled entity.

## 24. PLEDGE OF ASSETS

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

- (a) Fixed charges on investment properties and property, plant and equipment with an aggregate carrying value of HK\$6,511,393,000 (31.12.2009: HK\$5,642,231,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with aggregate carrying values of HK\$802,521,000 (31.12.2009: HK\$812,986,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$711,211,000 (31.12.2009: HK\$714,089,000).
- (d) Fixed charges on completed properties held for sale with aggregate carrying value of HK\$74,439,000 (2009: HK\$84,869,000).
- (e) Bank deposits of HK\$269,198,000 (31.12.2009: HK\$330,616,000).

## 25. CONTINGENT LIABILITIES

During the period, the Hong Kong Inland Revenue Department (“IRD”) has initiated a tax audit on two group entities for the years of assessment 2002/2003 to 2008/2009 and is in the process of obtaining information and documents from the entities. At the same time, estimated assessments for the year of assessment 2003/2004 (“Protective Assessments”) were issued to the entities. Objections against the Protective Assessments have been lodged by the entities and against which tax reserve certificate of HK\$6,038,000 was purchased. The directors are of the view that the outcome of the tax audit cannot be estimated with reasonable certainty at such preliminary stage. Should the outcome of the audit not in favor of the Group, additional tax liability for the relevant years of assessments is estimated to be approximately HK\$42,000,000.

## 26. RELATED PARTY DISCLOSURES

Details of the loan to a jointly controlled entity are disclosed in the condensed consolidated statement of financial position and note 13.

The remuneration paid to the key management personnel during the period who are the directors of the Company amounted to HK\$9,589,000 (1.1.2009 to 30.6.2009: HK\$10,467,000).

爪哇控股有限公司

**SEA HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)  
(於百慕達註冊成立之有限公司)

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