



爪哇集團  
SEA Group

Stock Code 股份代號: 251

Building with the times 與時創建



INTERIM REPORT 2011 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  
Ms. Chan Yuk Ying

## Company Secretary

Ms. Chan Yuk Ying

## Legal Advisers

Stephenson Harwood  
Mayer Brown JSM  
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  
Hang Seng 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)



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*Crowne Plaza Hong Kong Causeway Bay*

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# Property Portfolio

At 30 June 2011

## Particulars of Investment Properties

| Name  | Location   | Lease Expiry   | Usage             | Approximate Gross Floor Area (square metres) | Group's Interest (%) |
|---|--|----------------|-------------------|--|----------------------|
| <b>HONG KONG</b>  |  |                |                   |  |                      |
| <b>Dah Sing Financial Centre</b>  | 108 Gloucester Road, Wanchai   | 30 June 2047   | Commercial/Office | 37,171 and 164 car parking spaces            | 97.2                 |
| <b>MAINLAND CHINA</b>   |  |                |                   |  |                      |
| <b>Plaza Central</b>  | 8 Shunchengda Street, Yanshikou, Chengdu, Sichuan Province             | 6 October 2063 | Commercial/Office | 91,455 (including car parking floors)        | 97.2                 |
| <b>Commercial podium in Zone B and car parking spaces on Basements 2 and 3, New Century Plaza</b> | No. 6 Xi Yu Long Street, Qingyang District, Chengdu, Sichuan Province  | 18 May 2063    | Commercial        | 19,261 (including car parking spaces)        | 97.2                 |
| <b>Office Tower, Westmin Plaza Phase II</b>   | 50 Zhong Shan 7th Road, Li Wan District, Guangzhou, Guangdong Province | 23 May 2050    | Office            | 16,112                                       | 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>                                 |   |                     |                        |   |                      |
| <b>The Morrison</b>                              | 28 Yat Sin Street, Wanchai  | Completed           | Residential            | 303   | 97.2                 |
| <b>The Forest Hills</b>                          | 99 Po Kong Village Road, Diamond Hill, Kowloon                            | Completed           | Residential/Commercial | 2,699 and 16 private car parking spaces and 4 motorcycle spaces | 97.2                 |
| <b>MAINLAND CHINA</b>                            |   |                     |                        |   |                      |
| <b>Commercial podium, Westmin Plaza Phase II</b> | 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>                               |   |                     |                        |   |                      |
| <b>Man Street Carpark</b>                        | 12-26 Man Street, Queenstown  | Completed           | Carpark                | 530 car parking spaces  | 100                  |
| <b>Kaikainui Block</b>                           | Harewood, Christchurch  | Completed           | Residential            | 3,556   | 34.1                 |
| <b>Clearwater Resort</b>                         | Harewood, Christchurch  | Completed           | Commercial             | 5,410   | 34.1                 |

# Property Portfolio

At 30 June 2011

## Particulars of Hotel Building

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

## Particulars of Development Properties/Properties under Development

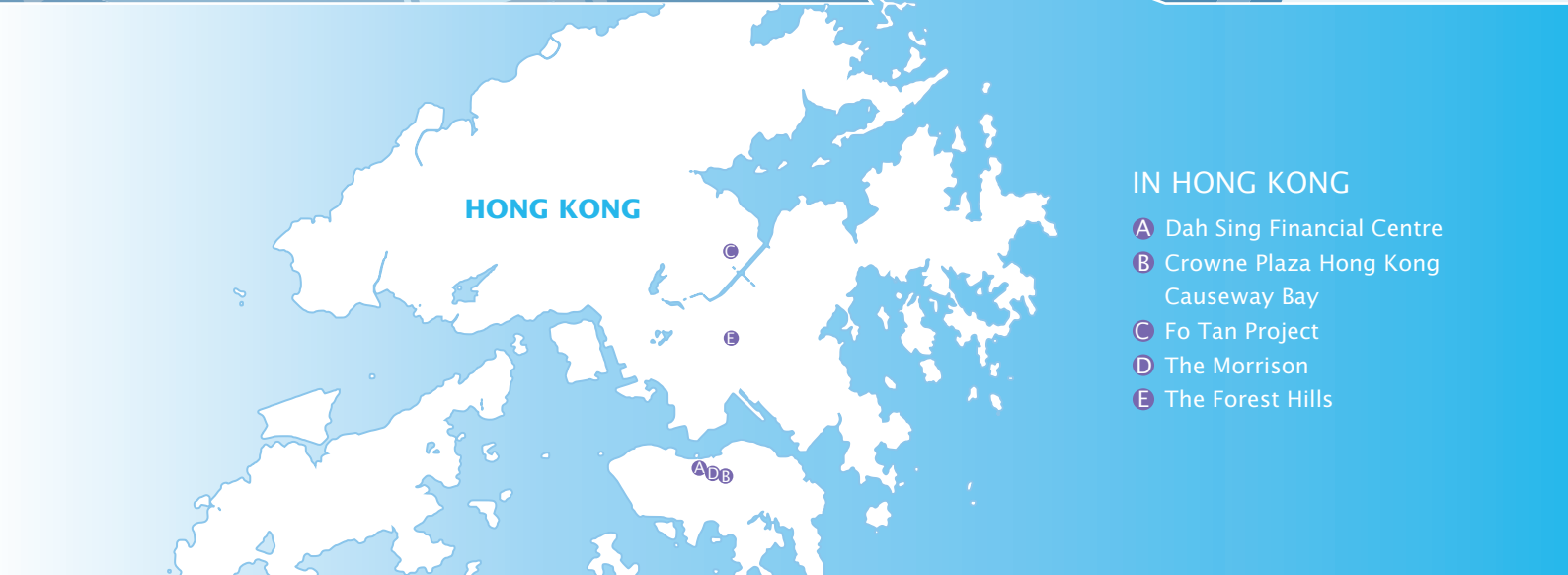
| Name of Project   | Location   | Stage of Completion   | Estimated Completion Date | Usage                      | Approximate Site Area (square metres) | Group's Interest (%) |
|---|--|---|---------------------------|----------------------------|---------------------------------------|----------------------|
| <b>HONG KONG</b>  |  |   |                           |                            |                                       |                      |
| <b>Sha Tin Town Lot No. 75 and the Remaining Portion of Lot No. 744</b> | 1-11 Au Pui Wan Street, Fo Tan, Sha Tin, New Territories       | Planning stage  | Beyond 2015               | Residential/ Commercial    | 20,092                                | 97.2                 |
| <b>MAINLAND CHINA</b>   |  |   |                           |                            |                                       |                      |
| <b>Huangshan Project</b>  | Qiankou Town, Huizhou District, Huangshan City, Anhui Province | Planning stage  | Phase I - Beyond 2014     | Tourist leisure facilities | 333,500                               | 97.2                 |
| <b>The Redbud City (Phase I)</b>  | Ti Yu North Road, Leiyang City, Hunan Province                 | Sub-Phase I<br>Sub-Phase II<br>External finishing works in progress<br>Sub-Phase III-IV<br>Superstructure works in progress | Completed<br>2011<br>2013 | Residential/ Commercial    | 277,000 (Gross Floor Area)            | 48.6                 |
| <b>Nova City</b>  | South lateral of Zheng Kai Da Road, Kaifeng, Henan Province    | Planning stage  | Phase I - 2014            | Residential/ Commercial    | 735,000                               | 97.2                 |
| <b>Longquan Project</b>   | Longquanyi District, Chengdu, Sichuan Province                 | Planning stage  | Phase I - 2014            | Residential                | 288,000                               | 97.2                 |
| <b>NEW ZEALAND</b>  |  |   |                           |                            |                                       |                      |
| <b>Clearwater Resort</b>  | Harewood, Christchurch   | Planning stage  | Beyond 2012               | Residential                | 210,653                               | 34.1                 |
| <b>Timperley Block</b>  | Harewood, Christchurch   | Planning stage  | Beyond 2012               | Residential                | 356,505                               | 55.0                 |
| <b>Waterside Business Centre</b>  | Favona, Auckland   | Planning stage  | Beyond 2012               | Commercial                 | 62,952                                | 100                  |

# Location of the Group's Properties/Projects



## IN MAINLAND CHINA

- ① Plaza Central, Sichuan Province
- ② New Century Plaza, Sichuan Province
- ③ Longquan Project, Sichuan Province
- ④ Nova City, Kaifeng, Henan Province
- ⑤ Huangshan Project, Anhui Province
- ⑥ Nanjing Project, Jiangsu Province
- ⑦ Westmin Plaza Phase II, Guangdong Province
- ⑧ The Redbud City, Hunan Province



## IN HONG KONG

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

# Chairman's Statement

I am pleased to present the unaudited consolidated financial results of S E A Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the six months ended 30 June 2011 to the shareholders of the Company.

## FINANCIAL SUMMARY

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

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

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

## INTERIM DIVIDEND

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



*Dah Sing Financial Centre*

## BUSINESS REVIEW

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

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

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

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



# Chairman's Statement



*Fo Tan Project*

## Property Investment and Development Hong Kong

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

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

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

## Mainland China

### *Chengdu, Sichuan Province*

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



*Longquan Project*



# Chairman's Statement



New Century Plaza

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

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

## *Kaifeng, Henan Province*

The project in Kaifeng, to be known as "Nova City", has a site area of 735,000 square metres and it is proposed to be developed into an integrated complex in Zhen-Kai District, a new town in Kaifeng. The proposed development has a gross floor area of

approximately 3,000,000 square metres envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and high-rise residential towers. Research and a feasibility study in respect of market positioning is completed. Master layout plans have been submitted and are awaiting approval of local government. Preliminary site works are proceeding.

## *Guangzhou, Guangdong Province*

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

## *Huangshan, Anhui Province*

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



Nova City

# Chairman's Statement



*The Redbud City*

## *Chi Shan, Nanjing, Jiangsu Province*

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

## *Leiyang, Hunan Province*

This joint venture development project is known as The Redbud City. The superstructure work for eleven blocks of semi-detached houses, eight high-rise apartment buildings and eight bungalows with a total gross floor area of approximately 128,000

square metres and two blocks of club-house and commercial buildings has been progressing as scheduled. As at the date of this report, 733 out of 949 residential units and 2 out of 8 bungalows of the Phase I development have been sold and will be delivered to the purchasers at different completion stages up to early 2013.

## **Australia and New Zealand**

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

## **Hotel Operation**

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

## **FINANCIAL RESOURCES AND LIQUIDITY**

### **Working Capital and Loan Facilities**

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

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

# Chairman's Statement

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

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

## Pledge of Assets

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

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

## Treasury Policies

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

## STAFF AND EMOLUMENT POLICY

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

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



# Chairman's Statement

## OUTLOOK

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

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

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

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



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

Hong Kong, 26 August 2011

# Corporate Governance and Other Information

## Corporate Governance Practices

Throughout the period for the six months ended 30 June 2011, the Company has applied the principles and complied with all the code provisions and adopted certain recommended best practices set out in the Code on Corporate Governance Practices contained in Appendix 14 to the 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 including three Independent Non-executive Directors.
- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing Non-executive Directors (including the Independent Non-executive Directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including Non-executive Director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

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

## 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 for the six months ended 30 June 2011.

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”, together with its subsidiaries, the “AGP Group”), 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

## Directors' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2011, the interests and short positions of the directors of the Company 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 (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, were as follows:

### 1. Long positions in shares of the Company

| Name of directors     | Number of shares<br>of HK\$0.1 each |  | Approximate % of<br>shares in issue |
|-----------------------|-------------------------------------|--|-------------------------------------|
|                       | Held as<br>beneficial owner         |  |                                     |
| Lu Wing Chi           | 6,569,285                           |  | 0.98                                |
| Lincoln Lu            | 5,342,002                           |  | 0.80                                |
| Lambert Lu            | 8,342,002                           |  | 1.24                                |
| Lam Sing Tai          | 101,478 <sup>#</sup>                |  | 0.02                                |
| Walujo Santoso, Wally | 656,928                             |  | 0.10                                |
| Leung Hok Lim         | 656,928                             |  | 0.10                                |
| Chung Pui Lam         | 656,928                             |  | 0.10                                |

Note:

<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 30 June 2011 was 670,367,726 shares.



# Corporate Governance and Other Information

## 2. Long positions in shares of associated corporations

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

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

Save as disclosed herein, as at 30 June 2011, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Saved as disclosed herein, during the six months ended 30 June 2011, 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).

# Corporate Governance and Other Information

## Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2011, so far as is known to the directors of the Company, the following substantial shareholders and other persons (other than directors of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

### Long positions in shares of 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                  | —                                | 399,074,754                    | 59.53                            |
| NLI                  | 399,074,754                      | —                              | 59.53                            |

#### Notes:

1. JCS held about 63.58% of the issued shares in NLI. The above 399,074,754 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 and NLI.

Save as disclosed herein, as at 30 June 2011, none of the substantial shareholders or other persons (other than the directors of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

# Corporate Governance and Other Information

## Share Option Scheme of the Company

The Company has adopted a new employee share option scheme (the “SEA Share Option Scheme”) on 19 August 2005. The following table shows the movements in share options under the SEA Share Option Scheme during the six months ended 30 June 2011 and the options outstanding at the beginning and end of the period:

| Name   | Date of grant | Exercise price per share (HK\$) | Vesting period           | Exercise period          | Number of underlying shares comprised in share options |  |                          |                        |
|--|---------------|---------------------------------|--------------------------|--------------------------|--|--|--------------------------|------------------------|
|  |               |                                 |                          |                          | As at 1.1.2011   | Exercised during the period <sup>1</sup> | Lapsed during the period | As at 30.06.2011       |
| Director                                     |               |                                 |                          |                          |  |  |                          |                        |
| 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)                                | —                        | —                      |
| Aggregate of eligible employees <sup>2</sup> | 31.12.2008    | 2.262                           | Various <sup>3</sup>     | Various <sup>3</sup>     | 5,210,000 <sup>3</sup>                                 | (1,900,000) <sup>3</sup>                 | (160,000) <sup>3</sup>   | 3,150,000 <sup>3</sup> |
| <b>Total</b>                                 |               |                                 |                          |                          | <b>5,866,928</b>                                       | <b>(2,556,928)</b>                       | <b>(160,000)</b>         | <b>3,150,000</b>       |

Notes:

- The closing price of the shares of the Company immediately before the date on which the share option was exercised by the relevant director was HK\$4.66 per share.
  - 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\$4.93 per share.
  - 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\$4.86 per share.
- 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.
- Further information on the exercise and lapse particulars of the underlying shares comprised in the share options granted on 31 December 2008 under the SEA Share Option Scheme to the eligible employees are as follows:

| Number of underlying shares as at 01.01.2011 | Vesting period           | Exercise period          | Exercised during the period | Lapsed during the period | Number of underlying shares as at 30.06.2011 |
|--|--------------------------|--------------------------|-----------------------------|--------------------------|--|
| 2,900,000                                    | 31.12.2008 to 30.12.2010 | 31.12.2010 to 30.12.2012 | (1,800,000)                 | —                        | 1,100,000                                    |
| 400,000                                      | 31.12.2008 to 29.06.2011 | 30.06.2011 to 29.06.2013 | (100,000)*                  | —                        | 300,000                                      |
| 100,000                                      | 31.12.2008 to 30.12.2011 | 31.12.2011 to 30.12.2013 | —                           | —                        | 100,000                                      |
| 500,000                                      | 31.12.2008 to 29.06.2012 | 30.06.2012 to 29.06.2014 | —                           | —                        | 500,000                                      |
| 350,000                                      | 31.12.2008 to 30.12.2012 | 31.12.2012 to 30.12.2014 | —                           | —                        | 350,000                                      |
| 960,000                                      | 31.12.2008 to 29.06.2013 | 30.06.2013 to 29.06.2015 | —                           | (160,000)                | 800,000                                      |
| <b>5,210,000</b>                             |                          |                          | <b>(1,900,000)</b>          | <b>(160,000)</b>         | <b>3,150,000</b>                             |

\* 100,000 shares were issued on 8 July 2011 pursuant to the exercise of these options on 30 June 2011.

- No share options had been granted or cancelled under the SEA Share Option Scheme during the six months ended 30 June 2011.



# Corporate Governance and Other Information

## Share Award Scheme of the Company

The Company has also adopted a share award scheme (the "SEA Share Award Scheme") on 27 May 2010. The SEA Share Award Scheme is an incentive scheme established for the Group as a flexible means to recognise and acknowledge the performance and/or contributions which the eligible participants have made or will make to the Group and promote the long term success of the Company. No share award was granted since the commencement of the SEA Share Award Scheme and up to the period ended 30 June 2011.

## Share Option and Share Award Schemes of AGP

AGP, a 97.17%-owned subsidiary of the Company, has also adopted a share option scheme and a share award scheme in 2010. The two schemes are incentive arrangement for the AGP Group to recognise and acknowledge the performance and/or contributions which the eligible participants have made or will make to the AGP Group and promote the long term success of AGP. No share option or share award was granted since the commencement of the two schemes on 16 August 2010 and up to the period ended 30 June 2011.

## Purchase, Sales or Redemption of the Company's Listed Securities

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

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

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

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

# Corporate Governance and Other Information

## Closure of Register of Members

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

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 September 2011.

## Review of Interim Financial Statements

The condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have not been audited but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by Deloitte Touche Tohmatsu, whose report on review is set out on page 18 of this interim report. The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2011 have also been reviewed by the audit committee of the Company.

## Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF S E A HOLDINGS LIMITED

### INTRODUCTION

We have reviewed the interim financial information set out on pages 19 to 36, 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 2011 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  
26 August 2011

# Condensed Consolidated Income Statement

For the six months ended 30 June 2011

|  |    | Six months ended 30 June        |   |
|--|----|---------------------------------|---|
|  |    | 2011<br>HK\$'000<br>(unaudited) | 2010<br>HK\$'000<br>(unaudited)<br>(restated) |
| NOTES  |    |                                 |   |
| Revenue  |    | 305,439                         | 311,208                                       |
| Interest income  |    | 7,788                           | 6,084   |
| Other income   |    | 22,828                          | 11,556  |
| Costs:   |    |                                 |   |
| Property and related costs   | 4  | (56,191)                        | (81,103)                                      |
| Staff costs  |    | (63,164)                        | (54,854)                                      |
| Depreciation and amortisation  |    | (39,276)                        | (33,210)                                      |
| Other expenses   | 5  | (59,066)                        | (51,726)                                      |
|  |    | <b>(217,697)</b>                | <b>(220,893)</b>                              |
| Profit from operations before fair value changes on properties                           |    | 118,358                         | 107,955                                       |
| Fair value changes on investment properties  |    | 936,242                         | 287,169                                       |
| Profit from operations after fair value changes on properties                            |    | 1,054,600                       | 395,124                                       |
| Share of results of associates   |    | 623                             | (290)   |
| Share of results of jointly controlled entities  |    | 21                              | (1,786)                                       |
| Finance costs  | 6  | (51,203)                        | (49,152)                                      |
| Profit before taxation   | 7  | 1,004,041                       | 343,896                                       |
| Income tax expense   | 8  | (45,283)                        | (22,543)                                      |
| Profit for the period  |    | 958,758                         | 321,353                                       |
| Attributable to:   |    |                                 |   |
| Company's shareholders   |    | 931,919                         | 312,694                                       |
| Non-controlling interests  |    | 26,839                          | 8,659   |
|  |    | <b>958,758</b>                  | <b>321,353</b>                                |
|  |    | <b>HK cents</b>                 | <b>HK cents</b>                               |
| Earnings per share for profit attributable to the Company's shareholders                 | 10 |                                 |   |
| — Basic  |    | 138.9                           | 47.8  |
| — Diluted  |    | 138.5                           | 46.9  |
| <i>Earnings per share excluding fair value changes on properties net of deferred tax</i> | 10 |                                 |   |
| — Basic  |    | 6.6                             | 5.7   |
| — Diluted  |    | 6.6                             | 5.6   |



# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

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

# Condensed Consolidated Statement of Financial Position

At 30 June 2011

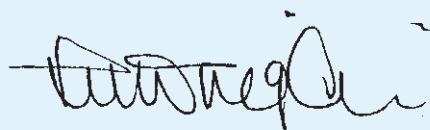
|   | NOTES | 30.6.2011<br>HK\$'000<br>(unaudited) | 31.12.2010<br>HK\$'000<br>(restated) |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Non-current assets</b>                     |       |                                      |                                      |
| Investment properties                         | 11    | 8,133,675                            | 7,144,376                            |
| Property, plant and equipment                 | 11    | 1,189,193                            | 1,213,390                            |
| Properties for development                    | 12    | 1,176,817                            | 783,163                              |
| Club memberships                              |       | 8,574                                | 8,574                                |
| Interests in associates                       |       | 9,847                                | 8,602                                |
| Interests in jointly controlled entities      | 13    | 41,832                               | 40,499                               |
| Loans receivable                              |       | 25,717                               | 34,392                               |
| Other receivable                              | 14    | 364,896                              | 350,726                              |
|   |       | <b>10,950,551</b>                    | <b>9,583,722</b>                     |
| <b>Current assets</b>                         |       |                                      |                                      |
| Properties held for sale                      |       |                                      |                                      |
| Completed properties                          |       | 398,158                              | 414,400                              |
| Properties under development                  |       | 721,064                              | 719,663                              |
| Other inventories                             |       | 1,082                                | 1,245                                |
| Held for trading investments                  |       | 131                                  | 143                                  |
| Loans receivable                              |       | 1,355                                | 1,755                                |
| Receivables, deposits and prepayments         | 15    | 134,068                              | 130,549                              |
| Tax recoverable                               |       | 453                                  | 453                                  |
| Amounts due from non-controlling shareholders | 16    | 7,578                                | 1,578                                |
| Pledged bank deposits                         |       | 785                                  | 264,103                              |
| Bank balances and cash                        |       | 2,398,197                            | 2,355,639                            |
|   |       | <b>3,662,871</b>                     | <b>3,889,528</b>                     |
| <b>Current liabilities</b>                    |       |                                      |                                      |
| Payables, rental deposits and accrued charges | 17    | 256,133                              | 328,828                              |
| Sales deposits                                |       | —                                    | 5,682                                |
| Provisions                                    |       | 4,978                                | 4,865                                |
| Tax liabilities                               |       | 156,316                              | 136,634                              |
| Amounts due to non-controlling shareholders   | 16    | 201,914                              | 177,238                              |
| Bank borrowings — due within one year         | 18    | 979,812                              | 1,647,761                            |
| Derivative financial liability                |       | 1,163                                | 1,828                                |
|   |       | <b>1,600,316</b>                     | <b>2,302,836</b>                     |
| <b>Net current assets</b>                     |       | <b>2,062,555</b>                     | <b>1,586,692</b>                     |
| <b>Total assets less current liabilities</b>  |       | <b>13,013,106</b>                    | <b>11,170,414</b>                    |

# Condensed Consolidated Statement of Financial Position

At 30 June 2011

|   | NOTES | 30.6.2011<br>HK\$'000<br>(unaudited) | 31.12.2010<br>HK\$'000<br>(restated) |
|---|-------|--------------------------------------|--------------------------------------|
| <b>Capital and reserves</b>                       |       |                                      |                                      |
| Share capital                                     | 19    | 67,037                               | 66,913                               |
| Reserves  |       | 9,661,559                            | 8,705,352                            |
| <hr/>   |       |                                      |                                      |
| Equity attributable to the Company's shareholders |       | 9,728,596                            | 8,772,265                            |
| Non-controlling interests                         |       | 301,685                              | 277,400                              |
| <hr/>   |       |                                      |                                      |
| <b>Total equity</b>                               |       | <b>10,030,281</b>                    | <b>9,049,665</b>                     |
| <hr/>   |       |                                      |                                      |
| <b>Non-current liabilities</b>                    |       |                                      |                                      |
| Bank borrowings — due after one year              | 18    | 2,598,030                            | 1,769,227                            |
| Deferred taxation                                 | 20    | 384,795                              | 351,522                              |
| <hr/>   |       |                                      |                                      |
|   |       | 2,982,825                            | 2,120,749                            |
| <hr/>   |       |                                      |                                      |
|   |       | 13,013,106                           | 11,170,414                           |

The condensed consolidated financial statements on pages 19 to 36 were approved and authorised for issue by the Board of Directors on 26 August 2011 and are signed on its behalf by:



**Lu Wing Chi**  
Executive Director



**Lambert Lu**  
Executive Director

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

|  | Attributable to the Company's shareholders |                           |                                 |                                 |  |                                   |                            |                              |                   |          | Non-controlling interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|--|---------------------------|---------------------------------|---------------------------------|--|-----------------------------------|----------------------------|------------------------------|-------------------|----------|---------------------------------------|-------------------|
|  | Share capital<br>HK\$'000                  | Share premium<br>HK\$'000 | Contributed surplus<br>HK\$'000 | Translation reserve<br>HK\$'000 | Capital redemption reserve<br>HK\$'000 | Share options reserve<br>HK\$'000 | Other reserves<br>HK\$'000 | Retained profits<br>HK\$'000 | Total<br>HK\$'000 |          |                                       |                   |
| At 1 January 2010 as originally stated             | 64,719                                     | 323,545                   | 277,707                         | 287,775                         | 4,451                                  | 9,926                             | —                          | 6,399,220                    | 7,367,343         | 266,329  | 7,633,672                             |                   |
| Effect of changes in accounting policies           | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | 535,277                      | 535,277           | 6,630    | 541,907                               |                   |
| At 1 January 2010 as restated                      | 64,719                                     | 323,545                   | 277,707                         | 287,775                         | 4,451                                  | 9,926                             | —                          | 6,934,497                    | 7,902,620         | 272,959  | 8,175,579                             |                   |
| Profit for the period                              | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | 312,694                      | 312,694           | 8,659    | 321,353                               |                   |
| Other comprehensive income for the period          | —  | —                         | —                               | 12,673                          | —                                      | —                                 | —                          | —                            | 12,673            | 5,043    | 17,716                                |                   |
| Total comprehensive income for the period          | —  | —                         | —                               | 12,673                          | —                                      | —                                 | —                          | 312,694                      | 325,367           | 13,702   | 339,069                               |                   |
| Recognition of equity-settled share-based payments | —  | —                         | —                               | —                               | —                                      | 375                               | —                          | —                            | 375               | —        | 375                                   |                   |
| Share 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                                |                   |
| Dividends paid                                     | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | (40,426)                     | (40,426)          | —        | (40,426)                              |                   |
| 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)                      | 7,206,765                    | 8,229,586         | 286,152  | 8,515,738                             |                   |
| Profit for the period                              | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | 528,472                      | 528,472           | 14,130   | 542,602                               |                   |
| Other comprehensive income for the period          | —  | —                         | —                               | 65,127                          | —                                      | —                                 | —                          | —                            | 65,127            | (6,232)  | 58,895                                |                   |
| Total comprehensive income for the period          | —  | —                         | —                               | 65,127                          | —                                      | —                                 | —                          | 528,472                      | 593,599           | 7,898    | 601,497                               |                   |
| Recognition of equity-settled share-based payments | —  | —                         | —                               | —                               | —                                      | 130                               | —                          | —                            | 130               | —        | 130                                   |                   |
| Share repurchased and cancelled                    | (575)                                      | (27,739)                  | —                               | —                               | —                                      | —                                 | —                          | —                            | (28,314)          | —        | (28,314)                              |                   |
| Shares issued on exercise of share options         | 474  | 11,698                    | —                               | —                               | —                                      | (1,458)                           | —                          | —                            | 10,714            | —        | 10,714                                |                   |
| Dividends paid                                     | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | (33,450)                     | (33,450)          | —        | (33,450)                              |                   |
| Dividends paid to non-controlling shareholders     | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | —                            | —                 | (16,650) | (16,650)                              |                   |
| At 31 December 2010 (audited)                      | 66,913                                     | 354,721                   | 277,707                         | 365,575                         | 4,451                                  | 1,502                             | (391)                      | 7,701,787                    | 8,772,265         | 277,400  | 9,049,665                             |                   |
| Profit for the period                              | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | 931,919                      | 931,919           | 26,839   | 958,758                               |                   |
| Other comprehensive income for the period          | —  | —                         | —                               | 64,698                          | —                                      | —                                 | —                          | —                            | 64,698            | (2,554)  | 62,144                                |                   |
| Total comprehensive income for the period          | —  | —                         | —                               | 64,698                          | —                                      | —                                 | —                          | 931,919                      | 996,617           | 24,285   | 1,020,902                             |                   |
| Recognition of equity-settled share based payments | —  | —                         | —                               | —                               | —                                      | 77                                | —                          | —                            | 77                | —        | 77                                    |                   |
| Shares repurchased and cancelled                   | (122)                                      | (5,543)                   | —                               | —                               | —                                      | —                                 | —                          | —                            | (5,665)           | —        | (5,665)                               |                   |
| Shares issued on exercise of share options         | 246  | 6,052                     | —                               | —                               | —                                      | (740)                             | —                          | —                            | 5,558             | —        | 5,558                                 |                   |
| Dividends paid                                     | —  | —                         | —                               | —                               | —                                      | —                                 | —                          | (40,256)                     | (40,256)          | —        | (40,256)                              |                   |
| At 30 June 2011 (unaudited)                        | 67,037                                     | 355,230                   | 277,707                         | 430,273                         | 4,451                                  | 839                               | (391)                      | 8,593,450                    | 9,728,596         | 301,685  | 10,030,281                            |                   |

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 represent 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 2011

|  | Six months ended 30 June        |                                 |
|--|---------------------------------|---------------------------------|
|  | 2011<br>HK\$'000<br>(unaudited) | 2010<br>HK\$'000<br>(unaudited) |
| <b>Net cash from operating activities</b>  | <b>66,237</b>                   | 17,586                          |
| <b>Investing activities</b>  |                                 |                                 |
| Purchase of and additional costs on property, plant and equipment                        | (7,148)                         | (3,351)                         |
| Net proceeds received on disposal of investment properties                               | —                               | 217,800                         |
| Refund of tender deposits  | —                               | 149,500                         |
| Acquisition of and additional costs on properties for development                        | (379,243)                       | (674,427)                       |
| Decrease in pledged bank deposits  | 263,318                         | 61,215                          |
| Dividend received from an associate  | —                               | 2,732                           |
| Increase in other receivable   | (29,812)                        | (42,970)                        |
| Other investing cash flows   | 17,585                          | 16,531                          |
| <b>Net cash used in investing activities</b>   | <b>(135,300)</b>                | (272,970)                       |
| <b>Financing activities</b>  |                                 |                                 |
| Draw down of bank loans  | 1,020,887                       | 508,352                         |
| Repayments of bank loans   | (896,417)                       | (461,351)                       |
| Issue of new shares  | 5,558                           | 59,161                          |
| Advance from non-controlling shareholders  | 15,427                          | 25,980                          |
| Advance to non-controlling shareholders  | (6,000)                         | (4,641)                         |
| Repurchase of shares   | (5,665)                         | (17,120)                        |
| Dividends paid   | (40,256)                        | (40,426)                        |
| Acquisition of additional interest in a subsidiary                                       | —                               | (900)                           |
| <b>Net cash from financing activities</b>  | <b>93,534</b>                   | 69,055                          |
| <b>Net increase (decrease) in cash and cash equivalents</b>                              | <b>24,471</b>                   | (186,329)                       |
| <b>Cash and cash equivalents at beginning of period</b>                                  | <b>2,355,639</b>                | 2,332,975                       |
| Effect of foreign exchange rate changes  | 18,087                          | 6,116                           |
| <b>Cash and cash equivalents at end of period, represented by bank balances and cash</b> | <b>2,398,197</b>                | 2,152,762                       |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2011 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2010 except for those due to the application of the new or revised Hong Kong Financial Reporting Standards as detailed below.

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

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### Summary of financial effect

The effect of changes in accounting policy on deferred tax on the results of the Group and the earnings per share for the current and prior periods due to application of new or revised HKFRS described above is as follows:

|  | Six months ended 30 June 2011 |   |   | Six months ended 30 June 2010 |   |   |
|--|-------------------------------|---|---|-------------------------------|---|---|
|  | Impact on profit HK\$'000     | Impact on basic earnings per share HK cents | Impact on diluted earnings per share HK cents | Impact on profit HK\$'000     | Impact on basic earnings per share HK cents | Impact on diluted earnings per share HK cents |
| Decrease in deferred taxation expense arising from amendments to HKAS 12 "Income Taxes" Attributable to: |                               |   |   |                               |   |   |
| Company's shareholders   | 135,387                       | 20.2  | 20.1  | 43,856                        | 6.7   | 6.6   |
| Non-controlling interests  | 4,203                         | N/A   | N/A   | 1,354                         | N/A   | N/A   |
| <b>Total adjustments</b>   | <b>139,590</b>                | <b>20.2</b>                                 | <b>20.1</b>                                   | <b>45,210</b>                 | <b>6.7</b>                                  | <b>6.6</b>                                    |

The effect of the above changes on the financial positions of the Group by line items as at 1 January 2010 and 31 December 2010 is as follows:

|                                   | As at 1.1.2010             |                     |                   | As at 31.12.2010           |                     |                   |
|-----------------------------------|----------------------------|---------------------|-------------------|----------------------------|---------------------|-------------------|
|                                   | Originally stated HK\$'000 | Adjustment HK\$'000 | Restated HK\$'000 | Originally stated HK\$'000 | Adjustment HK\$'000 | Restated HK\$'000 |
| Deferred tax liabilities          | (849,115)                  | 541,907             | (307,208)         | (1,022,954)                | 671,432             | (351,522)         |
| <b>Total effect on net assets</b> | <b>(849,115)</b>           | <b>541,907</b>      | <b>(307,208)</b>  | <b>(1,022,954)</b>         | <b>671,432</b>      | <b>(351,522)</b>  |
| Retained profits                  | 6,399,220                  | 535,277             | 6,934,497         | 7,040,861                  | 660,926             | 7,701,787         |
| Non-controlling interests         | 266,329                    | 6,630               | 272,959           | 266,894                    | 10,506              | 277,400           |
| <b>Total effect on equity</b>     | <b>6,665,549</b>           | <b>541,907</b>      | <b>7,207,456</b>  | <b>7,307,755</b>           | <b>671,432</b>      | <b>7,979,187</b>  |

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 3. SEGMENT INFORMATION

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

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

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

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

### Six months ended 30 June 2011

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 3. SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2010

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

Inter-segment sales are at mutually agreed terms.

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

The Group does not allocate interest income, corporate expenses, share of results of associates and jointly controlled entities and finance costs to individual reportable segment profit or loss for the purposes of 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 2011

## 4. PROPERTY AND RELATED COSTS

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

## 5. OTHER EXPENSES

During the period, the hotel operating expenses amounted to HK\$26,844,000 (1.1.2010 — 30.6.2010: HK\$24,576,000).

## 6. FINANCE COSTS

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 7. PROFIT BEFORE TAXATION

|  | Six months ended 30 June |                  |
|--|--------------------------|------------------|
|  | 2011<br>HK\$'000         | 2010<br>HK\$'000 |
| Profit before taxation has been arrived at after crediting (charging): |                          |                  |
| Interest earned on bank deposits                                       | 6,486                    | 4,055            |
| Interest income from second mortgage loans                             | 902                      | 1,645            |
| Imputed interest income on loans to jointly controlled entities        | 400                      | 384              |
| Net exchange gain (loss)   | 9,432                    | (4,054)          |

## 8. INCOME TAX EXPENSE

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 8. INCOME TAX EXPENSE *(continued)*

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

## 9. DIVIDENDS

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

Subsequent to the end of the reporting period, the directors have declared an interim dividend of HK5 cents (2010: HK5 cents) per share payable to the shareholders of the Company whose names appear in the register of members on 30 September 2011.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 10. EARNINGS PER SHARE

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

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

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

|   | Six months ended 30 June |                                |
|---|--------------------------|--------------------------------|
|   | 2011<br>HK\$'000         | 2010<br>HK\$'000<br>(restated) |
| Profit attributable to the Company's shareholders as shown in the condensed consolidated income statement | 931,919                  | 312,694                        |
| Fair value changes on investment properties   | (936,242)                | (287,169)                      |
| Deferred tax thereon  | 21,347                   | 3,293                          |
| Attributable to non-controlling interests   | 27,389                   | 8,497                          |
| Adjusted profit attributable to the Company's shareholders  | 44,413                   | 37,315                         |
| Earnings per share excluding fair value changes on properties net of deferred tax                         |                          |                                |
| Basic   | HK6.6 cents              | HK5.7 cents                    |
| Diluted   | HK6.6 cents              | HK5.6 cents                    |

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 2011

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

The Group's major investment properties of HK\$7,897,578,000 (31.12.2010: HK\$7,142,776,000) were fair valued at 30 June 2011 and 31 December 2010 respectively by independent professional valuers, Savills Valuation and Professional Services Limited (31.12.2010: Savills Valuation and Professional Services Limited and CB Richard Ellis Pty Ltd). The valuation was arrived at on the basis of capitalisation of net income. The resulting increase in fair value of HK\$936,242,000 (1.1.2010 — 30.6.2010: HK\$287,169,000) has been recognised directly in the condensed consolidated income statement. The remaining investment properties of HK\$236,097,000 (31.12.2010: HK\$1,600,000) were fair valued by the directors who are of the opinion that fair values of these properties at 30 June 2011 and 31 December 2010 approximate to their carrying values.

During the period, the Group acquired property, plant and equipment of HK\$7,148,000 (1.1.2010 — 30.6.2010: HK\$3,351,000).

## 12. PROPERTIES FOR DEVELOPMENT

The carrying amount representing the Group's interest in certain pieces of lands located in the PRC to be held for future development which includes consideration and other direct costs.

During the period, the Group paid HK\$333,788,000 (1.1.2010 — 30.6.2010: HK\$674,425,000) for the acquisition of land with lease term of 40 to 70 years located in the PRC.

The Group is in the process of obtaining land use right certificates with carrying amount of HK\$906,964,000 (31.12.2010: HK\$783,163,000).

## 13. INTERESTS IN JOINTLY CONTROLLED ENTITIES

|   | 30.6.2011<br>HK\$'000 | 31.12.2010<br>HK\$'000 |
|---|-----------------------|------------------------|
| Cost of unlisted investments in jointly controlled entities | 3,875                 | 3,875                  |
| Share of post-acquisition reserves                          | (2,762)               | (3,695)                |
|   | 1,113                 | 180                    |
| Loans to jointly controlled entities                        | 40,719                | 40,319                 |
|   | 41,832                | 40,499                 |

Loans to jointly controlled entities are unsecured, interest-free and with no fixed repayment terms. As it is the Group's intention not to demand repayment within one year, the amounts are classified as non-current assets.

On application of Hong Kong Accounting Standard 39 "Financial Instruments — Recognition and Measurement", the fair value of the loans advanced to jointly controlled entities 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 advances, determined on initial recognition, deemed to be capital contributed to jointly controlled entities, is included as part of the cost investments in jointly controlled entities.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 14. OTHER RECEIVABLE

At 30 June 2011, the Group had incurred a total amount of HK\$379,395,000 (31.12.2010: HK\$364,895,000) for the excavation, relocation arrangements and infrastructure works on certain pieces of lands in Nanjing of the PRC. The amount, together with further costs to complete the work, are wholly refundable from the relevant PRC local government out of the proceeds from tendering of certain portion of the land. The Group will then be awarded the portion of the land at the abiding base bid price if the auction price is below the base bid price or else the excess of the proceeds from the auction above the base bid price will be awarded to the Group. The directors estimated that the amount will be recovered by 31 December 2012 based on the latest development of the time schedule for auction of the relevant lands. The balance is carried at amortised cost based on an effective interest rate of 2% per annum.

## 15. RECEIVABLES, DEPOSITS AND PREPAYMENTS

|  | 30.6.2011<br>HK\$'000 | 31.12.2010<br>HK\$'000 |
|--|-----------------------|------------------------|
| Trade receivables                        | 13,445                | 10,170                 |
| Accrued income, deposits and prepayments | 121,111               | 120,867                |
| Less: Allowance for impairment loss      | (488)                 | (488)                  |
|  | <b>134,068</b>        | <b>130,549</b>         |

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

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

|                | 30.6.2011<br>HK\$'000 | 31.12.2010<br>HK\$'000 |
|----------------|-----------------------|------------------------|
| 0 to 30 days   | 7,912                 | 9,432                  |
| 31 to 60 days  | 1,531                 | 552                    |
| 61 to 90 days  | 1,018                 | 55                     |
| 91 to 365 days | 2,435                 | 10                     |
| Over 365 days  | 549                   | 121                    |
|                | <b>13,445</b>         | <b>10,170</b>          |

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 17. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

|  | 30.6.2011<br>HK\$'000 | 31.12.2010<br>HK\$'000 |
|--|-----------------------|------------------------|
| Trade payables                                     | 1,449                 | 2,294                  |
| Rental deposits                                    | 79,228                | 73,429                 |
| Other payables, other deposits and accrued charges | 175,456               | 253,105                |
|  | <b>256,133</b>        | <b>328,828</b>         |

Included in other payables, other deposits and accrued charges is an aggregate amount of HK\$73,469,000 (31.12.2010: HK\$94,743,000) payable to contractors for the cost in relation to the excavation, relocation arrangements and infrastructure works on certain pieces of lands as referred to in note 14.

The rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amount to HK\$64,293,000 (31.12.2010: HK\$50,934,000).

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

## 18. BANK BORROWINGS

During the period, the Group repaid bank loans amounting to HK\$896,417,000 (1.1.2010 — 30.6.2010: HK\$461,351,000) and drew bank loans which carry interest at variable rates in the amount of HK\$1,020,887,000 (1.1.2010 — 30.6.2010: HK\$508,352,000). There was an exchange realignment of HK\$36,383,000 (1.1.2010 — 30.6.2010: HK\$4,860,000).

## 19. SHARE CAPITAL

|  | Number of<br>ordinary shares<br>of HK\$0.1 each | Nominal<br>value<br>HK\$'000 |
|--|---|------------------------------|
| Authorised                                   | 1,000,000,000                                   | 100,000                      |
| Issued and fully paid:                       |   |                              |
| At 1 January 2010                            | 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)                        |
| At 30 June 2010                              | 670,142,585                                     | 67,014                       |
| Shares issued upon exercise of share options | 4,736,213                                       | 474                          |
| Shares repurchased and cancelled             | (5,752,000)                                     | (575)                        |
| At 31 December 2010                          | 669,126,798                                     | 66,913                       |
| Shares issued upon exercise of share options | 2,456,928                                       | 246                          |
| Shares repurchased and cancelled             | (1,216,000)                                     | (122)                        |
| At 30 June 2011                              | 670,367,726                                     | 67,037                       |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

## 20. DEFERRED TAXATION

Deferred tax liabilities are mainly provided on the fair value changes of the investment properties located in the PRC and Australia for an amount of HK\$331,364,000 (31.12.2010: HK\$301,162,000).

## 21. PLEDGE OF ASSETS

At the end of the reporting period, the following assets are under charge or pledged 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\$7,832,139,000 (31.12.2010: HK\$7,159,657,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the relevant properties.
- (b) Fixed charges on hotel properties with aggregate carrying values of HK\$781,848,000 (31.12.2010: HK\$792,186,000) together with a floating charge over all the assets of the property owning subsidiaries and benefits accrued to the hotel properties.
- (c) Fixed charges on properties under development held for sale with an aggregate carrying value of HK\$718,807,000 (31.12.2010: HK\$718,107,000).
- (d) Fixed charges on completed properties held for sale with aggregate carrying value of HK\$71,296,000 (31.12.2010: HK\$70,063,000).
- (e) Bank deposits of HK\$785,000 (31.12.2010: HK\$264,103,000).

## 22. RELATED PARTY DISCLOSURES

- (a) Details of loans to jointly controlled entities are disclosed in the condensed consolidated statement of financial position and note 13.
- (b) The remuneration paid to the key management personnel, who are the directors of the Company, during the period amounted to HK\$9,861,000 (1.1.2010 to 30.6.2010: HK\$9,589,000).

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**爪哇控股有限公司**

**S E A Holdings Limited**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)