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S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 251)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The board of directors (the “**Board**”) of S E A Holdings Limited (the “**Company**”) announces that the unaudited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2014 together with the comparative figures of 2013 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the six months ended 30 June 2014

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2014 HK\$'000 (unaudited) | 2013 HK\$'000 (unaudited) |
| Revenue | 3 | 337,097 | 488,677 |
| Interest income | | 8,750 | 12,042 |
| Other income | | 6,851 | 12,276 |
| Costs: | | | |
| Property and related costs | 4 | (22,908) | (107,967) |
| Staff costs | | (85,943) | (84,928) |
| Depreciation and amortisation | | (31,627) | (43,899) |
| Other expenses | | (74,178) | (73,029) |
| | | <u>(214,656)</u> | <u>(309,823)</u> |
| Profit from operations before fair value changes on investment properties | | 138,042 | 203,172 |
| Fair value changes on investment properties | | <u>240,940</u> | <u>158,655</u> |
| Profit from operations after fair value changes on investment properties | | 378,982 | 361,827 |
| Gain on disposal of assets classified as held for sale | | - | 21,640 |
| Share of results of associates | | - | (1,473) |
| Finance costs | 5 | <u>(45,679)</u> | <u>(43,789)</u> |
| Profit before taxation | | 333,303 | 338,205 |
| Income tax expense | 6 | <u>(33,036)</u> | <u>(50,833)</u> |
| Profit for the period | | <u><u>300,267</u></u> | <u><u>287,372</u></u> |

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the six months ended 30 June 2014

| | | Six months ended 30 June | |
|---|--------------|---------------------------------|----------------|
| | | 2014 | 2013 |
| | <i>Notes</i> | HK\$'000 | HK\$'000 |
| | | (unaudited) | (unaudited) |
| Attributable to: | | | |
| Company's shareholders | | 294,406 | 280,447 |
| Non-controlling interests | | 5,861 | 6,925 |
| | | <u>300,267</u> | <u>287,372</u> |
| | | HK cents | HK cents |
| Earnings per share for profit attributable to the Company's shareholders | | | |
| | 8 | | |
| Basic | | <u>43.4</u> | <u>41.7</u> |
| Diluted | | <u>42.9</u> | <u>40.9</u> |
| <i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i> | | | |
| | 8 | | |
| <i>Basic</i> | | <u>10.1</u> | <u>20.3</u> |
| <i>Diluted</i> | | <u>10.0</u> | <u>19.9</u> |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the six months ended 30 June 2014

| | Six months ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| | (unaudited) | (unaudited) |
| Profit for the period | <u>300,267</u> | <u>287,372</u> |
| Other comprehensive (expense) income: | | |
| <i>Items that may be subsequently reclassified to profit or loss:</i> | | |
| Exchange differences arising on translation of foreign operations | (38,465) | 55,708 |
| Release of translation reserve upon disposal of assets classified as held for sale | - | (2,480) |
| Share of translation differences of associates | - | (595) |
| | <u>(38,465)</u> | <u>52,633</u> |
| Total comprehensive income for the period | <u>261,802</u> | <u>340,005</u> |
| Total comprehensive income attributable to: | | |
| Company's shareholders | 257,580 | 330,309 |
| Non-controlling interests | 4,222 | 9,696 |
| | <u>261,802</u> | <u>340,005</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2014

| | | At 30 June 2014 HK\$'000 (unaudited) | At 31 December 2013 HK\$'000 (audited) |
|--|----|--|--|
| Non-current assets | | | |
| Investment properties | | 10,181,658 | 9,952,179 |
| Property, plant and equipment | | 1,006,425 | 1,025,066 |
| Properties for development | | 1,283,623 | 1,350,813 |
| Club memberships | | 8,574 | 8,574 |
| Loans receivable | | 5,876 | 7,072 |
| Note receivables | | 54,251 | 54,279 |
| Other receivable | | 381,143 | 384,794 |
| Restricted bank deposits | | 6,299 | 6,360 |
| | | <u>12,927,849</u> | <u>12,789,137</u> |
| Current assets | | | |
| Properties held for sale | | | |
| Completed properties | | 217,054 | 219,277 |
| Properties under development | | 1,107,185 | 959,091 |
| Other inventories | | 1,026 | 1,119 |
| Loans receivable | | 417 | 463 |
| Trade receivables, deposits and prepayments | 9 | 121,622 | 126,946 |
| Tax recoverable | | 925 | 3,542 |
| Amounts due from non-controlling interests | | 900 | 265 |
| Bank balances and cash | | 2,610,638 | 2,150,101 |
| | | <u>4,059,767</u> | <u>3,460,804</u> |
| Current liabilities | | | |
| Payables, deposits and accrued charges | 10 | 281,623 | 323,028 |
| Sales deposits | | 28,662 | - |
| Tax liabilities | | 138,734 | 133,403 |
| Amounts due to non-controlling interests | | 98,893 | 96,985 |
| Bank borrowings – due within one year | | 655,034 | 1,499,192 |
| Derivative financial instrument | | 577 | 1,132 |
| | | <u>1,203,523</u> | <u>2,053,740</u> |
| Net current assets | | <u>2,856,244</u> | <u>1,407,064</u> |
| Total assets less current liabilities | | <u>15,784,093</u> | <u>14,196,201</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
At 30 June 2014

| | At 30 June 2014 HK\$'000 (unaudited) | At 31 December 2013 HK\$'000 (audited) |
|---|--|--|
| Capital and reserves | | |
| Share capital | 68,309 | 67,237 |
| Reserves | <u>11,734,953</u> | <u>11,483,916</u> |
| Equity attributable to the Company's shareholders | 11,803,262 | 11,551,153 |
| Non-controlling interests | <u>414,509</u> | <u>410,287</u> |
| Total equity | <u>12,217,771</u> | <u>11,961,440</u> |
| Non-current liabilities | | |
| Bank borrowings – due after one year | 3,044,182 | 1,722,108 |
| Deferred taxation | <u>522,140</u> | <u>512,653</u> |
| | <u>3,566,322</u> | <u>2,234,761</u> |
| | <u>15,784,093</u> | <u>14,196,201</u> |

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative 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 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013.

The application of the interpretation and amendments to Hong Kong Financial Reporting Standards in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment and hotel operation. No operating segments identified by the chief operating decision makers have been aggregated in arriving at the reportable segments of the Group.

During the period, the Group's property investment activity is in Hong Kong, the People's Republic of China (the "PRC") and Australia; property development activity is in Hong Kong and PRC; and hotel operation is in Hong Kong.

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

Six months ended 30 June 2014

| | Property development HK\$'000 | Property investment HK\$'000 | Hotel operation HK\$'000 | Eliminations HK\$'000 | Consolidated HK\$'000 |
|-----------------------------------|-------------------------------------|------------------------------------|--------------------------------|--------------------------|--------------------------|
| SEGMENT REVENUE | | | | | |
| External sales | 520 | 205,382 | 131,195 | - | 337,097 |
| Inter-segment sales | - | - | - | - | - |
| Total | 520 | 205,382 | 131,195 | - | 337,097 |
| SEGMENT RESULTS | | | | | |
| Segment (loss) profit | (41,985) | 422,547 | 46,076 | | 426,638 |
| Interest income | | | | | 8,750 |
| Corporate income less expenses | | | | | (56,406) |
| Finance costs | | | | | (45,679) |
| Profit before taxation | | | | | 333,303 |

Six months ended 30 June 2013

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

Inter-segment sales are at mutually agreed terms.

Segment profit of property investment division for the six months ended 30 June 2014 included increase in fair value of investment properties of HK\$240,940,000 (2013: HK\$158,655,000).

3. SEGMENT INFORMATION *(Continued)*

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

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

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

4. PROPERTY AND RELATED COSTS

| | Six months ended 30 June | |
|--|--------------------------|----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Changes in completed properties held for sale | 613 | 80,619 |
| Selling and marketing expenses | 1,116 | 3,405 |
| Direct operating expenses on investment properties | 21,179 | 23,943 |
| | <u>22,908</u> | <u>107,967</u> |

5. FINANCE COSTS

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Interest on: | | |
| Bank borrowings wholly repayable within 5 years | 22,956 | 23,975 |
| Bank borrowings not wholly repayable within 5 years | 22,430 | 19,350 |
| | <u>45,386</u> | <u>43,325</u> |
| Less: Amounts capitalised to property development projects | <u>(3,934)</u> | <u>(2,631)</u> |
| | 41,452 | 40,694 |
| Front end fee | 2,510 | 1,912 |
| Other charges | 1,717 | 1,183 |
| | <u>45,679</u> | <u>43,789</u> |

6. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---------------------------|--------------------------|---------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Current tax | | |
| Hong Kong Profits Tax | 14,950 | 32,728 |
| PRC Enterprise Income Tax | 5,631 | 4,253 |
| Other jurisdictions | 1,064 | 125 |
| | <u>21,645</u> | <u>37,106</u> |
| Deferred tax | 11,391 | 13,727 |
| | <u>33,036</u> | <u>50,833</u> |

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

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

7. DIVIDEND PAID

| | Six months ended 30 June | |
|--|--------------------------|---------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Dividends recognised as distribution during the period: | | |
| Final dividend for the year ended 31 December 2013 of HK6 cents per share (01.01.2013 – 30.06.2013: final dividend for the year ended 31 December 2012 of HK6 cents per share) | <u>40,980</u> | <u>40,318</u> |

8. EARNINGS PER SHARE

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

| | Six months ended 30 June | |
|--|---------------------------------|--------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Earnings for the purpose of basic and diluted earnings per share: | | |
| Profit for the period attributable to the Company's shareholders | <u>294,406</u> | <u>280,447</u> |
| | Number of shares | |
| | 2014 | 2013 |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | <u>678,378,411</u> | <u>671,958,687</u> |
| Effect of dilutive potential ordinary share options | <u>7,349,659</u> | <u>13,219,993</u> |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | <u>685,728,070</u> | <u>685,178,680</u> |

For the purpose of assessing the performance of the Group, the directors are of the view that the profit for the period should be adjusted for the fair value changes on investment 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 | |
|---|---------------------------------|---------------------|
| | 2014 | 2013 |
| | HK\$'000 | HK\$'000 |
| Profit for the period attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss | <u>294,406</u> | <u>280,447</u> |
| Fair value changes on investment properties | <u>(240,940)</u> | <u>(158,655)</u> |
| Deferred tax thereon | <u>8,460</u> | <u>10,454</u> |
| Attributable to non-controlling interests | <u>6,576</u> | <u>4,302</u> |
| Adjusted profit attributable to the Company's shareholders | <u>68,502</u> | <u>136,548</u> |
| Earnings per share excluding fair value changes on investment properties net of deferred tax | | |
| Basic | <u>HK10.1 cents</u> | <u>HK20.3 cents</u> |
| Diluted | <u>HK10.0 cents</u> | <u>HK19.9 cents</u> |

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

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | At 30 June 2014 HK\$'000 | At 31 December 2013 HK\$'000 |
|--------------------------|-----------------------------------|---------------------------------------|
| Trade receivables | 8,023 | 9,150 |
| Accrued income | 97,486 | 92,234 |
| Deposits and prepayments | 16,113 | 25,562 |
| | <u>121,622</u> | <u>126,946</u> |

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

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

| | At 30 June 2014 HK\$'000 | At 31 December 2013 HK\$'000 |
|----------------|-----------------------------------|---------------------------------------|
| 0 to 30 days | 7,174 | 8,214 |
| 31 to 90 days | 209 | 936 |
| 91 to 365 days | 640 | - |
| | <u>8,023</u> | <u>9,150</u> |

10. PAYABLES, DEPOSITS AND ACCRUED CHARGES

| | At 30 June 2014 HK\$'000 | At 31 December 2013 HK\$'000 |
|--|-----------------------------------|---------------------------------------|
| Trade payables | 1,726 | 2,609 |
| Rental deposits | 112,202 | 113,185 |
| Rental received in advance | 13,476 | 12,052 |
| Other payables, other deposits and accrued charges | 154,219 | 195,182 |
| | <u>281,623</u> | <u>323,028</u> |

Included in other payables is an aggregate amount of HK\$87,707,000 (31 December 2013: HK\$87,876,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land.

Included in rental deposits are deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms which amounted to HK\$96,396,000 at 30 June 2014 (31 December 2013: HK\$87,302,000).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5 cents (2013: HK5 cents) per share for the six months ended 30 June 2014 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 3 October 2014. The relevant dividend warrants are expected to be despatched on or before Wednesday, 15 October 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 29 September 2014 to Friday, 3 October 2014, both days inclusive, during which period no transfer of shares will be registered.

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 26 September 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the six months ended 30 June 2014 amounted to HK\$337.1 million (2013: HK\$488.7 million). The turnover was principally attributable to the recognition of rental income from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the period amounted to HK\$294.4 million (2013: HK\$280.4 million), equivalent to a basic earnings per share of HK43.4 cents (2013: HK41.7 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$225.9 million (2013: HK\$143.9 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$68.5 million (2013: HK\$136.5 million), equivalent to HK10.1 cents (2013: HK20.3 cents) per share.

As at 30 June 2014, the Group's equity attributable to the Company's shareholders amounted to HK\$11,803.3 million (31 December 2013: HK\$11,551.2 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2014 was HK\$17.28 as compared with HK\$17.18 as at 31 December 2013.

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

| | 30 June 2014 HK\$' million | 31 December 2013 HK\$' million |
|----------------|---|-----------------------------------|
| Hong Kong | 9,384.9 | 9,184.7 |
| Mainland China | 4,161.1 | 4,078.9 |
| Australia | 202.8 | 191.5 |
| Total | 13,748.8 | 13,455.1 |

Business Review

Property Investment and Development

The Group continues to focus on its development and investment projects in Hong Kong and Mainland China. It is the Group's approach to review and optimise the project portfolios from time to time. The Group's core projects are listed below.

Hong Kong

The office leasing market was stable during the period. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the period increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 90% as at 30 June 2014.

The negotiation of land premium with the Government for the development project at Fo Tan is in progress. This development project has a site area of approximately 20,000 square metres and envisages, among other facilities, residential units, car parks, educational facilities and a bus terminus. The foundation work of the project has been completed and advanced pile cap work is in progress.

Mainland China

Chengdu, Sichuan Province

During the period, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2014, the aggregate occupancy rate for the two office towers and the retail podium was approximately 93%. Leasing activities for the remaining areas of Plaza Central continue.

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

The master layout plan of the Longquan project (known as "Chengdu Nova City"), which has a site area of 506,000 square metres, was approved by the local government in January 2014. Preliminary site works and site formation works for Phase I of the project have been completed. Superstructure works for Phase I are scheduled to commence in the fourth quarter of 2014.

Kaifeng, Henan Province

The Kaifeng project, known as "Kaifeng Nova City", is situated in Zheng-Kai District, a new town in Kaifeng and envisages shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. This project has a site area of 735,000 square metres and for providing better living environment, the gross floor area of the development will vary from 2,000,000 to 2,500,000 square metres only. The master layout plan has been approved by the local government and foundation work for Phase I of the residential has been completed. The superstructure works for Phase IA of the residential are in progress and scheduled to be completed in the first quarter of 2015. Pre-sale consent for Phase IA was issued and the sales program has commenced.

Guangzhou, Guangdong Province

As at 30 June 2014, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was approximately 91% with more than one-third of the total office space being leased to AIA. Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 337,000 square metres comprising of development land of about 117,000 square metres and landscape land of 220,000 square metres. The master layout plan for the development of the project comprising a hotel, serviced apartments and resort villas in the integrated resort site has been approved by the local government and site formation work for phase I of the project is planned to commence in the fourth quarter of 2014.

Chi Shan, Nanjing, Jiangsu Province

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

Australia

Turnover generated from the property investment project in Australia for the six months ended 30 June 2014 was HK\$9.5 million (2013: HK\$10.0 million).

Hotel Operation

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

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2014, the Group's total bank deposits, bank balances and cash was HK\$2,616.9 million (31 December 2013: HK\$2,156.5 million) and unutilised facilities were HK\$1,572.5 million (31 December 2013: HK\$965.0 million).

Gearing ratio as at 30 June 2014, calculated on the basis of net interest bearing debt minus bank deposits, bank balances and cash as a percentage of total property assets, was 7.9% (31 December 2013: 7.9%).

As at 30 June 2014, maturity of the Group's outstanding borrowings was as follows:

| | 30 June 2014 HK\$' million | 31 December 2013 HK\$' million |
|---------------------|---|-----------------------------------|
| Due | | |
| Within 1 year | 655.9 | 1,500.3 |
| 1-2 years | 1,350.8 | 395.2 |
| 3-5 years | 1,102.7 | 1,082.9 |
| Over 5 years | 608.4 | 256.6 |
| | 3,717.8 | 3,235.0 |
| Less: Front-end fee | (18.6) | (13.7) |
| | 3,699.2 | 3,221.3 |

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2014 amounted to HK\$3,575.8 million (31 December 2013: HK\$3,104.8 million) which comprised of secured bank loans of HK\$3,315.8 million (31 December 2013: HK\$2,894.8 million) and unsecured bank loans of HK\$260.0 million (31 December 2013: HK\$210.0 million). The secured bank loans were secured by properties valued at HK\$11,236.6 million (31 December 2013: HK\$10,865.5 million) and note receivables of HK\$54.3 million (31 December 2013: HK\$54.3 million).

A subsidiary of the Company operating in Australia pledged its properties with an aggregate carrying value of HK\$202.8 million as at 30 June 2014 (31 December 2013: HK\$191.5 million) to secure bank loans of HK\$123.4 million (31 December 2013: HK\$116.5 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2014, 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 2014, the Group had a total of 441 employees (31 December 2013: 426 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$85.9 million for the six months ended 30 June 2014 (2013: HK\$84.9 million).

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

Outlook

U.S. monetary policy will continue to affect the global economy which should contribute to the economic recovery in the near term. With the exception of the UK, many European economies are experiencing weakness in GDP growth and output and whilst the U.S. Government has started tapering quantitative easing and interest rates may begin to rise in the UK shortly, other major central banks continue to keep low or near zero interest rates which are a necessity to help to improve economic growth. Thus, interest rates are likely to stay at historically low levels for some time to come.

With a slowdown of property pricing growth in many of the regions in Mainland China, economic growth has been slowing down this year. In the past month, there has been some easing of property ownership restrictions and the cost of borrowing money in the bond market has reduced which has relieved the largest and best run property companies from the tight liquidity in the capital markets. The Group believes that the market in Mainland China will remain relatively steady.

In Hong Kong, the property market has remained relatively stable with some diminution in land values but ever increasing development construction costs. Interest rates remain low and sales of newly built flats are attracting the best take up in the past six months. However, it remains to be seen what impact the “Occupy Central Movement” will have on Hong Kong’s business confidence. The polarization of the democrat camp and that of the “Anti-occupy Central Movement” with their differing stance on the appointment of Hong Kong Chief Executive could impact the property market adversely in the latter part of the year.

Negotiation of the land premium of our Fo Tan project is still in progress. This is a lengthy process with the Government and the Group is expecting a more realistic land premium to be offered. For the Kaifeng project, the pre-sales for Phase IA of the residential development has commenced and will continue during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 June 2014.

CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2014, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the following deviations:

- *Code provision A.2.1 which states that the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual.* The Company does not propose to comply with this code provision for the time being. The Chairman who is holding the office of Managing Director of the Company currently oversees the management and the Group’s business. The Board considers that the present management structure has been effective in facilitating the operation and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three independent non-executive directors.

- *Code provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term.* Each of the existing non-executive directors (including the independent non-executive directors) of the Company does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings pursuant to the Bye-laws of the Company. The Bye-laws require that every director will retire from office no later than the third annual general meeting of the Company after he was last elected or re-elected. In addition, any person appointed by the Board to fill a casual vacancy or as an additional director (including non-executive director) will hold office only until the next general meeting and will then be eligible for re-election. As such, the Board considers that such requirements are sufficient to meet the underlying objectives of the relevant code provision and therefore does not intend to take any remedial steps in this regard.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2014 have not been audited but have been reviewed by the audit committee of the Company and by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM REPORT

The 2014 Interim Report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.seagroup.com.hk) no later than late September 2014.

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

Hong Kong, 27 August 2014

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

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