

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

For the year ended 31 December 2019

- Revenue: HK\$816.4 million (2018: HK\$778.8 million), 5% increase
- Profit for the year: HK\$173.1 million (2018: HK\$121.3 million), 43% increase
- Profit attributable to the shareholders of the Company: HK\$173.1 million (2018: HK\$121.0 million)
- Net asset value (“NAV”) and NAV per share of the Group attributable to the shareholders of the Company as at 31 December 2019: HK\$11,564.2 million and HK\$17.5 respectively[#].

[#] *The NAV is calculated on the basis of the Group’s book NAV of HK\$6,250.4 million after adjusting Hotel property (which is on cost basis in the book) to fair market value determined by independent property valuers.*

* *For identification purpose only*

The board of directors (the “**Board**”) of S E A Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the financial year ended 31 December 2019 together with the comparative figures of 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (restated)
Revenue	4		
— Renting of investment properties		200,055	209,228
— Hotel operation		192,318	249,994
— Return from financial investment			
— Interest income		<u>424,056</u>	<u>319,573</u>
Total revenue		816,429	778,795
Other income	5	7,023	3,309
Costs:			
Property and related costs	6	(4,036)	(13,762)
Staff costs		(115,816)	(153,337)
Depreciation and amortisation		(39,337)	(29,136)
Other expenses		(96,010)	(118,800)
		<u>(255,199)</u>	<u>(315,035)</u>
Profit before fair value changes on investment properties, impairment loss and other gains and losses		568,253	467,069
Fair value changes on investment properties		<u>50,408</u>	<u>10,856</u>
Profit after fair value changes on investment properties		618,661	477,925
Other gains and losses	7	8,978	23,294
Impairment loss recognised on a listed debt instrument at fair value through other comprehensive income	12	(10,033)	—
Share of result of a joint venture		(53)	(40)
Finance costs	8	<u>(420,047)</u>	<u>(360,875)</u>
Profit before taxation		197,506	140,304
Income tax expense	9	<u>(24,388)</u>	<u>(19,004)</u>
Profit for the year		<u><u>173,118</u></u>	<u><u>121,300</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)**For the year ended 31 December 2019*

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000
Attributable to:			
— Company's shareholders		173,118	121,026
— Non-controlling interests		<u>—</u>	<u>274</u>
Profit for the year		<u>173,118</u>	<u>121,300</u>
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders			
— Basic		<u>26.1</u>	<u>18.2</u>
— Diluted		<u>26.1</u>	<u>18.2</u>
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>			
— <i>Basic</i>	<i>11</i>	<u>20.3</u>	<u>16.6</u>
— <i>Diluted</i>		<u>20.3</u>	<u>16.5</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	<i>Notes</i>	2019 HK\$'000	2018 HK\$'000 (restated)
Profit for the year		<u>173,118</u>	<u>121,300</u>
Other comprehensive income (expense):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Fair value gain (loss) on debt instruments at fair value through other comprehensive income		43,769	(27,341)
Exchange differences arising on translation of foreign operations		43,009	(14,552)
Impairment loss recognised on a listed debt instrument at fair value through other comprehensive income	12	<u>10,033</u>	<u>—</u>
Other comprehensive income (expense) for the year		<u>96,811</u>	<u>(41,893)</u>
Total comprehensive income for the year		<u>269,929</u>	<u>79,407</u>
Total comprehensive income for the year attributable to:			
Company's shareholders		269,929	79,133
Non-controlling interests		<u>—</u>	<u>274</u>
Total comprehensive income for the year		<u>269,929</u>	<u>79,407</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	<i>Notes</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Non-current assets			
Investment properties		7,313,892	6,036,230
Property, plant and equipment		650,003	650,904
Investment in a joint venture		1,114,627	1,050,460
Debt instruments at fair value through other comprehensive income		3,153,121	2,950,698
Financial assets at fair value through profit or loss		280,325	250,573
Pledged bank deposits		16,512	26,333
Other assets		<u>6,899</u>	<u>6,779</u>
		<u>12,535,379</u>	<u>10,971,977</u>
Current assets			
Inventories		1,020	915
Debt instruments at fair value through other comprehensive income		2,447,346	1,448,979
Financial assets at fair value through profit or loss		—	81,747
Trade and other receivables, deposits and prepayments	<i>13</i>	44,468	37,621
Tax recoverable		1	1
Amounts due from non-controlling interests		—	4
Pledged bank deposits		482,525	1,574,819
Bank balances and cash		<u>5,027,037</u>	<u>5,870,023</u>
		<u>8,002,397</u>	<u>9,014,109</u>
Current liabilities			
Payables, rental deposits and accrued charges	<i>14</i>	226,980	204,973
Tax liabilities		23,860	22,293
Lease liabilities		10,323	—
Guaranteed notes		1,557,139	—
Bank borrowings — due within one year		<u>5,765,168</u>	<u>6,215,708</u>
		<u>7,583,470</u>	<u>6,442,974</u>
Net current assets		<u>418,927</u>	<u>2,571,135</u>
Total assets less current liabilities		<u>12,954,306</u>	<u>13,543,112</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 31 December 2019*

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	66,229	66,206
Reserves	<u>6,184,158</u>	<u>5,945,348</u>
Equity attributable to the Company's shareholders	6,250,387	6,011,554
Non-controlling interests	<u>—</u>	<u>4</u>
Total equity	<u>6,250,387</u>	<u>6,011,558</u>
Non-current liabilities		
Lease liabilities	197,580	—
Bank borrowings — due after one year	5,294,791	4,763,702
Guaranteed notes	1,161,220	2,726,740
Deferred taxation	<u>50,328</u>	<u>41,112</u>
	<u>6,703,919</u>	<u>7,531,554</u>
Total equity and non-current liabilities	<u><u>12,954,306</u></u>	<u><u>13,543,112</u></u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and by the Hong Kong Companies Ordinance.

In order to prepare the consolidated financial statements on a basis consistent with that of the preceding periods, the directors of the Company (“**Directors**”) are of the opinion that the Group has reclassified net exchange gain of HK\$23,343,000 from “other income” to “other gains and losses” in order to conform to current year’s classification.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

Definition of a lease (Continued)

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis by using hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied implicit interest rates, if readily determinable, and incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate and implicit interest rate applied by the relevant group entities are ranging from 2.4% to 4.2%.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessee (Continued)

	<i>HK\$'000</i>
Operating lease commitments disclosure as at 31 December 2018	<u>671,225</u>
Lease liabilities discounted at relevant implicit interest rate and incremental borrowing rate <i>(note)</i>	184,427
Add: Extension option reasonably certain to be exercised	<u>29,925</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 as at 1 January 2019	<u>214,352</u>
Analysed for reporting purpose as:	
Current	12,121
Non-current	<u>202,231</u>
	<u>214,352</u>

Note: Includes certain leases of up to 133 years of duration.

The carrying amount of right-of-use assets for own use (included in property, plant and equipment) and those under sublease (included in investment properties) as at 1 January 2019 comprises the following:

	Land and buildings (included in property, plant and equipment) <i>HK\$'000</i>	Leasehold land under sublease (included in investment properties) <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u>35,243</u>	<u>179,109</u>

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

2.1 HKFRS 16 Leases *(Continued)*

As a lessor

In accordance with the transitional provisions in HKFRS 16, except for subleases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but accounts for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, the Group accounts for the head lease and the sublease as two separate contracts. The sublease is classified as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.
- (b) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (c) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and the Directors consider that the impact for discounting such refundable rental deposits received of HK\$5,095,000 as at 31 December 2018 is not material, and therefore, no discounting adjustment has been made.

The application of HKFRS 16 has had no material impact for the Group as a lessor on the consolidated financial statements as at 1 January 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 HKFRS 16 Leases (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current Assets			
Investment properties	6,036,230	179,109	6,215,339
Property, plant and equipment	650,904	35,243	686,147
Current liabilities			
Lease liabilities	—	12,121	12,121
Non-current liabilities			
Lease liabilities	—	202,231	202,231

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

The application of HKFRS 16 has no material impact on the retained profits as at 1 January 2019.

3. SEGMENT INFORMATION

Information reported to the executive Directors, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance is mainly focused on the property development, property investment, hotel operation and financial investment.

3. SEGMENT INFORMATION (Continued)

The property investment segment includes a number of various property locations, each location is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as property investment provides the same nature of income with the same recognition criteria.

The financial investment segment includes interest revenue from time deposits and interest income from listed and unlisted securities. It is the Group's strategy to make financial investment, particularly fixed income debt securities, from time to time in order to generate stable financial investment income for the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results from operating and reportable segments:

For the year ended 31 December 2019

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	<u>—</u>	<u>200,055</u>	<u>192,318</u>	<u>424,056</u>	<u>816,429</u>
SEGMENT RESULTS					
Segment profit	<u>—</u>	<u>243,119</u>	<u>39,414</u>	<u>441,850</u>	724,383
Unallocated interest income					335
Corporate expenses					(107,112)
Share of result of a joint venture					(53)
Finance costs					<u>(420,047)</u>
Profit before taxation					<u>197,506</u>

3. SEGMENT INFORMATION (Continued)

For the year ended 31 December 2018

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	—	209,228	249,994	319,573	778,795
SEGMENT RESULTS					
Segment (loss) profit	(327)	200,311	82,891	311,715	594,590
Unallocated interest income					225
Corporate expenses					(93,596)
Share of result of a joint venture					(40)
Finance costs					(360,875)
Profit before taxation					140,304

Segment profit of the property investment division for year ended 31 December 2019 included an increase in fair value of investment properties of HK\$50,408,000 (2018: HK\$10,856,000).

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

The Group does not allocate interest income generated from bank deposits and second mortgage loans, corporate expenses, share of result of a joint venture and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

4. REVENUE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Renting of investment properties (<i>note i</i>)	200,055	209,228
Hotel operation (<i>note ii</i>)	192,318	249,994
Return from financial investment — interest income (<i>note iii</i>)	<u>424,056</u>	<u>319,573</u>
	<u><u>816,429</u></u>	<u><u>778,795</u></u>

Notes:

- i. Included in revenue generated from renting of investment properties, amounting of HK\$199,531,000 is income from leasing of investment properties under operating lease that the lease payments are fixed or depend on an index or a rate.
- ii. For the year ended 31 December 2019, revenue from hotel operation, which arises from contracts with customers comprises of (i) HK\$140,954,000 (2018: HK\$197,969,000) for hotel room revenue recognised over time and based on output method; (ii) HK\$39,620,000 (2018: HK\$39,987,000) for revenue from food and beverage sales and HK\$11,744,000 (2018: HK\$12,038,000) for revenue from ancillary service are recognised at point in time.
- iii. Return from financial investment — interest income represents interest revenue derived from listed and unlisted securities and time deposits.

5. OTHER INCOME

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (restated)
Interest earned on bank deposits	335	182
Interest income from second mortgage loans	—	43
Others	<u>6,688</u>	<u>3,084</u>
	<u><u>7,023</u></u>	<u><u>3,309</u></u>

6. PROPERTY AND RELATED COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Selling and marketing expenses	1,056	828
Direct operating expenses of investment properties	<u>2,980</u>	<u>12,934</u>
	<u>4,036</u>	<u>13,762</u>

7. OTHER GAINS AND LOSSES

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i> (restated)
Net exchange (losses) gain	(26,396)	23,343
Fair value gain on financial assets at fair value through profit or loss	31,334	—
Gain on disposal of an investment property	6,375	—
Loss on early redemption of debt instruments at fair value through other comprehensive income	<u>(2,335)</u>	<u>(49)</u>
	<u>8,978</u>	<u>23,294</u>

8. FINANCE COSTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank borrowings		
Interest on bank borrowings	255,561	215,034
Amortisation of bank borrowings front-end fee	<u>14,608</u>	<u>8,593</u>
	270,169	223,627
Guaranteed notes		
Interest on guaranteed notes	127,786	125,042
Amortisation of guaranteed notes issued costs	<u>6,842</u>	<u>6,737</u>
	134,628	131,779
Lease liabilities		
Interest on lease liabilities	7,966	—
Other charges	<u>7,284</u>	<u>5,469</u>
	<u>420,047</u>	<u>360,875</u>

9. INCOME TAX EXPENSE

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Current tax		
Hong Kong Profits tax	5,742	4,313
Australia	3,514	3,515
The United Kingdom	<u>10,220</u>	<u>16,463</u>
	<u>19,476</u>	<u>24,291</u>
Under (over) provision in prior years		
Hong Kong Profits tax	1,228	(606)
The United Kingdom	<u>(5,414)</u>	<u>(1,413)</u>
	<u>(4,186)</u>	<u>(2,019)</u>
Deferred tax		
Current year	<u>9,098</u>	<u>(3,268)</u>
	<u><u>24,388</u></u>	<u><u>19,004</u></u>

10. DIVIDENDS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
2019 interim dividend — HK2 cents (2018: 2018 interim dividend — HK2 cents) per share	13,244	13,242
2018 final dividend — HK3 cents (2018: 2017 final dividend — HK3 cents) per share	<u>19,866</u>	<u>19,780</u>
	<u><u>33,110</u></u>	<u><u>33,022</u></u>
2019 final dividend proposed: HK3 cents (2018: HK3 cents) per share	<u><u>19,869</u></u>	<u><u>19,862</u></u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HK3 cents (2018: final dividend in respect of the year ended 31 December 2018 of HK3 cents) per ordinary share, in an aggregate amount of HK\$19,869,000 (2018: HK\$19,862,000), has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming general meeting.

11. 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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the year attributable to the Company's shareholders	<u>173,118</u>	<u>121,026</u>
	Number of shares	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	662,184,370	665,171,833
Effect of dilutive potential ordinary shares options	<u>119,750</u>	<u>1,579,016</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>662,304,120</u>	<u>666,750,849</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for share option scheme.

For the purpose of assessing the performance of the Group, the Directors are of the view that the profit for the year 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:

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Profit for the year attributable to the Company's shareholders as shown in the consolidated statement of profit or loss	173,118	121,026
Fair value changes on investment properties	(50,408)	(10,856)
Deferred tax thereon	<u>11,921</u>	<u>—</u>
Adjusted profit attributable to the Company's shareholders	<u>134,631</u>	<u>110,170</u>
	2019	2018
	<i>HK cents</i>	<i>HK cents</i>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
— Basic	<u>20.3</u>	<u>16.6</u>
— Diluted	<u>20.3</u>	<u>16.5</u>

11. EARNINGS PER SHARE (Continued)

The denominators used in the calculation of basic and diluted adjusted earnings per share for the year ended 31 December 2019 and 31 December 2018 are the same as those detailed in the calculation of basic and dilutive adjusted earnings per share above.

12. IMPAIRMENT ASSESSMENT OF FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Impairment loss recognised on a listed debt instrument at fair value through other comprehensive income	<u>10,033</u>	<u>—</u>

For the year ended 31 December 2019, the Group provided HK\$10,033,000 (2018: nil) impairment allowance for an individual listed debt security due to the deterioration of credit quality of respective security.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables		
— hotel operation (<i>note</i>)	1,660	5,455
Accrued income	2,086	2,164
Deposits, prepayments and other receivables	<u>40,722</u>	<u>30,002</u>
	<u>44,468</u>	<u>37,621</u>

Note: Trade receivables represented customers from corporate customers and travel agents for the use of hotel facilities.

As at 1 January 2018, trade receivables from contracts with customers amounted to HK\$5,794,000.

The following is an aged analysis of trade receivables presented based on the invoice date.

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
0 to 30 days	1,654	4,633
31 to 60 days	6	691
61 to 90 days	<u>—</u>	<u>131</u>
	<u>1,660</u>	<u>5,455</u>

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

As at 31 December 2019, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$6,000 (2018: HK\$822,000) which are past due as at the reporting date. The outstanding balances have been subsequently settled. The Group does not hold any collateral over these balances.

14. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

The following is an aged analysis of trade payable presented based on the invoice date.

	2019	2018
	HK\$'000	HK\$'000
0 to 60 days	<u>1,411</u>	<u>1,710</u>
Trade payables	1,411	1,710
Rental deposits	11,053	5,095
Rental received in advance	43,932	44,332
Other payables, other deposits and accrued charges	103,266	85,971
Interest payables	<u>67,318</u>	<u>67,865</u>
	<u>226,980</u>	<u>204,973</u>

The average credit period on purchase of goods is 60 days.

Rental deposits to be refunded after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$7,589,000 (2018: HK\$4,087,000).

DIVIDENDS

The Board has resolved to recommend for shareholders' approval at the forthcoming annual general meeting (the "2020 AGM") of the Company the payment of a final dividend of HK3 cents (2018: HK3 cents) per share for the year ended 31 December 2019 to the shareholders of the Company whose names appear on the register of members at the close of business on Wednesday, 3 June 2020. The relevant dividend warrants are expected to be despatched on or before Monday, 15 June 2020.

Together with the interim dividend of HK2 cents per share already paid (2018: HK2 cents), the total dividends for the year will be HK5 cents (2018: HK5 cents) per share.

ANNUAL GENERAL MEETING

The 2020 AGM will be held in Hong Kong on Tuesday, 26 May 2020 and the relevant notice and documents will be despatched to the shareholders of the Company and published on the websites of Hong Kong Exchanges and Clearing Limited ("HKEX") (www.hkex.com.hk) and the Company (www.seagroup.com.hk) in April 2020.

BOOK CLOSE DATES

For the purpose of ascertaining the shareholders' entitlements to attend and vote at the 2020 AGM and to qualify for the proposed final dividend, the register of members of the Company will be closed. Details of such closures are set out below:

For ascertaining shareholders' eligibility to attend and vote at the 2020 AGM

Latest time to lodge transfer documents	4:30 p.m. on 18 May 2020 (Monday)
Closure of register of members	19 May 2020 (Tuesday) to 26 May 2020 (Tuesday) (both days inclusive)
Record date	19 May 2020 (Tuesday)

For ascertaining shareholders' entitlement to the proposed final dividend

Latest time to lodge transfer documents	4:30 p.m. on 29 May 2020 (Friday)
Closure of register of members	1 June 2020 (Monday) to 3 June 2020 (Wednesday) (both days inclusive)
Record date	3 June 2020 (Wednesday)

During the above closure periods, no transfer of shares will be registered. To be entitled to attend and vote at the 2020 AGM and to qualify for the proposed final 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 Registrar in Hong Kong, Tricor Standard Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before the above latest time.

DISCUSSION AND ANALYSIS

Financial Summary

Revenue for the year ended 31 December 2019 amounted to HK\$816.4 million (2018: HK\$778.8 million). The revenue was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment.

Profit for the year amounted to HK\$173.1 million (2018: HK\$121.3 million). The improved result in current year was mainly due to (i) increase in interest income from financial investment during the year; and (ii) fair value gain on investment property of 33 Old Broad Street in London, United Kingdom.

Profit attributable to the Company's shareholders for the year amounted to HK\$173.1 million (2018: HK\$121.0 million), equivalent to a basic earnings per share of HK26.1 cents (2018: HK18.2 cents).

The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$38.5 million (2018: HK\$10.9 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$134.6 million (2018: HK\$110.1 million), equivalent to HK20.3 cents (2018: HK16.6 cents) per share.

As at 31 December 2019, the Group's equity attributable to the Company's shareholders amounted to HK\$6,250.4 million (31 December 2018: HK\$6,011.6 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2019 was HK\$9.4 as compared with HK\$9.1 as at 31 December 2018.

The Group's property assets (including interests in joint venture) by geographical location at the year end were as follows:

	31 December 2019 <i>HK\$' million</i>	31 December 2018 <i>HK\$' million</i>
Hong Kong	4,365.2	3,317.1
United Kingdom	4,542.3	4,243.1
Australia	156.1	157.7
	<hr/>	<hr/>
Total	<u>9,063.6</u>	<u>7,717.9</u>

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$586.2 million (2018: HK\$606.2 million), whereas the market value as at 31 December 2019 as determined by an independent professional market valuation carried out by independent property valuer is HK\$5,900.0 million (2018: HK\$6,000.0 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value as at 31 December 2019, the adjusted total property assets, the adjusted net asset value and adjusted net asset value per share attributable to the Company's shareholders would be HK\$14,377.4 million (2018: HK\$13,111.7 million), HK\$11,564.2 million (2018: HK\$11,405.4 million) and HK\$17.5 (2018: HK\$17.2) respectively.

Business Review

Property Investment and Development

The Group continues to focus on property development and property investment projects, but has not committed to limit its sphere of activities solely to outside the PRC or to property related development and investments. The strategy of the Group will be determined by the board of Directors taking into consideration market opportunities, the Group's financial resources and its core competence. It is the Group's approach to review and optimize the project portfolios from time to time. Currently, the Group's core projects mainly consist of a residential project (No. 1 Shouson Hill Road East), an investment property in Hong Kong (a portion of Winway Building) and a joint venture residential development project (West Kowloon Waterfront) in Hong Kong, two investment properties in London, the United Kingdom (20 Moorgate and 33 Old Broad Street) and an investment property in Australia (Lizard Island).

Hong Kong

On 16 September 2019, the Group entered into an agreement with an independent third party to acquire a commercial property (a portion of Winway Building) located at No.50 Wellington Street, Central, Hong Kong at a total consideration of approximately HK\$780.0 million. Completion of the acquisition took place on 31 October 2019. Revenue generated from the property for the year ended 31 December 2019 was HK\$3.3 million.

The Group, as part of the consortium comprised of well-known property developers, is developing the urban waterfront residential plot with harbor view in Off Hing Wah Street West, West Kowloon. The site is being developed into a premium-graded residential project with walking distance to MTR. This project is under construction work in progress stage as scheduled and targets to be completed by 2022.

The Group owns residential properties at Shouson Hill Road East, Hong Kong as investment properties. The renovation works are to be completed in 2020 by phases.

United Kingdom

The Group owns two investment properties in the United Kingdom, namely, (i) an office building at 33 Old Broad Street, London, EC 2; and (ii) an office building at 20 Moorgate, London, EC2R 6DA.

The revenue generated from these investment properties in the United Kingdom for year ended 31 December 2019 was HK\$180.7 million (2018: HK\$191.6 million).

Australia

Revenue generated from the property investment projects in Australia for year ended 31 December 2019 was HK\$15.4 million (2018: HK\$16.8 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 operated under the brand of Crowne Plaza of the InterContinental Hotels Group. Its revenue and operating results in 2019 was less than 2018, which was resulted from the social unrest during the year. The hotel will strive to implement cost saving measurement and gain further market share in the challenging market conditions.

Financial Investment

As at 31 December 2019, the Group held financial investment of approximately HK\$5,880.8 million (2018: HK\$4,732.0 million), which are comprised of listed debt securities and unlisted investments. The portfolio increase arose from a further investment in listed debt securities during the year.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31 December 2019, the Group's total pledged bank deposits, bank balances and cash was HK\$5,526.1 million (2018: HK\$7,471.2 million), total financial investments (including debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss) were HK\$5,880.8 million (2018: HK\$4,732.0 million) and unutilised facilities were HK\$2,412.4 million (2018: HK\$1,707.8 million).

As at 31 December 2019, the Group's bank borrowings was HK\$11,060.0 million (2018: HK\$10,979.4 million) and the guaranteed notes was HK\$2,718.3 million (2018: HK\$2,726.7 million). After netting the bank balance, cash and the financial investments, the Group had a net debt position of HK\$2,371.5 million (2018: HK\$1,502.9 million) with gearing ratio of 16.5% (2018: 11.5%) (calculated on the basis of net debt as a percentage of the adjusted total property assets with hotel property adjusted to fair market value of HK\$5,900.0 million (2018: HK\$6,000.0 million)).

As at 31 December 2019, maturity of the Group's outstanding borrowings (including the guaranteed notes) was as follows:

	31 December 2019	31 December 2018
	<i>HK\$' million</i>	<i>HK\$' million</i>
Due		
Within 1 year	7,327.3	6,217.9
1–2 years	1,382.7	1,619.0
3–5 years	5,109.2	5,913.1
	13,819.2	13,750.0
Less: Unamortised front-end fee and Notes issued expenses	(40.9)	(43.9)
	<u>13,778.3</u>	<u>13,706.1</u>

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 31 December 2019 amounted to HK\$8,303.2 million (2018: HK\$8,216.1 million) which comprised of secured bank borrowings of HK\$6,144.2 million (2018: HK\$5,936.1 million) and unsecured bank borrowings of HK\$2,159.0 million (2018: HK\$2,280.0 million). The secured bank borrowings were secured by properties valued at HK\$2,330.2 million (2018: HK\$2,225.2 million), listed debt securities of HK\$4,891.5 million (2018: HK\$3,689.8 million) and pledged cash of HK\$499.0 million (2018: HK\$1,598.5 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$4,698.5 million (2018: HK\$4,400.8 million) as at 31 December 2019 and there was no pledged bank deposits (2018: HK\$2.7 million) to secure bank borrowings of HK\$2,790.7 million (2018: HK\$2,793.3 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2019, all of the Group's borrowings except the guaranteed notes were raised through its wholly-owned subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 31 December 2019, the Group had a total of 225 employees (2018: 239 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$115.8 million for the year ended 31 December 2019 (2018: HK\$153.3 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) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

The US-China trade war continued to cast a cloud over global economy throughout 2019. In January 2020, some of the biggest economic uncertainties partially eased as US-China Phase I trade deal and the agreement outlining how UK will leave the European Union were made. However, since the outbreak of Covid-19, global stock markets dropped sharply in March. A sharp slowdown in the global economic growth is expected. To limit the economic fallout from the coronavirus, the Federal Reserve further cut interest rate. Meanwhile, massive stimulus packages have been announced by countries worldwide.

Despite of the pressure from trade tensions, China's economy remained resilient in 2019. Nonetheless, the coronavirus outbreak in the past few months has weighed on China's economy. The growth of China's economy in 2020 is expected to be slower as compared with last year.

In the second half of 2019, the social unrest has taken a heavy toll to Hong Kong economy. As a whole in 2019, the GDP dropped by 1.2%, the first annual decline since 2009. Entering 2020, the unemployment rate has risen to the highest level in more than three years. With the economic blow of coronavirus, the outlook for local economy for 2020 is uncertain.

Hong Kong's residential property market was volatile in 2019. In the first five months of 2019, the market remained active. However, since the social incident in June, the residential property market quietened visibly and the flat prices softened. The office leasing market is expected to be under pressure in 2020 because of local economy slowdown. Looking ahead, the market sentiment will only improve if the ongoing social unrest and the recent epidemic end soon. We will prudently plan and adjust our sale and leasing strategies in accordance with the market situation.

Compared with the previous years, UK GDP growth has slowed and was volatile throughout 2019 due to slower global growth and elevated Brexit-related factors. Despite of the agreement outlining how UK will leave the European Union and government's fiscal stimulus, the coronavirus outbreak will cast a cloud over economic activity in UK. Nonetheless, having reputable tenants under long leases with high grade covenants, the Group's property portfolio in UK is expected to continue to contribute stable rental income to the Group.

2019 is a difficult year to Hong Kong hotel industry. The social unrest severely affected the performance of inbound tourism in the second half of 2019. Going into 2020, the already-weak tourism-related sector has been further hard hit by the outbreak of coronavirus. The outlook for hotel industry for 2020 is an unprecedented challenge.

Our Group has proactively improved our efficiency and cost management to sustain our business while prepared to restore our performance once tourism industry recover its momentum.

2020 will not only be a challenging year but also a beginning of close to zero interest rate era. Over its long history, SEA Group has witnessed the economic turbulence and social upheavals in Hong Kong and the world. Throughout the years, the Group had weathered these storms with equanimity. Our Group has been monitoring of the global and local economy development and performed prudent risk and crisis management over the Group's financial liquidity and investment and property portfolio. With the Group's professional management team, robust financial capabilities, quality corporate governance and adherence to its philosophy of "Building with the Times", we are confident that our Group will withstand the current market instability and grow as opportunities arise.

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2019, 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.

REVIEW BY AUDIT COMMITTEE

The audit committee comprises four members, namely Messrs. Leung Hok Lim, Walujo Santoso, Wally, Chung Pui Lam and Chan Kwok Wai, all being independent non-executive Directors. The audit committee has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2019, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2019 Annual 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 websites of HKEX (www.hkex.com.hk) and the Company (www.seagroup.com.hk) in April 2020.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to express our heartfelt gratitude to the founders of the Group, our sincere thanks to the long-standing business partners, customers and shareholders, and our appreciation to all staff members for their dedication and hard work for the Group during the year.

By Order of the Board
S E A Holdings Limited
Lu Wing Chi, Jesse
Chairman

Hong Kong, 31 March 2020

The directors of the Company as at the date of this announcement are:

Executive Directors:

Mr. Lu Wing Chi, Jesse (*Chairman*)
Mr. Lambert Lu (*Chief Executive*)

Non-executive Directors:

Mr. Lam Sing Tai
Mr. Lincoln Lu

Independent Non-executive Directors:

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