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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 ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

HIGHLIGHTS

For the year ended 31 December 2020

- Revenue: HK\$602.9 million (2019: HK\$816.4 million), 26% decrease
- Profit attributable to the shareholders of the Company: HK\$151.0 million (2019: HK\$173.1 million), 13% decrease
- Net asset value (“NAV”) and NAV per share of the Group attributable to the shareholders of the Company as at 31 December 2020: HK\$11,274.4 million and HK\$17.6 respectively#.

The NAV is calculated on the basis of the Group’s book NAV of HK\$6,240.6 million after adjusting hotel property (which is on cost basis in the book) to fair market value determined by an independent property valuer.

** For identification purpose only*

The board of directors (the “**Board**”) of S E A Holdings Limited (the “**Company**”) announces the audited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the financial year ended 31 December 2020 together with the comparative figures of 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>HK\$’000</i>	2019 <i>HK\$’000</i>
Revenue	4		
– Renting of investment properties		212,934	200,055
– Hotel operation		44,769	192,318
– Return from financial investment			
– Interest income and others		345,246	424,056
		<hr/>	<hr/>
Total revenue		602,949	816,429
Other income	5	10,467	7,023
Costs:			
Property and related costs	6	(5,227)	(4,036)
Staff costs		(77,752)	(115,816)
Depreciation and amortisation		(36,908)	(39,337)
Other expenses		(52,237)	(96,010)
		<hr/>	<hr/>
		(172,124)	(255,199)
Profit before fair value changes on investment properties, impairment loss and other gains and losses		441,292	568,253
Fair value changes on investment properties		39,067	50,408
		<hr/>	<hr/>
Profit after fair value changes on investment properties		480,359	618,661
Other gains and losses	7	(29,897)	8,978
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		(61)	(53)
Finance costs	8	(273,679)	(420,047)
		<hr/>	<hr/>
Profit before taxation		176,722	197,506
Income tax expense	9	(25,754)	(24,388)
		<hr/>	<hr/>
Profit for the year		150,968	173,118
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)
For the year ended 31 December 2020

	<i>Note</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Profit for the year attributable to the Company's shareholders		<u>150,968</u>	<u>173,118</u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share for profit attributable to the Company's shareholders			
– Basic		<u>23.0</u>	<u>26.1</u>
– Diluted		<u>23.0</u>	<u>26.1</u>
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>			
	<i>11</i>		
– Basic		<u>17.2</u>	<u>20.3</u>
– Diluted		<u>17.2</u>	<u>20.3</u>

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

For the year ended 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year	150,968	173,118
Other comprehensive income (expense):		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain on equity instruments at fair value through other comprehensive income	668	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Fair value (loss) gain on debt instruments at fair value through other comprehensive income	(35,601)	43,769
Reclassification to profit or loss upon disposal of debt instruments at fair value through other comprehensive income	24,000	–
Exchange differences arising on translation of foreign operations	76,963	43,009
Impairment loss recognised on a listed debt instrument at fair value through other comprehensive income	–	10,033
Other comprehensive income for the year	66,030	96,811
Total comprehensive income for the year attributable to the Company's shareholders	216,998	269,929

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current assets			
Investment properties		7,338,649	7,313,892
Property, plant and equipment		615,936	650,003
Investment in a joint venture		1,169,992	1,114,627
Equity instruments at fair value through other comprehensive income		431,485	–
Debt instruments at fair value through other comprehensive income		3,073,053	3,153,121
Financial assets at fair value through profit or loss		20,874	280,325
Pledged bank deposits		–	16,512
Other assets		6,839	6,899
		<u>12,656,828</u>	<u>12,535,379</u>
Current assets			
Inventories		941	1,020
Debt instruments at fair value through other comprehensive income		806,575	2,447,346
Financial assets at fair value through profit or loss		80,309	–
Trade and other receivables, deposits and prepayments	<i>13</i>	32,794	44,468
Tax recoverable		7	1
Pledged bank deposits		29,768	482,525
Bank balances and cash		3,354,456	5,027,037
		<u>4,304,850</u>	<u>8,002,397</u>
Current liabilities			
Payables, rental deposits and accrued charges	<i>14</i>	153,344	226,980
Tax liabilities		28,123	23,860
Lease liabilities		12,901	10,323
Guaranteed notes		–	1,557,139
Bank borrowings – due within one year		3,511,586	5,765,168
		<u>3,705,954</u>	<u>7,583,470</u>
Net current assets		<u>598,896</u>	418,927
Total assets less current liabilities		<u><u>13,255,724</u></u>	<u><u>12,954,306</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 31 December 2020

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Capital and reserves		
Share capital	64,224	66,229
Reserves	6,176,381	6,184,158
Total equity	6,240,605	6,250,387
Non-current liabilities		
Lease liabilities	190,911	197,580
Bank borrowings – due after one year	5,611,388	5,294,791
Guaranteed notes	1,158,222	1,161,220
Deferred taxation	54,598	50,328
	7,015,119	6,703,919
Total equity and non-current liabilities	13,255,724	12,954,306

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.

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 AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year 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.

Impacts on application of Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ¹
Amendment to HKFRS 16	Covid-19-Related Rent Concessions ⁴
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ⁵
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ¹
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 ²

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2021.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions*

The amendment is effective for annual reporting periods beginning on or after 1 June 2020.

The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

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

New and amendments to HKFRSs in issue but not yet effective *(Continued)*

Amendment to HKFRS 16 *Covid-19-Related Rent Concessions (Continued)*

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application is not expected to have impact on the Group's financial position and performance as the Group does not intend to apply the practical expedient.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Based on the Group's outstanding liabilities as at 31 December 2020, the application of the amendments will not result in reclassification of the Group's liabilities.

3. SEGMENT INFORMATION

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

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 provide the same nature of income with the same recognition criteria.

The financial investment segment includes interest income from time deposits and investment income from listed and unlisted investments.

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 2020

	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>212,934</u>	<u>44,769</u>	<u>345,246</u>	<u>602,949</u>
SEGMENT RESULTS					
Segment (loss) profit	<u>(2,865)</u>	<u>240,867</u>	<u>(33,650)</u>	<u>320,979</u>	525,331
Unallocated interest income					226
Corporate expenses					(75,095)
Share of result of a joint venture					(61)
Finance costs					<u>(273,679)</u>
Profit before taxation					<u>176,722</u>

3. SEGMENT INFORMATION *(Continued)*

Segment revenues and results *(Continued)*

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 (loss) profit	<u>(2,880)</u>	<u>243,119</u>	<u>39,414</u>	<u>441,850</u>	721,503
Unallocated interest income					335
Corporate expenses					(104,232)
Share of result of a joint venture					(53)
Finance costs					<u>(420,047)</u>
Profit before taxation					<u>197,506</u>

Segment profit of the property investment division for the year ended 31 December 2020 included an increase in fair value of investment properties of HK\$39,067,000 (2019: HK\$50,408,000).

The accounting policies for operating segments are the same as the Group's accounting policies.

The Group does not allocate interest income generated from bank deposits and 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Renting of investment properties (<i>note i</i>)	212,934	200,055
Hotel operation (<i>note ii</i>)	44,769	192,318
Return from financial investment – interest income and others (<i>note iii</i>)	345,246	424,056
	<u>602,949</u>	<u>816,429</u>

Notes:

- i. Included in revenue generated from renting of investment properties, HK\$210,366,000 (2019: HK\$199,531,000) is rental income from leasing of investment properties under operating leases in which the lease payments are fixed. No rental income from leasing of investment properties under operating leases in which the lease payments depend on an index or a certain rate is generated for both years.
- ii. For the year ended 31 December 2020, revenue from hotel operation, which arose from contracts with customers comprises of (i) hotel room revenue of HK\$28,156,000 (2019: HK\$140,954,000) being recognised over time and based on output method; (ii) food and beverage sales of HK\$6,265,000 (2019: HK\$39,620,000) and ancillary service of HK\$915,000 (2019: HK\$2,089,000) being recognised at point in time. The remaining revenue of HK\$9,433,000 (2019: HK\$9,655,000) is rental income from leasing of hotel's retail portion under operating leases in which the lease payments are fixed.
- iii. Interest income and others includes interest income from listed and unlisted debt securities, and time deposits of HK\$345,022,000 (2019: HK\$424,056,000) and dividend income from listed equity securities of HK\$224,000 (2019: nil).

5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income from bank deposits	226	335
Government grants	7,700	–
Others	2,541	6,688
	<u>10,467</u>	<u>7,023</u>

For the year ended 31 December 2020, the Group recognised government grants of HK\$7,700,000 from Places of Public Entertainment Licence Holder Subsidy Scheme, Food Licence Holders Subsidy Scheme and Employment Support Scheme under Anti-Epidemic Fund of the Government of the Hong Kong Special Administrative Region.

6. PROPERTY AND RELATED COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Selling and marketing expenses	144	1,056
Direct operating expenses of investment properties	5,083	2,980
	<u>5,227</u>	<u>4,036</u>

7. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Net exchange losses	(6,911)	(26,396)
Fair value gain on financial assets at fair value through profit or loss	1,014	31,334
Gain on disposal of an investment property	–	6,375
Loss on disposal of debt instruments at fair value through other comprehensive income	(24,000)	–
Loss on early redemption of debt instruments at fair value through other comprehensive income	–	(2,335)
	<u>(29,897)</u>	<u>8,978</u>

8. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank borrowings:		
Interest on bank borrowings	182,438	255,561
Amortisation of front-end fee	13,428	14,608
	<u>195,866</u>	<u>270,169</u>
Guaranteed notes:		
Interest on guaranteed notes	60,163	127,786
Amortisation of guaranteed notes issued costs	2,443	6,842
	<u>62,606</u>	<u>134,628</u>
Lease liabilities:		
Interest on lease liabilities	8,044	7,966
Other charges	7,163	7,284
	<u>273,679</u>	<u>420,047</u>

9. INCOME TAX EXPENSE

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong	5,338	5,742
Australia	2,816	3,514
The United Kingdom	14,203	10,220
	<u>22,357</u>	<u>19,476</u>
Under (over) provision in prior years:		
Hong Kong	2,738	1,228
The United Kingdom	71	(5,414)
	<u>2,809</u>	<u>(4,186)</u>
Deferred tax:		
Current year	588	9,098
	<u>25,754</u>	<u>24,388</u>

10. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distributions during the year:		
2020 interim dividend – HK2 cents (2019: 2019 interim dividend – HK2 cents) per share	13,203	13,244
2019 final dividend – HK3 cents (2019: 2018 final dividend – HK3 cents) per share	19,869	19,866
	<u>33,072</u>	<u>33,110</u>
2020 final dividend proposed: HK3 cents (2019: HK3 cents) per share	<u>19,267</u>	<u>19,869</u>

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HK3 cents (2019: HK3 cents) per ordinary share, in an aggregate amount of HK\$19,267,000 (2019: HK\$19,869,000), has been proposed by the directors of the Company and is subject to approval by the Company's shareholders in the forthcoming annual 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:

	2020 <i>HK\$'000</i>	2019 <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>150,968</u>	<u>173,118</u>
	Number of shares	
	2020	2019
Weighted average number of ordinary shares for the purpose of basic earnings per share	657,392,666	662,184,370
Effect of dilutive potential ordinary shares options	–	<u>119,750</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>657,392,666</u>	<u>662,304,120</u>

The computation of diluted earnings per share for the year ended 31 December 2020 does not assume the exercise of the Company's share options as the exercise price of these options is higher than the average market price for the shares.

For the purpose of assessing the performance of the Group, the directors of the Company 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit for the year attributable to the Company's shareholders as shown in the consolidated statement of profit or loss	150,968	173,118
Fair value changes on investment properties	(39,067)	(50,408)
Deferred tax thereon	1,400	11,921
Adjusted profit attributable to the Company's shareholders	<u>113,301</u>	<u>134,631</u>

11. EARNINGS PER SHARE (Continued)

	2020 <i>HK cents</i>	2019 <i>HK cents</i>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
– Basic	<u>17.2</u>	<u>20.3</u>
– Diluted	<u>17.2</u>	<u>20.3</u>

The denominators used in the calculation of basic and diluted adjusted earnings per share for the year ended 31 December 2020 and 2019 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Impairment loss recognised on a listed debt instrument at fair value through other comprehensive income	<u>–</u>	<u>10,033</u>

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

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables		
– Hotel operation (<i>note</i>)	133	1,660
Accrued income	1,066	2,086
Deposits, prepayments and other receivables	<u>31,595</u>	<u>40,722</u>
	<u>32,794</u>	<u>44,468</u>

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

As at 1 January 2019, trade receivables from contracts with customers amounted to HK\$5,455,000.

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

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 30 days	131	1,654
31 to 60 days	2	6
	133	1,660

As at 31 December 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$2,000 (2019: HK\$6,000) 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.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 60 days	593	1,411
Trade payables	593	1,411
Rental deposits	7,043	11,053
Rental received in advance	45,622	43,932
Other payables, other deposits and accrued charges	70,718	103,266
Interest payables	29,368	67,318
	153,344	226,980

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\$4,757,000 (2019: HK\$7,589,000).

DIVIDENDS

The Board has resolved to recommend for shareholders' approval at the forthcoming annual general meeting of the Company (the "2021 AGM") the payment of a final dividend of HK3 cents (2019: HK3 cents) per share for the year ended 31 December 2020 to the shareholders of the Company whose names appear on the register of members at the close of business on Monday, 7 June 2021. The relevant dividend warrants are expected to be despatched on or before Friday, 18 June 2021.

Together with the interim dividend of HK2 cents per share already paid (2019: HK2 cents), the total dividends for the year will be HK5 cents (2019: HK5 cents) per share.

ANNUAL GENERAL MEETING

The 2021 AGM will be held in Hong Kong on Friday, 28 May 2021 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 2021.

BOOK CLOSE DATES

For the purpose of ascertaining the shareholders' entitlements to attend and vote at the 2021 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 2021 AGM

Latest time to lodge transfer documents	4:30 p.m. on 21 May 2021 (Friday)
Closure of register of members	24 May 2021 (Monday) to 28 May 2021 (Friday) (both days inclusive)
Record date	24 May 2021 (Monday)

For ascertaining shareholders' entitlement to the proposed final dividend

Latest time to lodge transfer documents	4:30 p.m. on 2 June 2021 (Wednesday)
Closure of register of members	3 June 2021 (Thursday) to 7 June 2021 (Monday) (both days inclusive)
Record date	7 June 2021 (Monday)

During the above closure periods, no transfer of shares will be registered. To be entitled to attend and vote at the 2021 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 2020 amounted to HK\$602.9 million (2019: HK\$816.4 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 attributable to the Company's shareholders for the year amounted to HK\$151.0 million (2019: HK\$173.1 million), equivalent to a basic earnings per share of HK23.0 cents (2019: HK26.1 cents). The decrease in profit attributable to the Company's shareholders in current year was mainly because of the significant drop in hotel operating results due to COVID-19 outbreak, but largely offset by fair value surplus in investment properties and increase in return from financial investment, net of finance cost.

The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$37.7 million (2019: HK\$38.5 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$113.3 million (2019: HK\$134.6 million), equivalent to HK17.2 cents (2019: HK20.3 cents) per share.

As at 31 December 2020, the Group's equity attributable to the Company's shareholders amounted to HK\$6,240.6 million (2019: HK\$6,250.4 million). The net asset value per share attributable to the Company's shareholders as at 31 December 2020 was HK\$9.7 as compared with HK\$9.4 as at 31 December 2019.

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

	31 December 2020 <i>HK\$' million</i>	31 December 2019 <i>HK\$' million</i>
Hong Kong	4,243.8	4,365.2
The United Kingdom	4,697.2	4,542.3
Australia	171.0	156.1
Total	<u>9,112.0</u>	<u>9,063.6</u>

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$566.2 million (2019: HK\$586.2 million), whereas the market value as at 31 December 2020 as determined by valuation carried out by an independent property valuer is HK\$5,600.0 million (2019: HK\$5,900.0 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 2020, 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\$14,145.8 million (2019: HK\$14,377.4 million), HK\$11,274.4 million (2019: HK\$11,564.2 million) and HK\$17.6 (2019: HK\$17.5) 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 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 "Grand Victoria" at 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

During the year, the Group continues our effort in the residential development project in West Kowloon Waterfront "Grand Victoria"¹. The project is being developed into a premium-graded residential project with its unique locational advantages and design. The location enjoys excellent connectivity with the MTR station providing seamless linkages with Central, the airport, the highspeed rail terminus as well as most of the commercial districts in the region. Superstructure work is in progress as scheduled and the development is expected to be completed by 2023. Pre-sale of the residential units has been launched in March 2021. In the first launch of the pre-sale, more than 200 units of the project have been sold with total sale proceeds of nearly HK\$3.0 billion.

Located at No. 50 Wellington Street, Central, Hong Kong, "Winway Building"², one of the Group's investment properties, is at the prime location of central business district of Hong Kong and is a high quality commercial property with gross floor area of approximately 58,207 sq.ft.. The rental income generated from the property for the year ended 31 December 2020 was HK\$17.3 million which was slightly decreased primarily due to the impact of COVID-19, including rental relief granted to selective tenants to help them weather through this difficult time. As at 31 December 2020, the occupancy rate was declined to 87% (2019: 95%). Following to the slowdown of COVID-19 pandemic, the occupancy rate has been recovered to 95% in March 2021.

The Group owns 10 houses of residential properties at Shouson Hill Road East, prime situated in the Deep Water Bay of Hong Kong South, also known as the traditional supreme luxury residential zone, surrounded by lush landscaping with wide Mount Nicholson view. Parts of the renovation works were completed during the year with remaining works to be completed in 2021 by phases. Despite of COVID-19 during the year, the demand for luxury home continues to show resilience amid limited new supply.

1 The Group is being a part of the consortium comprised of well-known property developers.

2 The Group owns approximately 59% of the gross floor area of Winway Building.

The United Kingdom

The Group owns two investment properties located in the heart of London in the United Kingdom.

20 Moorgate, London, a commercial and office property, is a seven-storey high-quality office building and located in London, less than 100 metres north of the Bank of England. It comprises approximately 154,854 sq.ft. (14,386 sq.m.) of Grade A office, retail and ancillary facilities arranged over lower ground, ground and seven upper floors. The property is almost fully let to the Prudential Regulatory Authority (a regulatory body of the Bank of England) as a headquarter under long-term lease agreements. Rental income generated from the property £7.5 million, approximately HK\$75.3 million (2019: HK\$75.5 million) during the year.

33 Old Broad Street, London, a high quality commercial property, is prominently positioned in the core of the City of London, only 150 metres away from the new Crossrail station – Liverpool Street Station. This strategic location appeals to global occupiers from the financial, insurance and professional sectors. Moreover, the 9-storey property is located in an area known as the Eastern Cluster, identified by the City of London Corporation as suitable for development of tall buildings, providing a landmark tower redevelopment opportunity. With a floor space of 191,165 sq. ft. (17,760 sq. m.), the property is fully leased to Bank of Scotland as their London Headquarter and guaranteed by HBOS Plc (a wholly owned subsidiary of the Lloyds Banking Group) for a fixed term until 2039 with fixed uplift every five years on rental. The property generated rental income of £10.3 million, approximately HK\$103.2 million (2019: HK\$103.2 million) during the year.

Despite of the prolonged lockdown in the United Kingdom and world economy uncertainties during the COVID-19 pandemic, the Group did not have any rent arrear from the above tenants in the United Kingdom, reflecting the Group's success in making investment strategy and the Group's capability to withstand in any market instability.

Australia

Lizard Island Resort, an Australia's northern-most island resort, uniquely locates on the Great barrier Reef, 240 kilometres north of Cairns, and has 24 powdery-white beaches, over 1000 hectares of national park, 40 luxurious beach lodges. Lizard Island has consistently ranked as one of the world's top luxury island resorts. As at 31 December 2020, the property was fully let to a hotel operator on a long-term lease guaranteed by an investment grade conglomerate. The rental income generated from the property for year ended 31 December 2020 was HK\$13.4 million (2019: HK\$15.4 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. Due to the outbreak of COVID-19 and its adverse impact on cross border and international travel since January 2020, the global hotel industry and the performance of our hotel have been negatively affected. For the year ended 31 December 2020, the hotel revenue and operating results dropped significantly, which was HK\$44.8 million (2019: HK\$192.3 million).

Hotel Operation (Continued)

The Group is taking all practicable measures to cope with the challenges. We prioritize in delivering feeling of safety to our guests, putting in place strict sanitisation and hygiene protocol. Moreover, we have finished rebranding of our existing restaurant outlets and introducing a new Italian restaurant for having an all-new dining experience to the guests, and at the same time, taking decisive decision to reduce operating costs. The Group will continue to improve the quality of its hotel services to ensure our guests have enjoyable experiences during their stays in our hotel.

Financial Investment

Adhering to prudent management of our capital, the Group continues to optimize its capital structure and prioritise access to ample liquidity under the low interest rate environment. During the year, the Group has strategically invested in pre-IPO shares of China Evergrande Property Services Group Limited, which was classified under equity instruments at fair value through other comprehensive income. As at 31 December 2020, the Group held financial investment of approximately HK\$4,412.3 million (31 December 2019: HK\$5,880.8 million), which are comprised of listed equity and debt securities and unlisted investments.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 31 December 2020, the Group's total pledged bank deposits, bank balances and cash was HK\$3,384.2 million (2019: HK\$5,526.1 million), total financial investments (including debt instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income) were HK\$4,412.3 million (2019: HK\$5,880.8 million) and unutilised facilities were HK\$3,332.1 million (2019: HK\$2,412.4 million).

As at 31 December 2020, the Group's bank borrowings was HK\$9,123.0 million (2019: HK\$11,060.0 million) and the guaranteed notes was HK\$1,158.2 million (2019: HK\$2,718.3 million). After netting off the bank balance, cash and the financial investments, the Group had a net debt position of HK\$2,484.7 million (2019: HK\$2,371.5 million) with gearing ratio of 17.6% (2019: 16.5%) (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\$5,600.0 million (2019: HK\$5,900.0 million)).

As at 31 December 2020, maturity of the Group's outstanding borrowings (including the guaranteed notes) was as follows:

	31 December 2020 <i>HK\$' million</i>	31 December 2019 <i>HK\$' million</i>
Due		
Within 1 year	3,516.3	7,327.3
1-2 years	1,118.4	1,382.7
3-5 years	5,681.8	5,109.2
	10,316.5	13,819.2
Less: Unamortised front-end fee and Notes issued expenses	(35.3)	(40.9)
	10,281.2	13,778.3

Financial Resources and Liquidity *(Continued)*

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 31 December 2020 amounted to HK\$6,274.3 million (2019: HK\$8,303.2 million) which comprised of secured bank borrowings of HK\$4,722.8 million (2019: HK\$6,144.2 million) and unsecured bank borrowings of HK\$1,551.5 million (2019: HK\$2,159.0 million). The secured bank borrowings were secured by properties valued at HK\$3,020.2 million (2019: HK\$2,330.2 million), listed debt securities of HK\$3,879.6 million (2019: HK\$4,891.5 million) and pledged cash of HK\$29.8 million (2019: HK\$499.0 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$4,868.2 million (2019: HK\$4,698.5 million) as at 31 December 2020 to secure bank borrowings of HK\$2,879.5 million (2019: HK\$2,790.7 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2020, 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 2020, the Group had a total of 133 employees (2019: 225 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$77.8 million for the year ended 31 December 2020 (2019: HK\$115.8 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 Group to its 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

After hard hit by the COVID-19 pandemic, the Mainland economy contracted by 6.8% in the first quarter of 2020. However, through effective measures against COVID-19, the COVID-19 pandemic has been rapidly controlled and the economy has swiftly recovered since the second quarter of 2020. The Mainland becomes the only major economy with positive annual growth for 2020. Despite the evolving US-China relations, the Mainland economy is likely to sustain robust growth in 2021.

Outlook *(Continued)*

For Hong Kong, the already weak economy has been hammered by the COVID-19 pandemic. In 2020, the economy contracted by 6.1%, which is the biggest annual contraction on record, and registered a contraction for the second consecutive years. Although the vaccination programmes have been launched in Hong Kong since February 2021, the pace of recovery will be slow.

Trading and office rental for property dropped in the first quarter of 2020 due to the rising unemployment rate and vacancy rate. Nevertheless, after adjusting upward the loan-to-value ratio caps for mortgage loans from 40% to 50% in August 2020 and abolishment of the Doubled Ad Valorem Stamp Duty in late November 2020 on non-residential property transactions, the market has slightly revived. Looking ahead, as the business environment remains tough and the local epidemic situation remains volatile, the property market will face pressure in the near term. Nonetheless, taking into account the tight demand-supply balance of private flats and the sustained low interest rate environment, we expect the residential property market to stay resilient in the long run, especially if border re-opening and economy recovery help to release demand from Mainland China. Demand for luxury home continues to show resilience amid limited new supply. Luxury home market may see stronger rebound.

The hospitality industry in Hong Kong has gone through an extremely tough year. Following the social unrest a year ago, the COVID-19 pandemic and the resultant stringent travel restrictions imposed by governments across the globe further hard hit the industry in 2020. Even if availability of vaccines across the world and more stable local epidemic situation have raised hopes for lifting of border controls and social distancing measures, the road ahead for hospitality still looks challenging. Having said that, we see potential demand from tourists, especially the Mainland Chinese, who consider Hong Kong their preferred leisure travel and shopping destination. After pandemic, we are of the view that the Mainland tourists will come and visit Hong Kong again. As such, our Group has proactively renovated our guest rooms, rebranded our restaurant outlets, improved our efficiency and cost management to sustain our business while prepared to restore our performance once tourism industry recovers its momentum.

The United Kingdom is one of the countries which were seriously suffered from the COVID-19 pandemic in 2020. Since March 2020, the COVID-19 pandemic outbreak and the resultant disruption of market activities by the ongoing lockdown have took a heavy toll to the United Kingdom. Supported by the speedy rollout of vaccines, as well as a significant decrease in recent infection rates, the lockdown restrictions have been gradually lifting. In spite of the prospect that life may be back to normal soon, the United Kingdom, as one of the countries hardest hit by the coronavirus pandemic, is predicted to have a weak economic growth prospects in 2021. Nonetheless, having reputable tenants under long leases with high grade covenants, the Group's property portfolio in the United Kingdom is expected to continue to contribute stable rental income to the Group. After Brexit, London continues to be a key global financial center. The Group remains confident in London to maintain this status and will continue to look for investment opportunities in London.

2021 will be a challenging year. 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 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 2020, the Company repurchased a total of 20,050,000 issued ordinary shares of the Company on the Stock Exchange at an aggregate cash consideration of HK\$194,171,783 (excluding expenses) and cancelled all the purchased shares. Particulars of the repurchases are as follows:

Period of repurchase	Total number of shares repurchased	Price paid per share		Aggregate consideration HK\$
		Highest HK\$	Lowest HK\$	
September 2020	10,446,000	10.00	9.00	101,712,939
October 2020	9,604,000	9.90	7.28	92,458,844
	<u>20,050,000</u>			<u>194,171,783</u>

The directors of the Company considered that the aforesaid shares were repurchased at a discount to the underlying fair 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 year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

Throughout the year ended 31 December 2020, 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 of the Company comprises four members, namely Messrs. Leung Hok Lim, Walujo Santoso, Wally, Chung Pui Lam and Chan Kwok Wai, all being independent non-executive directors of the Company. The audit committee of the Company has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2020.

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 2020, 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 2020 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 2020 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 2021.

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, 26 March 2021

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*)
Mr. Yap Shee Liam (*Chief Financial Officer*)

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