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S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 251)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The board of directors (the “**Board**”) of S E A Holdings Limited (the “**Company**”) announces that the unaudited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2015 together with the comparative figures of 2014 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	317,580	337,097
Interest income		9,220	8,750
Other income		14,876	6,851
Costs:			
Property and related costs	4	(25,566)	(22,908)
Staff costs		(87,007)	(85,943)
Depreciation and amortisation		(32,881)	(31,627)
Other expenses		(69,881)	(74,178)
		<u>(215,335)</u>	<u>(214,656)</u>
Profit from operations before fair value changes on investment properties		126,341	138,042
Fair value changes on investment properties		<u>238,901</u>	<u>240,940</u>
Profit from operations after fair value changes on investment properties		365,242	378,982
Finance costs	5	<u>(56,796)</u>	<u>(45,679)</u>
Profit before taxation		308,446	333,303
Income tax expense	6	<u>(28,970)</u>	<u>(33,036)</u>
Profit for the period		<u><u>279,476</u></u>	<u><u>300,267</u></u>

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the six months ended 30 June 2015

	<i>Notes</i>	Six months ended 30 June	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Attributable to:			
Company's shareholders		273,916	294,406
Non-controlling interests		5,560	5,861
		<u>279,476</u>	<u>300,267</u>
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	8		
Basic		<u>39.6</u>	<u>43.4</u>
Diluted		<u>39.1</u>	<u>42.9</u>
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>	8		
<i>Basic</i>		<u>6.3</u>	<u>10.1</u>
<i>Diluted</i>		<u>6.2</u>	<u>10.0</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the six months ended 30 June 2015

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>279,476</u>	<u>300,267</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value loss on other financial assets	(24,512)	-
Exchange differences arising on translation of foreign operations	<u>2,723</u>	<u>(38,465)</u>
	<u>(21,789)</u>	<u>(38,465)</u>
Total comprehensive income for the period	<u><u>257,687</u></u>	<u><u>261,802</u></u>
Total comprehensive income attributable to:		
Company's shareholders	251,932	257,580
Non-controlling interests	<u>5,755</u>	<u>4,222</u>
	<u><u>257,687</u></u>	<u><u>261,802</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

		At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Non-current assets			
Investment properties		10,775,867	10,546,169
Property, plant and equipment		966,550	984,475
Properties for development		1,248,328	1,248,432
Club memberships		8,574	8,574
Other financial assets		178,604	7,764
Loan receivable		3,999	4,118
Note receivables		54,265	54,289
Other receivables		391,327	391,173
Restricted bank deposits		6,341	6,338
		<u>13,633,855</u>	<u>13,251,332</u>
Current assets			
Properties held for sale			
Completed properties		218,481	218,395
Properties under development		1,427,372	1,297,343
Other inventories		1,134	1,333
Loan receivable		362	362
Trade receivables, deposits and prepayments	9	153,554	166,563
Tax recoverable		4,278	4,549
Amounts due from non-controlling interests		691	70
Bank balances and cash		2,703,354	3,007,591
		<u>4,509,226</u>	<u>4,696,206</u>
Current liabilities			
Payables, rental deposits and accrued charges	10	314,727	340,826
Sales deposits		94,145	64,389
Tax liabilities		117,785	103,690
Amounts due to non-controlling interests		99,544	99,505
Bank borrowings – due within one year		1,824,627	546,568
		<u>2,450,828</u>	<u>1,154,978</u>
Net current assets		<u>2,058,398</u>	<u>3,541,228</u>
Total assets less current liabilities		<u>15,692,253</u>	<u>16,792,560</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
At 30 June 2015

	At 30 June 2015 HK\$'000 (unaudited)	At 31 December 2014 HK\$'000 (audited)
Capital and reserves		
Share capital	69,328	68,962
Reserves	<u>12,351,508</u>	<u>12,128,083</u>
Equity attributable to the Company's shareholders	12,420,836	12,197,045
Non-controlling interests	<u>433,387</u>	<u>427,632</u>
Total equity	<u>12,854,223</u>	<u>12,624,677</u>
Non-current liabilities		
Bank borrowings – due after one year	2,332,743	3,665,523
Deferred taxation	<u>505,287</u>	<u>502,360</u>
	<u>2,838,030</u>	<u>4,167,883</u>
Total equity and non-current liabilities	<u>15,692,253</u>	<u>16,792,560</u>

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014.

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

3. SEGMENT INFORMATION

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

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

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

For the six months ended 30 June 2015

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE				
External sales	<u>-</u>	<u>204,836</u>	<u>112,744</u>	<u>317,580</u>
SEGMENT RESULTS				
Segment (loss) profit	<u>(41,586)</u>	<u>421,793</u>	<u>31,105</u>	411,312
Interest income				9,220
Corporate income less expenses				(55,290)
Finance costs				<u>(56,796)</u>
Profit before taxation				<u>308,446</u>

For the six months ended 30 June 2014

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

3. SEGMENT INFORMATION *(Continued)*

Segment profit of property investment division for the six months ended 30 June 2015 included increase in fair value of investment properties of HK\$238,901,000 (2014: HK\$240,940,000).

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

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

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

4. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Cost of properties sold and related expenses	-	613
Selling and marketing expenses	3,834	1,116
Direct operating expenses on investment properties	21,732	21,179
	<u>25,566</u>	<u>22,908</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within 5 years	29,045	22,956
Bank borrowings not wholly repayable within 5 years	31,027	22,430
	<u>60,072</u>	<u>45,386</u>
Less: Amounts capitalised to property development project	<u>(7,699)</u>	<u>(3,934)</u>
	52,373	41,452
Front end fee	3,053	2,510
Other charges	1,370	1,717
	<u>56,796</u>	<u>45,679</u>

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	16,286	14,950
PRC Enterprise Income Tax	6,533	5,631
Other jurisdictions	1,463	1,064
	<u>24,282</u>	<u>21,645</u>
Deferred tax	4,688	11,391
	<u>28,970</u>	<u>33,036</u>

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

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

7. DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Dividends recognised as distribution during the period:		
Final dividend for the year ended 31 December 2014 of HK6 cents per share (01.01.2014 – 30.06.2014: final dividend for the year ended 31 December 2013 of HK6 cents per share)	<u>41,512</u>	<u>40,980</u>

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to the Company's shareholders	<u>273,916</u>	<u>294,406</u>
	Number of shares	
	2015	2014
Weighted average number of ordinary shares for the purpose of basic earnings per share	691,712,908	678,378,411
Effect of dilutive potential ordinary share options	<u>9,716,594</u>	<u>7,349,659</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>701,429,502</u>	<u>685,728,070</u>

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

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Profit for the period attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	273,916	294,406
Fair value changes on investment properties	(238,901)	(240,940)
Deferred tax thereon	2,028	8,460
Attributable to non-controlling interests	<u>6,665</u>	<u>6,576</u>
Adjusted profit attributable to the Company's shareholders	<u>43,708</u>	<u>68,502</u>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	<u>HK6.3 cents</u>	<u>HK10.1 cents</u>
Diluted	<u>HK6.2 cents</u>	<u>HK10.0 cents</u>

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

9. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Trade receivables	8,353	10,603
Accrued income	102,512	99,415
Deposits and prepayments	42,689	56,545
	<u>153,554</u>	<u>166,563</u>

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

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

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
0 to 30 days	6,867	8,014
31 to 60 days	94	590
61 to 90 days	56	207
91 to 365 days	1,063	1,148
Over 365 days	273	644
	<u>8,353</u>	<u>10,603</u>

10. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	At 30 June 2015 HK\$'000	At 31 December 2014 HK\$'000
Trade payables	1,467	3,018
Rental deposits	114,861	115,925
Rental received in advance	13,754	16,399
Other payables, other deposits and accrued charges	184,645	205,484
	<u>314,727</u>	<u>340,826</u>

Included in other payables is an aggregate amount of HK\$95,305,000 (31 December 2014: HK\$91,759,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land.

Included in rental deposits are deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms which amounted to HK\$63,344,000 at 30 June 2015 (31 December 2014: HK\$71,151,000).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5 cents (2014: HK5 cents) per share for the six months ended 30 June 2015 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 2 October 2015. The relevant dividend warrants are expected to be despatched on or before Wednesday, 14 October 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 29 September 2015 to Friday, 2 October 2015 (both days inclusive) during which no transfer of shares will be registered.

In order to qualify for the interim dividend, all duly completed and stamped transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrars in Hong Kong, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 25 September 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the six months ended 30 June 2015 amounted to HK\$317.6 million (2014: HK\$337.1 million). The turnover was principally attributable to the recognition of rental income from investment properties and revenue from hotel operation.

Profit attributable to the Company's shareholders for the period amounted to HK\$273.9 million (2014: HK\$294.4 million), equivalent to a basic earnings per share of HK39.6 cents (2014: HK43.4 cents). The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$230.2 million (2014: HK\$225.9 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$43.7 million (2014: HK\$68.5 million), equivalent to HK6.3 cents (2014: HK10.1 cents) per share.

As at 30 June 2015, the Group's equity attributable to the Company's shareholders amounted to HK\$12,420.8 million (31 December 2014: HK\$12,197.1 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2015 was HK\$17.92 as compared with HK\$17.69 as at 31 December 2014.

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

	30 June 2015	31 December 2014
	HK\$' million	HK\$' million
Hong Kong	9,948.1	9,720.9
Mainland China	4,490.3	4,361.7
Australia	163.4	173.6
Total	<u>14,601.8</u>	<u>14,256.2</u>

Business Review

Property Investment and Development

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

Hong Kong

The office leasing market was stable during the period. With several tenancies of Dah Sing Financial Centre, a 39-storey commercial building, being renewed at market rates, rental income received during the period increased. The occupancy rate of Dah Sing Financial Centre remains at a high level of approximately 93% as at 30 June 2015 (31 December 2014: 94%)

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

Mainland China

Chengdu, Sichuan Province

During the period under review, the occupancy rate for the two 30-storey office towers of Plaza Central remained at a high level and its retail podium with a gross floor area of about 29,000 square metres is fully let principally to Chengdu New World Department Store on a long-term lease. As at 30 June 2015, the aggregate occupancy rate for the two office towers and the retail podium was approximately 86% (31 December 2014: 89%). Leasing activities for the remaining areas of Plaza Central continue.

The shopping arcade of New Century Plaza with a gross floor area of about 16,300 square metres was fully let to a hotel on a long-term lease in late 2014.

The master layout plan of the Longquan project (known as "Chengdu Nova City"), which has a site area of 506,000 square metres, was approved by the local government in January 2014. Preliminary site works and site formation works for Phase I of the project have been completed. Superstructure works for Phase I are now scheduled to commence in the third quarter of 2015.

Kaifeng, Henan Province

The Kaifeng project, known as "Kaifeng Nova City", is situated in Zheng-Kai District, a new town in Kaifeng and envisages a shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. This project has a site area of 735,000 square metres and for providing a better living environment, the gross floor area of the development will vary from 2,000,000 to 2,500,000 square metres only. The master layout plan has been approved by the local government and foundation work for Phase I of the residential has been completed. The superstructure works for Phase IB of the residential are in progress. The superstructure works and landscape works of Phase IA of the residential are scheduled to complete in the fourth quarter of 2015. Pre-sale consent for Phase IA was issued and 50% of the residential units was launched to the market. VIP sales program is being conducted.

Guangzhou, Guangdong Province

As at 30 June 2015, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was 98% with more than one-third of the total office space being leased to AIA (31 December 2014: 100%). Leasing activities for the 3-storey shopping arcade of Westmin Plaza Phase II with a total gross floor area of about 26,400 square metres are in progress.

Huangshan, Anhui Province

The project in Huangshan has a site area of about 337,000 square metres comprising of development land of about 117,000 square metres and landscape land of 220,000 square metres. The master layout plan for the development of the project comprising a hotel, serviced apartments and resort villas in the integrated resort site has been approved by the local government and site formation work for Phase I of the project has been completed. Phase I substructure works are in progress.

Chi Shan, Nanjing, Jiangsu Province

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

Australia

Turnover generated from the property investment project in Australia for the six months ended 30 June 2015 was HK\$7.9 million (2014: HK\$9.5 million).

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. Its performance was in line with the weaker hotel business environment starting especially in the second quarter, however, the hotel will strive to gain market share in the challenging market situation.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2015, the Group's total bank deposits, bank balances and cash was HK\$2,709.7 million (31 December 2014: HK\$3,013.9 million) and unutilised facilities were HK\$950.0 million (31 December 2014: HK\$965 million).

The gearing ratio as at 30 June 2015, calculated on the basis of net interest bearing debt minus cash and restricted and pledged deposits as a percentage of total property assets, was 9.9% (31 December 2014: 8.4%).

As at 30 June 2015, maturity of the Group's outstanding borrowings was as follows:

	30 June 2015 HK\$' million	31 December 2014 HK\$' million
Due		
Within 1 year	1,828.7	548.4
1-2 years	158.4	1,385.9
3-5 years	1,163.0	1,221.5
Over 5 years	1,033.5	1,078.7
	4,183.6	4,234.5
Less: Front-end fee	(26.3)	(22.4)
	4,157.3	4,212.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2015 amounted to HK\$4,106.1 million (31 December 2014: HK\$4,152.1 million) which comprised of secured bank loans of HK\$3,881.1 million (31 December 2014: HK\$3,942.1 million) and unsecured bank loans of HK\$225.0 million (31 December 2014: HK\$210.0 million). The secured bank loans were secured by properties valued at HK\$11,838.7 million (31 December 2014: HK\$11,605.9 million) and note receivables of HK\$54.3 million (31 December 2014: HK\$54.3 million).

A subsidiary of the Company operating in Australia pledged its investment properties with an aggregate carrying value of HK\$163.4 million as at 30 June 2015 (31 December 2014: HK\$173.6 million) to secure bank loans of HK\$77.5 million (31 December 2014: HK\$82.4 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2015, all of the Group's borrowings were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 30 June 2015, the Group had a total of 451 employees (31 December 2014: 447 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$87.0 million for the six months ended 30 June 2015 (2014: HK\$85.9 million).

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

Outlook

In the year ahead, the global economy remains uncertain amid volatility in the global financial markets. While the US economy continued its recovery trend, the economic growth of the Eurozone and Japan were below the desired level. The timing and quantum of the interest rate rise of the US remain uncertain and are affected by both the US's domestic economic performance and the volatility of global economic conditions.

China's economy is growing at a moderate but steady pace. The government of Mainland China has taken various measures in order to sustain the growth. The government in the past few months has relaxed certain tax regulations and cut down payments for second-home buyers from 60% to 40%. The government's policy, which included five cuts to benchmark interest rates since November 2014, also helped boost property sales and improve the sentiment of the residential real estate market. In Mainland China, GDP growth of 7.0% in the first half year of 2015 was reported. Mainland China home prices rose for a second month in June 2015, on a monthly basis, indicating that government's efforts to boost the property market have started to gain traction. Overall average new home prices increased 0.56% in June 2015 versus May 2015, which is higher than the 0.45% increase in May 2015, the first monthly increase since April 2014. Such second month of increasing prices is a sign of bottoming out for the property market.

The Hong Kong economy is also expected to continue to grow moderately in 2015, given rising household income from favourable employment conditions and steady growth in domestic consumption. The Grade-A office leasing market remained positive with continual expansion demand coming from the Mainland financial institutions, fund and asset management companies. In residential markets, housing prices in Hong Kong reached a record high in May 2015 with sales volume continuing to rebound, especially in the primary market, despite the government's series of property market cooling measures. Having said that, we remain cautious that Hong Kong's property market could be facing a downturn in the coming years, given the government's measures to an increase in housing supply and uncertainties in light of a potential rise in interest rates.

Negotiation of the land premium of our Fo Tan project is still in progress. This is a lengthy process, and we are awaiting a revised land premium to be offered from the Hong Kong Lands Department. The overall hotel industry business in Hong Kong was soft in the first half of 2015 as a result of, among other things, the tense relationship between Hong Kong residents and China visitors during the period and the adjustment of multiple-entry endorsements for Shenzhen residents under the Individual Visit Scheme. Crowne Plaza Hong Kong Causeway Bay's performance dropped significantly in the second quarter which was in line with the weaker hotel business environment in Hong Kong. Nevertheless, the hotel was able to achieve a relatively better performance among its primary competitors. For the second half of 2015, the general hotel market is still expected to be challenging, but the hotel is striving to gain market share in this challenging market situation.

In respect to our development projects in Mainland China, Phase IA of Kaifeng project with 444 residential units is still under construction, of which 128 units were sold in pre-sale. The sales of these units will be recognized as revenue upon obtaining an occupation permit which is expected for the end of this year. In Chengdu, the master layout plan of Longquan project was approved and superstructure works are being planned to commence in the third quarter of 2015.

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

During the six months ended 30 June 2015, the Company repurchased a total of 360,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate cash consideration of HK\$2,103,540 (excluding expenses). All the purchased shares were then cancelled and the number of issued shares of the Company was reduced accordingly. 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\$	
April 2015	360,000	5.90	5.58	2,103,540
	<u>360,000</u>			<u>2,103,540</u>

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

Apart from the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2015.

CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2015, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules except for the following deviations:

CG Code	Deviations and reasons
A.2.1 The roles of the chairman and chief executive should be separate and should not be performed by the same individual.	Mr. Lu Wing Chi, the Chairman who is holding the office of Managing Director of the Company, currently oversees the management and the Group's business. The Board considers that the present management structure has been effective in facilitating the operations and development of the Group for a considerably long period and has withstood the test of time and that no benefit will be derived from changing it. The current structure allows flexibility and enhances the efficiency of decision-making process in response to the constantly changing environment while the market sentiment may vary quite significantly in different areas of the Asia Pacific region in which the Group operates. In addition, the Board believes that a balance of power and authority is adequately ensured by the operations of the Board which comprises conscientious, experienced and high calibre individuals including three independent non-executive directors ("INED").

CG Code**Deviations and reasons**

A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.

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

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2015 have not been audited but have been reviewed by the audit committee of the Company and by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA.

PUBLICATION OF INTERIM REPORT

The 2015 Interim Report of the Company containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.seagroup.com.hk) no later than late September 2015.

By Order of the Board
S E A Holdings Limited
Lu Wing Chi
Chairman and Managing Director

Hong Kong, 27 August 2015

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

Executive Directors:

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

Independent Non-executive Directors:

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

Non-executive Director:

Mr. Lam Sing Tai