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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 2016

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 2016 together with the comparative figures of 2015 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Revenue	4	307,030	317,580
Other income		9,796	24,096
Costs:			
Property and related costs	5	(25,490)	(25,566)
Staff costs		(87,925)	(87,007)
Depreciation and amortisation		(24,220)	(32,881)
Other expenses		(74,577)	(69,881)
		<u>(212,212)</u>	<u>(215,335)</u>
Profit from operations before fair value changes on investment properties		104,614	126,341
Fair value changes on investment properties		<u>(17,613)</u>	<u>238,901</u>
Profit from operations after fair value changes on investment properties		87,001	365,242
Gain on disposal of subsidiaries	6	706,860	-
Finance costs	7	<u>(52,466)</u>	<u>(56,796)</u>
Profit before taxation		741,395	308,446
Income tax credit (expense)	8	<u>65,488</u>	<u>(28,970)</u>
Profit for the period		<u><u>806,883</u></u>	<u><u>279,476</u></u>

* For identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	<i>Notes</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Attributable to:			
Company's shareholders		793,915	273,916
Non-controlling interests		12,968	5,560
		<u>806,883</u>	<u>279,476</u>
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders			
	10		
Basic		<u>117.0</u>	<u>39.6</u>
Diluted		<u>114.3</u>	<u>39.1</u>
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>			
	10		
<i>Basic</i>		<u>119.0</u>	<u>6.3</u>
<i>Diluted</i>		<u>116.2</u>	<u>6.2</u>

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period	<u>806,883</u>	<u>279,476</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value loss on other financial assets	(3,974)	(24,512)
Exchange differences arising on translation of foreign operations	(56,601)	2,723
Reclassification adjustments for amounts transferred to profit or loss:		
- upon disposal of subsidiaries	<u>(6,654)</u>	<u>-</u>
	<u>(67,229)</u>	<u>(21,789)</u>
Total comprehensive income for the period	<u>739,654</u>	<u>257,687</u>
Total comprehensive income attributable to:		
Company's shareholders	729,318	251,932
Non-controlling interests	<u>10,336</u>	<u>5,755</u>
	<u>739,654</u>	<u>257,687</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

		At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Non-current assets			
Investment properties		2,375,000	11,422,459
Property, plant and equipment		714,647	946,483
Properties for development		696,979	1,200,180
Club memberships		8,849	8,920
Other financial assets		143,528	147,307
Loan receivables		3,335	3,789
Note receivables		38,794	54,256
Other receivables		353,974	361,114
Restricted bank deposits		5,387	5,613
		<u>4,340,493</u>	<u>14,150,121</u>
Current assets			
Properties held for sale			
Completed properties		201,480	627,384
Properties under development		87,162	231,667
Inventories		1,021	1,251
Loan receivables		364	371
Note receivables		15,518	-
Trade receivables, deposits and prepayments	11	324,718	128,147
Tax recoverable		8,655	17,795
Amounts due from non-controlling interests		272	-
Bank balances and cash		10,333,355	3,923,012
		<u>10,972,545</u>	<u>4,929,627</u>
Current liabilities			
Payables, deposits and accrued charges	12	222,251	433,552
Sales deposits		-	13,064
Tax liabilities		4,348	84,469
Amounts due to non-controlling interests		91,843	93,696
Bank borrowings – due within one year		390,305	1,536,781
		<u>708,747</u>	<u>2,161,562</u>
Net current assets		<u>10,263,798</u>	<u>2,768,065</u>
Total assets less current liabilities		<u>14,604,291</u>	<u>16,918,186</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Continued*)
At 30 June 2016

	At 30 June 2016 HK\$'000 (unaudited)	At 31 December 2015 HK\$'000 (audited)
Capital and reserves		
Share capital	67,881	67,765
Reserves	<u>12,270,247</u>	<u>13,006,638</u>
Equity attributable to the Company's shareholders	12,338,128	13,074,403
Non-controlling interests	<u>406,735</u>	<u>444,030</u>
Total equity	<u>12,744,863</u>	<u>13,518,433</u>
Non-current liabilities		
Bank borrowings – due after one year	1,448,199	2,953,381
Deferred taxation	<u>411,229</u>	<u>446,372</u>
	<u>1,859,428</u>	<u>3,399,753</u>
Total equity and non-current liabilities	<u>14,604,291</u>	<u>16,918,186</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 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

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 maker, 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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group's property investment activity is in Hong Kong, the People's Republic of China (the "PRC"), Australia and the United Kingdom. An investment property in Hong Kong was disposed during the current period as set out on note 6(a).

Property development activity is in the PRC and the hotel operation is in Hong Kong.

During the period, a new operating segment – financial investment has been established. The directors of the Group are seeking potential investment opportunities for their investment portfolio, consisting mainly of investment in debt and/or equity investments and bank deposits. The investment income from investment portfolio will be included in financial investment segment.

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

Six months ended 30 June 2016

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External sales	<u>6,681</u>	<u>179,855</u>	<u>107,272</u>	<u>13,222</u>	<u>307,030</u>
SEGMENT RESULTS					
Segment (loss) profit	<u>(114,530)</u>	<u>933,580</u>	<u>25,384</u>	<u>13,598</u>	858,032
Unallocated interest income					3,377
Corporate income less expenses					(67,548)
Finance costs					<u>(52,466)</u>
Profit before taxation					<u>741,395</u>

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
Unallocated interest income				9,220
Corporate income less expenses				(55,290)
Finance costs				<u>(56,796)</u>
Profit before taxation				<u>308,446</u>

3. SEGMENT INFORMATION *(Continued)*

Segment profit of the property investment division for the six months ended 30 June 2016 included a decrease in fair value of investment properties of HK\$17,613,000 (30 June 2015: an increase in fair value of investment properties of HK\$238,901,000) and a gain on disposal of a subsidiary of HK\$797,385,000 (note 6(a)) (30 June 2015: nil).

The Group does not allocate general 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 maker.

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 maker in the resource allocation and assessment of performance.

4. REVENUE

The following is an analysis of the Group's revenue from its major business activities.

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Sale of properties	6,681	-
Renting of investment properties	179,855	204,836
Hotel operation	107,272	112,744
Income from financial investments	13,222	-
	<u>307,030</u>	<u>317,580</u>

5. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Cost of properties sold and related expenses	5,007	-
Selling and marketing expenses	2,587	3,834
Direct operating expenses on investment properties	17,896	21,732
	<u>25,490</u>	<u>25,566</u>

6. GAIN ON DISPOSAL OF SUBSIDIARIES

During the period, the Group has disposed of certain subsidiaries which owned the following properties/projects:

(a) Dah Sing Financial Centre

On 25 February 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued shares of SEA (BVI) Limited, which wholly owns the issued shares of Wing Siu Company Limited (the sole registered and beneficial owner of Dah Sing Financial Centre), to an independent third party at an aggregate consideration of HK\$10,101 million in cash. The disposal was completed on 24 May 2016 with a gain on disposal of approximately HK\$797 million.

6. GAIN ON DISPOSAL OF SUBSIDIARIES (Continued)

(b) Kaifeng Nova City

On 19 April 2016, the Group entered into a sale and purchase agreement, pursuant to which the Group agreed to sell the entire issued share of New Insight Holdings Limited, which wholly owns the issued shares of all investment companies (the beneficial owners of a property development project at Kaifeng Nova City, Henan Province, the PRC), to an independent third party at an aggregate consideration of HK\$900 million in cash. The disposal was completed on 26 April 2016 with a loss on disposal of approximately HK\$90 million.

7. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Interest on bank borrowings	48,639	60,072
Less: Amount capitalised to property development project	(376)	(7,699)
	<u>48,263</u>	<u>52,373</u>
Front end fee	2,330	3,053
Other charges	1,873	1,370
	<u>52,466</u>	<u>56,796</u>

8. INCOME TAX CREDIT (EXPENSE)

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	(10,004)	(16,286)
PRC Enterprise Income Tax	(5,652)	(6,533)
Other jurisdictions	(1,626)	(1,463)
	<u>(17,282)</u>	<u>(24,282)</u>
Overprovision in prior years		
PRC Land Appreciation Tax	80,848	-
	<u>63,566</u>	<u>(24,282)</u>
Deferred tax	1,922	(4,688)
	<u>65,488</u>	<u>(28,970)</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. The PRC Land Appreciation Tax for the Guangzhou project was finalised with the PRC Tax Bureau and the overprovision of amounting to approximately HK\$80,848,000 was written back during the period.

9. DIVIDENDS

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2015 of HK6 cents per share (01.01.2015 – 30.06.2015: final dividend for the year ended 31 December 2014 of HK6 cents per share)	40,654	41,512
Special dividend of HK\$2 per share (01.01.2015 – 30.06.2015: nil)	<u>1,355,140</u>	<u>-</u>
	<u>1,395,794</u>	<u>41,512</u>

10. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to the Company's shareholders	<u>793,915</u>	<u>273,916</u>
	Number of shares	
	2016	2015
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>678,439,468</u>	691,712,908
Effect of dilutive potential ordinary share options	<u>16,021,533</u>	<u>9,716,594</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>694,461,001</u>	<u>701,429,502</u>

10. EARNINGS PER SHARE (Continued)

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 recognised in profit or loss and the related deferred taxation in arriving at the “adjusted profit attributable to the Company’s shareholders”. A reconciliation of the adjusted earnings is as follows:

	Six months ended 30 June	
	2016 HK\$'000	2015 HK\$'000
Profit for the period attributable to the Company’s shareholders as shown in the condensed consolidated statement of profit or loss	793,915	273,916
Fair value changes on investment properties	17,613	(238,901)
Deferred tax thereon	(4,137)	2,028
Attributable to non-controlling interests	(357)	6,665
Adjusted profit attributable to the Company’s shareholders	<u>807,034</u>	<u>43,708</u>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	<u>HK119.0 cents</u>	<u>HK6.3 cents</u>
Diluted	<u>HK116.2 cents</u>	<u>HK6.2 cents</u>

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

11. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
	Trade receivables	10,730
Accrued income	91,194	99,159
Other receivables, deposits and prepayments	<u>222,794</u>	<u>18,988</u>
	<u>324,718</u>	<u>128,147</u>

Trade receivables mainly represent rental receivables 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.

Other receivables include an amount of HK\$200,000,000 (31 December 2015: nil) representing cash consideration receivable for the disposal of subsidiaries as mentioned in note 6(b) which was settled in July 2016.

11. TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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 2016 HK\$'000	At 31 December 2015 HK\$'000
0 to 30 days	7,784	8,167
31 to 60 days	70	271
61 to 90 days	549	232
91 to 365 days	2,068	1,110
Over 365 days	259	220
	<u>10,730</u>	<u>10,000</u>

12. PAYABLES, DEPOSITS AND ACCRUED CHARGES

	At 30 June 2016 HK\$'000	At 31 December 2015 HK\$'000
Trade payables	1,964	3,052
Rental deposits	36,252	113,809
Rental received in advance	12,210	13,463
Other payables, other deposits and accrued charges	171,825	303,228
	<u>222,251</u>	<u>433,552</u>

Included in other payables is an aggregate amount of HK\$94,410,000 (31 December 2015: HK\$93,010,000) payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$28,033,000 at 30 June 2016 (31 December 2015: HK\$76,421,000).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK5 cents (2015: HK5 cents) per share for the six months ended 30 June 2016 to shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 3 October 2016. The relevant dividend warrants are expected to be despatched on or before Friday, 14 October 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 29 September 2016 to Monday, 3 October 2016 (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 Registrar 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 Wednesday, 28 September 2016.

DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the six months ended 30 June 2016 amounted to HK\$307.0 million (2015: HK\$317.6 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and the sales of residential units in Kaifeng Nova City.

Profit attributable to the Company's shareholders for the period amounted to HK\$793.9 million (2015: HK\$273.9 million), equivalent to a basic earnings per share of HK117.0 cents (2015: HK39.6 cents). The reported profit attributable to the Company's shareholders included a revaluation deficit on investment properties net of deferred taxation of HK\$13.1 million (2015: revaluation surplus of HK\$230.2 million). By excluding the effect of such deficit, the Group's net profit attributable to the Company's shareholders was HK\$807.0 million (2015: HK\$43.7 million), equivalent to HK119.0 cents (2015: HK6.3 cents) per share. The increment was a result of a realised gain of HK\$797.4 million on the sale of Dah Sing Financial Centre after netting off of realised loss of HK\$90.5 million on the sale of the Kaifeng project.

As at 30 June 2016, the Group's equity attributable to the Company's shareholders amounted to HK\$12,338.1 million (31 December 2015: HK\$13,074.4 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2016 was HK\$18.18 as compared with HK\$19.29 as at 31 December 2015.

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

	30 June 2016 HK\$' million	31 December 2015 HK\$' million
Hong Kong	670.7	9,880.4
Mainland China	3,144.3	4,278.7
Australia	161.9	158.7
United Kingdom	72.5	79.7
Total	4,049.4	14,397.5

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 Group entered into an agreement in February 2016 to conditionally dispose of its entire interest in companies which beneficially owned the property of Dah Sing Financial Centre, for a consideration of approximately HK\$10,000 million, subject to adjustment. The disposal was completed in May 2016 and generated a net cash consideration (after repayment of bank loans) of approximately HK\$8,019 million.

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 2016, the aggregate occupancy rate for the two office towers and the retail podium was approximately 84% (31 December 2015: 84%). Leasing activities for the remaining areas of Plaza Central continue.

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

The master layout plan of the Longquan project (known as "Chengdu Nova City"), which has a site area of 506,000 square metres, was approved by the local government in January 2014. Commercial basement works have been completed.

The Group entered into a conditional sale and purchase agreement with an independent third party on 22 August 2016 to sell the entire interest in companies which beneficially own the properties under development in Chengdu City, Sichuan Province, the PRC for a consideration of HK\$890 million. The disposal was completed on 29 August 2016.

Kaifeng, Henan Province

On 19 April 2016, the Group entered into a sale and purchase agreement in relation to the disposal of Kaifeng Nova City Project for a consideration of HK\$900 million in cash. Completion of the disposal took place on 26 April 2016.

Guangzhou, Guangdong Province

As at 30 June 2016, the occupancy rate of the 14-storey office tower of Westmin Plaza Phase II of about 16,100 square metres was 99% with more than one-third of the total office space being leased to AIA (31 December 2015: 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 comprises 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.

The Group entered into a sale and purchase agreement with an independent third party on 3 August 2016 to sell the entire interest in companies which beneficially own the properties under development in Huangshan City, Anhui Province, the PRC for a consideration of HK\$2 million. The disposal was completed on the same date.

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 projects in Australia for the six months ended 30 June 2016 was HK\$7.8 million (2015: HK\$7.9 million).

The United Kingdom

In December 2015, the Group acquired a commercial property at Edinburgh, the United Kingdom which is fully let to a government body. Turnover generated from the property investment projects in the United Kingdom for the six months ended 30 June 2016 was HK\$2.5 million (2015: nil).

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 dropped compared to 2015, which was a result in line with the weaker hotel business market. The hotel will strive to gain further market share and look for cost saving measures in the challenging market conditions.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2016, the Group's total cash balance was HK\$10,338.7 million (31 December 2015: HK\$3,928.6 million) and unutilised facilities were HK\$715.0 million (31 December 2015: HK\$500.2 million).

As at 30 June 2016, after netting off bank borrowings of HK\$1,838.5 million, the Group had a net cash position of HK\$8,500.2 million, compared to a net debt position of HK\$561.5 million with gearing ratio of 3.9% as at 31 December 2015.

As at 30 June 2016, the maturity of the Group's outstanding borrowings was as follows:

	30 June 2016 HK\$' million	31 December 2015 HK\$' million
Due		
Within 1 year	392.1	1,539.2
1-2 years	99.2	164.1
3-5 years	1,200.9	1,869.4
Over 5 years	155.8	939.5
	1,848.0	4,512.2
Less: Front-end fee	(9.5)	(22.1)
	1,838.5	4,490.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong and Mainland China, the total bank loans drawn as at 30 June 2016 amounted to HK\$1,719.4 million (31 December 2015: HK\$4,416.4 million) which comprised secured bank loans of HK\$1,459.4 million (31 December 2015: HK\$4,013.4 million) and unsecured bank loans of HK\$260.0 million (31 December 2015: HK\$403.0 million). The secured bank loans were secured by properties valued at HK\$2,156.5 million (31 December 2015: HK\$11,796.0 million) and note receivables of HK\$54.3 million (31 December 2015: HK\$54.3 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$234.4 million as at 30 June 2016 (31 December 2015: HK\$158.7 million) to secure bank loans of HK\$119.1 million (31 December 2015: HK\$73.7 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2016, 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 2016, the Group had a total of 362 employees (31 December 2015: 459 employees) in Hong Kong and Mainland China. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$87.9 million for the six months ended 30 June 2016 (2015: HK\$87.0 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

Global economic growth is likely to remain modest in the near term, with risks still towards the downside. Recoveries in Japan and the Eurozone are still fragile. Geopolitical tensions and the uncertainty about the exit of the UK from the EU have also posed additional challenges. While the economic performance of the US is relatively better, there remains notable policy risks associated with its interest rate normalization and increasing policy divergence among major central banks, which could add financial volatility and pose a threat to the global economy.

China's economic growth held steady in the most recent quarter, with a sign that the slowdown in China's economy is stabilizing. The economy expanded by 6.7 percent in the April-June period compared with the same period of last year. Despite the slowdown of China's economic growth, the "One Belt and One Road" policy will enhance economic growth and sustainable development. It is believed that the economy in Mainland China is under way to a more sustainable growth model. Having said that, the domestic and external conditions are still complicated and severe and the downward economic pressure remains.

The Hong Kong economy slowed further in 2016. The external environment deteriorated, characterised by soft global growth and fluctuation in global financial and monetary conditions. Weak global outlook with rising downside risks affected local economic sentiment. In the medium term, the Hong Kong economy will still likely be affected by a challenging and unsteady external environment.

The supply of residential units in Hong Kong is rising and it is inevitable that the local market price for the residential sector is under pressure. The appreciation of the Hong Kong dollar against the RMB and other major currencies has reduced Hong Kong's attractiveness to visitors. Also, the tense relationship between Hong Kong residents and China visitors may also have a negative impact on the number of visitors. The market share of Crowne Plaza Hong Kong Causeway Bay was generally maintained among primary and secondary competitors, but with a recently improving trend. With a tougher year to come, we will strive to gain market share, improve the hotel operations efficiency and at the same time look for cost saving measures, so as to maintain the return of the operations. Subsequent to the disposal of Dah Sing Financial Centre in May 2016, the contribution of rental income to the Group in year 2016 will be significantly reduced.

In respect of our development projects in Mainland China, the pace of price growth in new and pre-owned housing markets both decelerated in June 2016 from May 2016, with growth slowing in all cities except first-tier ones.

After completion of the disposal of Dah Sing Financial Centre and certain development projects in Mainland China, the Group has significant funds for future investments. The Group will remain cautiously proactive and continue to monitor the property markets of Hong Kong, Mainland China and overseas closely in order to identify potential acquisition targets at opportune times.

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

During the six months ended 30 June 2016, the Company repurchased a total of 5,100,000 ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate cash consideration of HK\$96,702,300 (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\$	
January 2016	2,482,000	15.60	13.08	36,109,200
March 2016	82,000	20.35	20.05	1,650,700
April 2016	2,536,000	26.10	21.25	58,942,400
	<u>5,100,000</u>			<u>96,702,300</u>

The directors of the Company considered that the aforesaid shares were repurchased for the enhancement of shareholders' value.

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 2016.

CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2016, 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 2016 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 2016 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 2016.

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

Hong Kong, 29 August 2016

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

Executive Directors:

Mr. Lu Wing Chi (*Chairman and Managing Director*)
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