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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 2017**

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 2017 (after completion of the Restructuring (defined in Note 9) between the Company and Asian Growth Properties Limited (“**AGP**”) in May 2017) together with the comparative figures of 2016 are as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
For the six months ended 30 June 2017**

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (restated and unaudited)
<b>Continuing operations</b>			
Revenue	4	236,116	227,927
Other income		8,746	1,380
Costs:			
Property and related costs	5	(4,662)	(5,711)
Staff costs		(56,724)	(48,483)
Depreciation and amortisation		(13,144)	(15,875)
Other expenses		(71,525)	(49,810)
		<u>(146,055)</u>	<u>(119,879)</u>
Profit from continuing operations before fair value changes on investment properties		98,807	109,428
Fair value changes on investment properties		<u>8,809</u>	<u>(800)</u>
Profit from continuing operations after fair value changes on investment properties		107,616	108,628
Other gains	6	1,703	797,385
Finance costs	7	<u>(74,226)</u>	<u>(38,724)</u>
Profit before taxation		35,093	867,289
Income tax expense	8	<u>(6,364)</u>	<u>(10,753)</u>
Profit for the period from continuing operation		<u>28,729</u>	<u>856,536</u>

\* For identification purpose only

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS** *(Continued)*  
**For the six months ended 30 June 2017**

	Notes	Six months ended 30 June	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (restated and unaudited)
<b>Discontinued operations</b>	9		
Profit (loss) for the period from discontinued operations		713	(49,653)
Gain arising from distribution in specie		226,927	-
Profit (loss) for the period from discontinued operations		227,640	(49,653)
Profit for the period		256,369	806,883
Attributable to:			
Company's shareholders			
- Continuing operations		28,720	856,525
- Discontinued operations		226,935	(62,610)
		255,655	793,915
Non-controlling interests			
- Continuing operations		9	11
- Discontinued operations		705	12,957
		714	12,968
Profit for the period		256,369	806,883
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	11		
From continuing and discontinued operations			
- Basic		37.6	117.0
- Diluted		37.2	114.3
From continuing operations			
- Basic		4.2	126.2
- Diluted		4.2	123.3
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>	11		
- Basic		36.4	119.0
- Diluted		36.0	116.2

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
For the six months ended 30 June 2017

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(restated and unaudited)</b>
Profit for the period	<u>256,369</u>	<u>806,883</u>
Other comprehensive income (expense):		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Fair value change on available-for-sale investments	16,830	(3,974)
Exchange differences arising on translation of foreign operations	34,742	(56,601)
Reclassification adjustments for amounts transferred to profit or loss:		
- upon disposal of subsidiaries	-	(6,654)
- upon disposal of available-for-sale investments	(1,703)	-
- upon distribution in specie (note 14)	<u>(226,927)</u>	<u>-</u>
	<u>(177,058)</u>	<u>(67,229)</u>
Total comprehensive income for the period	<u><u>79,311</u></u>	<u><u>739,654</u></u>
Attributable to:		
Company's shareholders	78,708	729,318
Non-controlling interests	<u>603</u>	<u>10,336</u>
	<u><u>79,311</u></u>	<u><u>739,654</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At 30 June 2017**

		At 30 June 2017 HK\$'000 (unaudited)	At 31 December 2016 HK\$'000 (audited)
<b>Non-current assets</b>			
Investment properties		3,376,291	3,679,641
Property, plant and equipment		655,430	699,280
Club memberships		6,869	6,899
Available-for-sale investments		1,593,941	1,377,434
Loan receivables		1,798	3,160
Note receivables		39,026	38,773
Deposit paid for acquisition of investment properties		263,234	-
Restricted bank deposits		-	5,589
		<u>5,936,589</u>	<u>5,810,776</u>
<b>Current assets</b>			
Property held for sale			
Completed properties		-	192,098
Inventories		1,025	1,196
Loan receivables		295	376
Note receivables		-	15,509
Available-for-sale investments		480,183	137,204
Receivables, deposits and prepayments	12	76,039	587,311
Tax recoverable		33	3,120
Amounts due from non-controlling interests		732	38
Pledged bank deposits		569,979	533,105
Fixed deposits		4,834,107	4,460,201
Bank balances and cash		1,061,192	5,538,954
		<u>7,023,585</u>	<u>11,469,112</u>
<b>Current liabilities</b>			
Payables, rental deposits and accrued charges	13	119,456	188,421
Tax liabilities		7,526	9,056
Amounts due to non-controlling interests		-	87,754
Bank borrowings – due within one year		2,031,043	2,186,719
		<u>2,158,025</u>	<u>2,471,950</u>
<b>Net current assets</b>		<u>4,865,560</u>	<u>8,997,162</u>
<b>Total assets less current liabilities</b>		<u><u>10,802,149</u></u>	<u><u>14,807,938</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION** (*Continued*)  
**At 30 June 2017**

	<b>At 30 June 2017 HK\$'000 (unaudited)</b>	<b>At 31 December 2016 HK\$'000 (audited)</b>
<b>Capital and reserves</b>		
Share capital	68,167	67,656
Reserves	<u>6,175,268</u>	<u>11,983,321</u>
Equity attributable to the Company's shareholders	<b>6,243,435</b>	12,050,977
Non-controlling interests	<u>3,684</u>	<u>281,727</u>
<b>Total equity</b>	<b><u>6,247,119</u></b>	<b><u>12,332,704</u></b>
<b>Non-current liabilities</b>		
Bank borrowings – due after one year	2,961,039	2,103,935
Guarantee notes	1,549,347	-
Deferred taxation	<u>44,644</u>	<u>371,299</u>
	<b><u>4,555,030</u></b>	<b><u>2,475,234</u></b>
<b>Total equity and non-current liabilities</b>	<b><u><u>10,802,149</u></u></b>	<b><u><u>14,807,938</u></u></b>

*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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

The application of the above amendments to HKFRSs 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, hotel operation and financial investment. The property investment segment includes a number of various property locations, each locations is considered as a separate operating segment by the chief operating decision maker. 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 Group's property investment activities are in Hong Kong, Australia and the United Kingdom. The property development, hotel operation and financial investment are in Hong Kong.

Operations in the People Republic of China (“**PRC**”) was discontinued in the current period. The segment information reported below does not include any amounts for these discontinued operations, which are described in more details in note 9.

### 3. SEGMENT INFORMATION (Continued)

The financial investment segment includes interest income from bank balances under investment portfolio and investment income from equity or bond investments (if any).

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

#### Six months ended 30 June 2017

##### Continuing operations

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
<b>SEGMENT REVENUE</b>					
External sales	<u>-</u>	<u>48,230</u>	<u>106,829</u>	<u>81,057</u>	<u>236,116</u>
<b>SEGMENT RESULTS</b>					
Segment (loss) profit	<u>(78)</u>	<u>52,978</u>	<u>27,284</u>	<u>81,364</u>	161,548
Unallocated interest income					1,715
Corporate income less expenses					(53,944)
Finance costs					<u>(74,226)</u>
<b>Profit before taxation</b>					<u><b>35,093</b></u>

#### Six months ended 30 June 2016

##### Continuing operations

	Property development HK\$'000 (restated)	Property investment HK\$'000 (restated)	Hotel operation HK\$'000 (restated)	Financial investment HK\$'000 (restated)	Consolidated HK\$'000 (restated)
<b>SEGMENT REVENUE</b>					
External sales	<u>-</u>	<u>114,462</u>	<u>107,272</u>	<u>6,193</u>	<u>227,927</u>
<b>SEGMENT RESULTS</b>					
Segment (loss) profit	<u>(84)</u>	<u>901,916</u>	<u>25,384</u>	<u>6,192</u>	933,408
Unallocated interest income					208
Corporate income less expenses					(27,603)
Finance costs					<u>(38,724)</u>
<b>Profit before taxation</b>					<u><b>867,289</b></u>

Segment profit of the property investment division for the six months ended 30 June 2017 included an increase in fair value of investment properties of HK\$8,809,000 (30.6.2016: a decrease in fair value of investment properties of HK\$800,000 and gain on disposal of subsidiary of HK\$797,385,000).

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 makers.

### 3. SEGMENT INFORMATION *(Continued)*

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. REVENUE

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>
Renting of investment properties	<b>48,230</b>	114,462
Hotel operation	<b>106,829</b>	107,272
Income from financial investments	<b>81,057</b>	6,193
	<b><u>236,116</u></b>	<b><u>227,927</u></b>

### 5. PROPERTY AND RELATED COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>
<b>Continuing operations</b>		
Selling and marketing expenses	<b>552</b>	768
Direct operating expenses on investment properties	<b>4,110</b>	4,943
	<b><u>4,662</u></b>	<b><u>5,711</u></b>

### 6. OTHER GAINS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(restated)</b>
<b>Continuing operations</b>		
Gain on disposal of available-for-sale investments	<b>1,703</b>	-
Gain on disposal of subsidiaries (note 15a)	<b>-</b>	797,385
	<b><u>1,703</u></b>	<b><u>797,385</u></b>



## 7. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (restated)
<b>Continuing operations</b>		
Interest on bank borrowings	37,999	36,217
Interest on guarantee notes	31,259	-
Front end fee	1,660	2,113
Commission on guarantee notes	2,061	-
Other charges	1,247	394
	<u>74,226</u>	<u>38,724</u>

## 8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000 (restated)
<b>Continuing operations</b>		
Current tax		
Hong Kong Profits Tax	(794)	(10,004)
Other jurisdictions	(4,582)	(1,626)
	<u>(5,376)</u>	<u>(11,630)</u>
Overprovision in prior years		
Hong Kong Profits Tax	74	-
	<u>(5,302)</u>	<u>(11,630)</u>
Deferred tax	<u>(1,062)</u>	<u>877</u>
	<u>(6,364)</u>	<u>(10,753)</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 other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 9. DISCONTINUED OPERATIONS

During the period, the Company undertook a restructuring (the “**Restructuring**”) by implementing an assets redistribution and a distribution in specie.

On 31 March 2017, the Company entered a sale and purchase agreement with AGP (a 97.17% owned subsidiary of the Company prior to completion of the Restructuring) pursuant to which AGP’s non-PRC assets (being certain bank balances and cash, an investment property in the United Kingdom (20 Moorgate), a hotel property in Hong Kong (Crowne Plaza Hong Kong Causeway Bay) and certain short-term treasury investments) were redistributed to the Company by way of sale and purchase (the “**Assets Redistribution**”). Upon completion of the Assets Redistribution, AGP’s non-PRC assets was held indirectly as to 100% by the Company and AGP continues to hold its PRC assets. Completion of the Assets Redistribution took place on 15 May 2017.

On 15 May 2017, the Company completed distribution of special non-cash dividend by way of distribution in specie of the 861,278,857 AGP shares owned by the Company (representing approximately 97.17% of the issued share capital of AGP) to the Company’s qualifying shareholders in proportion to their then respective shareholdings in the Company (the “**Distribution in Specie**”). Following the Distribution in Specie, AGP ceased to be a subsidiary of the Company, and accordingly, the Group ceased its business and operations in the PRC.

The profit (loss) for the period from the discontinued operations is analysed as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit (loss) for the period from the discontinued Operations	<b>713</b>	<b>(49,653)</b>
Gain arising from Distribution in Specie:		
Realisation of translation reserve	<b>226,927</b>	<b>-</b>

## 9. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations for the period from 1 January 2017 to 15 May 2017, which have been included in the condensed consolidated statement of comprehensive income, were as follows:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Revenue	51,127	79,103
Other income	3,940	8,416
Costs:		
Property and related costs	(9,083)	(19,779)
Staff costs	(20,929)	(39,442)
Depreciation and amortization	(857)	(8,345)
Other expenses	(14,076)	(24,767)
	<u>(44,945)</u>	<u>(92,333)</u>
Profit (loss) before fair value changes on investment properties	10,122	(4,814)
Fair value changes on investment properties	-	(16,813)
Profit (loss) after fair value changes on investment properties	10,122	(21,627)
Loss on disposal of subsidiaries (note 15b)	-	(90,525)
Finance costs	<u>(4,211)</u>	<u>(13,742)</u>
Profit (loss) before tax	5,911	(125,894)
Income tax (expense) credit	<u>(5,198)</u>	<u>76,241</u>
Profit (loss) for the period	<u>713</u>	<u>(49,653)</u>

The carrying amounts of the assets and liabilities of AGP and its subsidiaries upon the Distribution in Specie are set out in note 14.



## 11. EARNINGS PER SHARE (Continued)

### From continuing operations

	Six months ended 30 June	
	2017	2016
	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	255,655	793,915
(Less)add: result for the period from discontinued operations attributable to the Company's shareholders	(226,935)	62,610
Profit for the period from continuing operations attributable to the Company's shareholders	<u>28,720</u>	<u>856,525</u>

### From discontinued operations

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit (loss) for the period from discontinued operations attributable to the Company's shareholders	<u>226,935</u>	<u>(62,610)</u>
Basic earnings (loss) per share	<u>HK33.4 cents</u>	<u>(HK9.2) cents</u>
Diluted earnings (loss) per share	<u>HK33.0 cents</u>	<u>(HK9.0) cents</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 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:

## 11. EARNINGS PER SHARE (Continued)

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Profit for the period attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	255,655	793,915
Fair value changes on investment properties	(8,809)	17,613
Deferred tax thereon	-	(4,137)
Attributable to non-controlling interests	248	(357)
Adjusted profit attributable to the Company's shareholders	<u>247,094</u>	<u>807,034</u>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	<u>HK36.4 cents</u>	<u>HK119.0 cents</u>
Diluted	<u>HK36.0 cents</u>	<u>HK116.2 cents</u>

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

## 12. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At	At
	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Trade receivables	2,960	8,001
Amount receivables from disposal of subsidiaries	-	445,000
Accrued income	2,162	72,366
Other receivables, deposits and prepayments	70,917	61,944
	<u>76,039</u>	<u>587,311</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.

## 12. 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 2017 HK\$'000	At 31 December 2016 HK\$'000
0 to 30 days	2,875	5,622
31 to 60 days	85	344
61 to 90 days	-	18
91 to 365 days	-	1,100
Over 365 days	-	917
	<u>2,960</u>	<u>8,001</u>

## 13. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Trade payables	1,282	2,432
Rental deposits	7,305	37,784
Rental received in advance	20,828	33,154
Guarantee notes interest payable	31,370	-
Other payables, other deposits and accrued charges	<u>58,671</u>	<u>115,051</u>
	<u>119,456</u>	<u>188,421</u>

At 31 December 2016, included in other payables is an aggregate amount of HK\$24,609,000 payable to contractors for the cost in relation to the tenant relocation arrangements, excavation and infrastructure work on certain pieces of land in the PRC.

Rental deposits to be settled after twelve months from the end of the reporting period based on the respective lease terms amounted to HK\$6,009,000 at 30 June 2017 (31.12.2016: HK\$25,610,000).

#### 14. DISTRIBUTION IN SPECIE

As set out in note 9, the Company completed the Distribution in Specie. The assets and liabilities of AGP and its subsidiaries upon completion of the Distribution in Specie are as follows:

	<b>HK\$'000</b>
Investment properties	<b>1,967,473</b>
Property, plant and equipment	<b>41,972</b>
Available-for-sale investments	<b>11,682</b>
Properties held for sale	<b>194,521</b>
Receivables, deposits and prepayment	<b>530,301</b>
Restricted bank deposits	<b>5,660</b>
Bank balances and cash	<b>1,743,434</b>
Payables, rental deposits and accrued charges	<b>(126,625)</b>
Tax liabilities	<b>(5,484)</b>
Amounts due to non-controlling interests	<b>(88,860)</b>
Bank borrowings	<b>(133,868)</b>
Deferred taxation	<b>(341,673)</b>
	<hr/>
	<b>3,798,533</b>
Non-controlling interests	<b>35,676</b>
	<hr/>
Net assets attributable to Company's shareholders and distributed by the Company through Distribution in Specie	<b>3,834,209</b>
	<hr/>
Gain arising from Distribution in Specie:	
Realisation of translation reserve upon Distribution in Specie	<b>226,927</b>
	<hr/>
Net cash outflow arising on Distribution in Specie	
Bank balances and cash	<b>(1,743,434)</b>
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## **15. GAIN (LOSS) ON DISPOSAL OF SUBSIDIARIES**

During the six months ended 30 June 2016, the Group has disposed of certain subsidiaries which owned the following property/projects:

(a) Dah Sing Financial Centre (now known as Everbright 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 owners of Dah Sing Financial Centre (now known as Everbright 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.

(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 shares 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\$91 million.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK2 cents (2016: HK5 cents) per share for the six months ended 30 June 2017 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 4 October 2017. The relevant dividend warrants are expected to be despatched on or before Monday, 16 October 2017.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 28 September 2017 to Wednesday, 4 October 2017 (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, 27 September 2017.

## DISCUSSION AND ANALYSIS

### Financial Summary

During the period, the Company undertook a Restructuring by implementing the Assets Redistribution and Distribution in Specie.

On 31 March 2017, the Company entered into an agreement with AGP pursuant to which the AGP's non-PRC assets (being certain bank balances and cash, an investment property in the United Kingdom (20 Moorgate), a hotel property in Hong Kong (Crowne Plaza Hong Kong Causeway Bay) and certain short-term treasury investments) were redistributed to the Group by way of sale and purchase. Upon completion of the Assets Redistribution, such non-PRC assets of AGP were held indirectly as to 100% by the Company and AGP continues to hold the AGP's PRC assets. Completion of the Assets Redistribution took place on 15 May 2017.

On 15 May 2017, the Company completed distribution of special non-cash dividend by way of Distribution in Specie of the 861,278,857 AGP shares owned by the Company (representing approximately 97.17% of the issued share capital of AGP) to the Company's qualifying shareholders in proportion to their then respective shareholdings in the Company. Therefore, upon completion of the Distribution in Specie, the AGP Group is no longer a subsidiary of the Company and the Group ceased its business and operations in the PRC (the "**Discontinued Operation**").

Turnover from continuing operations for the six months ended 30 June 2017 amounted to HK\$236.1 million (2016: HK\$227.9 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment. The profit from the Discontinued Operation amounted to HK\$227.6 million (2016: loss HK\$49.7 million).

Profit attributable to the Company's shareholders for the six months ended 30 June 2017 amounted to HK\$255.7 million (2016: HK\$793.9 million), equivalent to a basic earnings per share of HK37.6 cents (2016: HK117.0 cents). The decrease in profit attributable to the Company's shareholders in current period was mainly due to the gain of disposal of Dah Sing Financial Centre (now known as Everbright Centre) (approximately HK\$797.4 million) in the same period of last year, net of the realisation of exchange reserve to profit or loss upon Distribution in Specie (approximately HK\$226.9 million) recorded under profit from Discontinued Operation in current period.

The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK\$8.6 million (2016: revaluation deficit HK\$13.1 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK\$247.1 million (2016: HK\$807.0 million), equivalent to HK36.4 cents (2016: HK119.0 cents) per share.

As at 30 June 2017, the Group's equity attributable to the Company's shareholders amounted to HK\$6,243.4 million (31 December 2016: HK\$12,051.0 million). The decrease in the Group's equity attributable to the Company's shareholders as at 30 June 2017 was mainly due to the special non-cash dividend paid on 15 May 2017 by way of Distribution in Specie and the special cash dividend of HK\$3.0 per share paid on 21 June 2017. The net asset value per share attributable to the Company's shareholders as at 30 June 2017 was HK\$9.16 as compared with HK\$17.81 as at 31 December 2016.

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

	<b>30 June 2017</b> <b>HK\$' million</b>	31 December 2016 HK\$' million
Hong Kong	<b>2,188.2</b>	660.7
United Kingdom	<b>1,654.5</b>	1,555.5
Australia	<b>169.9</b>	158.4
Mainland China	-	2,174.0
Total	<b>4,012.6</b>	4,548.6

## **Business Review**

### Property Investment and Development

Following completion of the Restructuring, the Group continues to focus on property development and property investment projects. However, the Group 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 in Hong Kong (No. 1 Shouson Hill Road East), two investment properties in London, United Kingdom (20 Moorgate and 33 Old Broad Street) and an investment property in Australia (Lizard Island).

#### Hong Kong

On 4 May 2017, the Group entered into several agreements with independent third parties to acquire entire issued share capital of the target companies, which own residential properties (being Houses 1, 2, 7, 8, 9, 10, 11, 20, 21, 22 and 23, No. 1 Shouson Hill Road East, Hong Kong) for a total consideration of approximately HK\$1,528 million. Completion of the acquisition took place on 13 June 2017.

#### United Kingdom

In 2016, the Group acquired the property known as 20 Moorgate, London, EC2R 6DA at a total consideration of approximately £154.0 million.

Turnover generated from the property investment projects in the United Kingdom for the six months ended 30 June 2017 was HK\$37.1 million (2016: Nil).

On 15 May 2017, the Group entered into an agreement with an independent third party to acquire entire issued share capital of the target company, which owns an office building at 33 Old Broad Street, London, United Kingdom, for a total consideration of approximately £258 million (approximately HK\$2.6 billion). Subsequent to the end of current period, the completion of the acquisition took place on 17 July 2017.

The final consideration as agreed with the seller is £258,169,018 with the adjustment amounting to £8,350. As such, the highest applicable percentage ratio (as calculated under Rule 14.07 of the Listing Rules) in respect of the final consideration is less than 25%. Hence, the acquisition remains as a disclosable transaction of the Company.

## Australia

Turnover generated from the property investment project in Australia for the period ended 30 June 2017 was HK\$8.0 million (2016: HK\$7.8 million).

### Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is managed by the InterContinental Hotels Group. Its performance steadied compared to 2016, which was a result in line with the weakening 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

During the period, the Group issued guaranteed notes with a principal amount of US\$200,000,000, due on 19 January 2020 (the “Notes”). At maturity, the Notes are payable at their principal amount. The Notes will bear interest at the rate of 4.5% per annum payable semi-annually in arrear on 19 January and 19 July in each year.

As at 30 June 2017, the Group’s total bank deposits, bank balances and cash was HK\$6,465.3 million (31 December 2016: HK\$10,537.8 million) and unutilized facilities were HK\$1,248.9 million (31 December 2016: HK\$500.2 million).

As at 30 June 2017, after netting off bank borrowings of HK\$4,992.1 million and the Notes of HK\$1,549.3 million, the Group had a net debt position of HK\$76.1 million with gearing ratio of 1.9%, compared to net cash position of HK\$6,247.1 million as at 31 December 2016.

As at 30 June 2017, maturity of the Group’s outstanding borrowings (including the Notes) was as follows:

	<b>30 June 2017</b> <b>HK\$' million</b>	31 December 2016 HK\$' million
Due		
Within 1 year	<b>2,032.1</b>	2,189.6
1-2 years	<b>50.0</b>	99.5
3-5 years	<b>3,533.5</b>	1,965.5
Over 5 years	<b>947.8</b>	53.8
	<b>6,563.4</b>	4,308.4
Less: Front-end fee	<b>(22.0)</b>	(17.7)
	<b>6,541.4</b>	4,290.7

## Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank loans drawn as at 30 June 2017 amounted to HK\$3,862.1 million (31 December 2016: HK\$3,223.5 million) which comprised of secured bank loans of HK\$3,448.9 million (31 December 2016: HK\$2,423.5 million) and unsecured bank loans of HK\$413.2 million (31 December 2016: HK\$800.0 million). The secured bank loans were mainly secured by properties valued at HK\$2,173.6 million (31 December 2016: HK\$1,998.7 million), listed debt securities of HK\$1,448.9 million (31 December 2016: HK\$882.1 million) and pledged cash of HK\$570.0 million (31 December 2016: HK\$533.1 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$1,824.4 million as at 30 June 2017 (31 December 2016: HK\$1,713.9 million) to secure bank loans of HK\$1,130.0 million (31 December 2016: HK\$1,067.1 million).

## Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2017, all of the Group's borrowings except the Notes were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

## **Staff and Emolument Policy**

As at 30 June 2017, the Group had a total of 242 employees (2016: 301 employees) in Hong Kong. 11 employees were transferred from the Company to AGP following completion of the Restructuring. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$56.7 million for the period ended 30 June 2017 (2016: 48.5 million).

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

The global economy outlook remains uncertain such as geopolitical risks and market concerns on interest rates and currencies movements. The uncertainty within Europe in negotiation of the terms of the United Kingdom's exit from the European Union and the basis of the future relationship will be the key political agendas for some time. In U.S., under the strong employment environment and declining inflation pressure, the Federal Reserve is anticipated to reduce its balance sheet scale gradually, together with the expectation of further U.S. interest rate hikes in the second half of 2017. All of the above may continue to have considerable uncertainties to the global business environment.

Mainland China performed stronger than expected growth in the first half of 2017 as its economy continued to grow steadily. With the Central Government's efforts to maintain policy stability and continuity, particularly through proactive fiscal and prudent monetary policies, Mainland China is expected to maintain growth momentum in the second half year and realize its full-year growth target. The "One Belt, One Road" strategic initiative of Mainland China is expected to create many business opportunities for the region. However, the Central Government has recently taken certain measures to restrict the Chinese companies from investing in property offshore, which may impact on the market sentiment and the magnitude of the impact is to be observed.

The Hong Kong economy accelerated in the second quarter of 2017 with GDP growing by 3.8% year-on-year, although compared to a 4.3% growth in the preceding quarter. With its close economic connectivity and geographical proximity to the Mainland China, as well as its advanced economic development and diversity, Hong Kong will be able to benefit from potential business opportunities ahead.

The recent stable performance of the global market and the Mainland China's steady economic growth provide a positive backdrop for Hong Kong's economic development. This will support stable property market conditions in Hong Kong despite of expectation of U.S. interest rates hike. Hong Kong government's housing policies will nevertheless continue to be a determining factor for the property market in Hong Kong. As for the office leasing market, Chinese enterprises continue to boost up the market with strong demand for office space.

With the sign of a potential slowdown in Mainland China visitor arrivals and the weakness in the Hong Kong dollar, the tourism in Hong Kong remains to be weak. Management shall use their best endeavour to add value to Crowne Plaza Hong Kong Causeway Bay through active asset management.

The uncertainty in the United Kingdom over the European Union exit negotiations constrain consumer and business confidence and spending in the region. Appetite from overseas investors, other than those Chinese companies affected by Central Government's recent measures, for large lot sizes with long, secure income continues to be a key feature of the London market this year. The price will remain firm for prime building and London remains a top priority for global investors. We expect this to keep active transaction levels in the third quarter and the final quarter of the year.

Going forward, we will continue to seek investments with growth prospect and steady recurring income in order to strengthen our profitability. Meanwhile, the Group will continue our prudent financial management approach with a healthy debt ratio while pursuing our growth initiatives and maximizing the return to our shareholders.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the six months ended 30 June 2017.

## CORPORATE GOVERNANCE PRACTICES

Throughout the period for the six months ended 30 June 2017, saved for the deviations as disclosed below, 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. As stated in the Corporate Governance Report in the Company's 2016 annual report, Mr. Lu Wing Chi, the Chairman, also held the office of Managing Director overseeing the management and the Group's business. Upon completion of the Restructuring of the Company and AGP (a 97.17%-owned subsidiary of the Company prior to the Restructuring) in May 2017, the roles of the Chairman and the Chief Executive have been separated and performed by Mr. Lu Wing Chi and Mr. Lambert Lu respectively with effect from 15 May 2017.

<b>CG Code</b>	<b>Deviations and reasons</b>
A.4.1 Non-executive directors should be appointed for a specific term, subject to re-election.	Except Mr. Lincoln Lu who has been appointed as the Non-executive Director for a term of three years with effect from 15 May 2017, each of the other Non-executive Directors (including the INED) does not have a specific term of appointment but is subject to retirement by rotation and re-election at the AGMs pursuant to the Bye-laws of the Company. The Bye-laws require that every Director will retire from office no later than the third AGM 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 will continuously review and recommend such proposal as appropriate in the circumstances of such deviation.
E.1.3 The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.	Notice regarding the Company's special general meeting in respect of the Restructuring held on 4 May 2017 was sent to shareholders of the Company on 18 April 2017, nine clear business days before the meeting. This was because AGP needed to comply with rules and regulations of the London Stock Exchange plc. regarding the timing of ex-dividend and dividend record dates and the Company had to match with AGP's timetable for the Restructuring. The Board believes that this was a unique situation arising from this particular project timetable and is not likely to recur in future.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2017 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 2017 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](http://www.hkex.com.hk)) and the Company ([www.seagroup.com.hk](http://www.seagroup.com.hk)) no later than the end of September 2017.

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

Hong Kong, 31 August 2017

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

Executive Directors:

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

Non-executive Directors:

Mr. Lam Sing Tai  
Mr. Lincoln Lu

Independent Non-executive Directors:

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