爪哇集團
SEA Group

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 2018

HIGHLIGHTS

For the period ended 30 June 2018

- Revenue from continuing operations: HK$380.3 million (2017: HK$236.1 million)
- Profit from continuing operations: HK$82.4 million (2017: HK$28.7 million)
- Profit attributable to the shareholders of the Company: HK$82.1 million (2017: HK$255.7 million)
- Net asset value ("**NAV**") of the Group attributable to the shareholders of the Company as at 30 June 2018:

	Total NAV (HK$' Million)	NAV per share (HK$)
Book NAV	5,967.8	9.1
Adjusted NAV#	11,351.6	17.2

Hotel property (which is on cost basis in the book) adjusted to fair market value determined by independent property valuers

* *For identification purpose only*

UNAUDITED RESULTS

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 2018 together with the comparative figures of 2017 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30 June 2018

	Notes	**Six months ended 30 June** **2018** **HK$'000** **(unaudited)**	2017 HK$'000 (unaudited)
Continuing operations			
Revenue	3		
— Renting of investment properties		**107,284**	48,230
— Hotel operation		**119,635**	106,829
— Return from financial investment		**153,401**	81,057
Total revenue		**380,320**	236,116
Other income	4	**40,050**	8,746
Costs:			
Property and related costs	5	**(7,059)**	(4,662)
Staff costs		**(76,964)**	(56,724)
Depreciation and amortisation		**(14,427)**	(13,144)
Other expenses		**(58,131)**	(71,525)
		(156,581)	(146,055)
Profit from continuing operations before fair value changes on investment properties		**263,789**	98,807
Fair value changes on investment properties		**6,268**	8,809
Profit from continuing operations after fair value changes on investment properties		**270,057**	107,616
Other gains and losses	6	**(25)**	1,703
Share of loss of a joint venture		**(3)**	–
Finance costs	7	**(176,295)**	(74,226)
Profit before taxation		**93,734**	35,093
Income tax expense	8	**(11,372)**	(6,364)
Profit for the period from continuing operations		**82,362**	28,729
Discontinued operations	9		
Profit for the period from discontinued operations		–	713
Gain arising from Distribution in Specie	14	–	226,927
Profit for the period from discontinued operations		–	227,640
Profit for the period		**82,362**	256,369

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the six months ended 30 June 2018

	Notes	Six months ended 30 June **2018** **HK$'000** **(unaudited)**	2017 HK$'000 (unaudited)
Attributable to:			
Company's shareholders			
– Continuing operations		**82,084**	28,720
– Discontinued operations		–	226,935
		82,084	255,655
Non-controlling interests			
– Continuing operations		**278**	9
– Discontinued operations		–	705
		278	714
Profit for the period		**82,362**	256,369
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders	11		
From continuing and discontinued operations			
– Basic		**12.3**	37.6
– Diluted		**12.2**	37.2
From continuing operations			
– Basic		**12.3**	4.2
– Diluted		**12.2**	4.2
Earnings per share excluding fair value changes on investment properties net of deferred tax	11		
– Basic		***11.3***	*36.4*
– Diluted		***11.3***	*36.0*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Profit for the period	**82,362**	256,369
Other comprehensive expense:		
Items that may be subsequently reclassified to profit or loss:		
Fair value (loss) gain on:		
Debt instruments measured at fair value through other comprehensive income	**(34,278)**	–
Available-for-sale investments	**–**	16,830
Exchange differences arising on translation of foreign operations	**(9,713)**	34,742
Reclassification adjustments for amounts transferred to profit or loss:		
– upon disposal of debt instruments measured at fair value through other comprehensive income	**25**	–
– upon disposal of available-for-sale investments	**–**	(1,703)
– upon Distribution in Specie (note 14)	**–**	(226,927)
	(43,966)	(177,058)
Total comprehensive income for the period	**38,396**	79,311
Attributable to:		
Company's shareholders	**38,118**	78,708
Non-controlling interests	**278**	603
Total comprehensive income for the period	**38,396**	79,311

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2018

	Notes	**At 30 June 2018 HK$'000 (unaudited)**	At 31 December 2017 HK$'000 (audited)
Non-current assets			
Investment properties		**6,128,780**	6,214,249
Property, plant and equipment		**662,218**	670,925
Club memberships		**6,809**	6,839
Investment in a joint venture		**1,729,797**	1,728,800
Available-for-sale investments		**–**	3,165,101
Financial assets at fair value through profit or loss		**249,531**	–
Debt instruments at fair value through other comprehensive income		**2,800,551**	–
Loan receivables		**–**	1,688
		11,577,686	11,787,602
Current assets			
Inventories		**865**	1,062
Available-for-sale investments		**–**	1,327,704
Debt instruments at fair value through other comprehensive income		**1,477,303**	–
Financial assets at fair value through profit or loss		**119,177**	–
Loan receivables		**–**	199
Note receivables		**–**	39,067
Trade and other receivables, deposits and prepayments	12	**56,051**	85,829
Tax recoverable		**2**	10
Amounts due from non-controlling interests		**914**	40
Pledged bank deposits		**1,543,454**	1,533,852
Bank balances and cash		**5,156,426**	4,235,738
		8,354,192	7,223,501
Current liabilities			
Payables, rental deposits and accrued charges	13	**160,774**	189,703
Tax liabilities		**17,391**	8,811
Bank borrowings – due within one year		**6,346,983**	6,318,864
		6,525,148	6,517,378
Net current assets		**1,829,044**	706,123
Total assets less current liabilities		**13,406,730**	12,493,725

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 30 June 2018

	At 30 June 2018 HK$'000 (unaudited)	At 31 December 2017 HK$'000 (audited)
Capital and reserves		
Share capital	**65,940**	67,376
Reserves	**5,901,827**	6,075,208
Equity attributable to the Company's shareholders	**5,967,767**	6,142,584
Non-controlling interests	**1,776**	1,498
Total equity	**5,969,543**	6,144,082
Non-current liabilities		
Bank borrowings – due after one year	**4,662,810**	4,748,442
Guaranteed notes	**2,729,059**	1,553,287
Deferred taxation	**45,318**	47,914
	7,437,187	6,349,643
Total equity and non-current liabilities	**13,406,730**	12,493,725

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 financial instruments, which are measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new Hong Kong Financial Reporting Standards ("**HKFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in the current interim period in related to revenue generated from hotel operation. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and related interpretations.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers* *(Continued)*

The Group has applied HKFRS 15 retrospectively with the accumulative effect of initial applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 and HKAS 11 and the related interpretations.

The adoption of HKFRS 15 in the current period has had no material impact on the Group's financial performance and positions for the current and prior accounting period and resulted in more disclosures as set out to these condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS *9 Financial Instruments*

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("**ECL**") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement.*

Key changes in accounting policies resulting from application of HKFRS 9

<u>Classification and measurement of financial assets</u>

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS *9 Financial Instruments* *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Classification and measurement of financial assets *(Continued)*

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("**FVTPL**"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income ("**OCI**") if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

The directors of the Company (the "**Director(s)**") reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2(a).

Impairment under ECL model

The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS *9 Financial Instruments* *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Impairment under ECL model *(Continued)*

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS *9 Financial Instruments* *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 9 *(Continued)*

Measurement and recognition of ECL *(Continued)*

Financial assets at amortised cost and debt instruments at FVTOCI

At 1 January 2018, the Directors reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements HKFRS 9. The adoption of new approach did not result in any significant impact on the amounts reported in the opening balance as at 1 January 2018 and the financial information during the six months ended 30 June 2018.

2a Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Notes	**Available-for-sale investments** HK$'000	**Note receivables** HK$'000	**Debt instruments at FVTOCI** HK$'000	**Financial assets at FVTPL** HK$'000
Closing balances at 31 December 2017		4,492,805	39,067	–	–
Effect arising from initial recognition of HKFRS 9:					
Reclassification from available-for-sale investments	(a)	(4,492,805)	–	4,486,554	6,251
Reclassification from loans and receivables	(b)	–	(39,067)	–	39,067
Opening balance at 1 January 2018		–	–	4,486,554	45,318

Notes:

(a) Available-for-sale ("AFS") investments

From AFS investments to FVTPL

At the date of initial application of HKFRS 9, the Group's unit fund investment of HK$6,251,000, which previously was measured at fair value, was reclassified from AFS investment to financial asset at FVTPL.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS *9 Financial Instruments* *(Continued)*

2a Summary of effects arising from initial application of HKFRS 9 *(Continued)*

Notes: (Continued)

(a) Available-for-sale (“AFS”) investments *(Continued)*

From AFS debt investments to FVTOCI

Listed and unlisted bonds with a fair value of HK$4,486,554,000 in aggregate were reclassified from available-for-sale investments to debt instruments at FVTOCI, as these investments are held within a business model whose objective is achieved by both collecting contractual cash flows, and selling of these assets, and the contractual cash flows of these investments are solely payments of principal and interest on the principal amount outstanding. The related fair value loss of HK$27,917,000 relating to those investments continued to accumulate in the investment revaluation reserve as at 1 January 2018.

(b) From loans and receivables to FVTPL

Note receivables of HK$39,067,000 previously classified as loans and receivables was reclassified to FVTPL upon the application of HKFRS 9 because its cash flows do not represent solely payments of principal and interest on the principal amount outstanding. The carrying amount which was measured at amortised costs was approximate to the fair value as at 31 December 2017 and therefore, no adjustments on carrying amount on the date of initial adoption, i.e. 1 January 2018.

Except as described above, the application of other amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

Information reported to the executive Directors, 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.

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

The financial investment segment includes interest income from time deposits and investment income from equity or bond investments.

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

Six months ended 30 June 2018

Continuing operations

	Property development HK$'000	Property investment HK$'000	Hotel operation HK$'000	Financial investment HK$'000	Consolidated HK$'000
SEGMENT REVENUE					
External sales	–	107,284	119,635	153,401	380,320
SEGMENT RESULTS					
Segment (loss) profit	(309)	103,174	41,370	149,441	293,676
Unallocated interest income					106
Corporate income less expenses					(23,750)
Share of loss of a joint venture					(3)
Finance costs					(176,295)
Profit before taxation					93,734

3. SEGMENT INFORMATION *(Continued)*

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
SEGMENT REVENUE					
External sales	–	48,230	106,829	81,057	236,116
SEGMENT RESULTS					
Segment (loss) profit	(78)	52,978	27,284	81,364	161,548
Unallocated interest income					1,715
Corporate income less expenses					(53,944)
Finance costs					(74,226)
Profit before taxation					35,093

Segment profit of the property investment division for the six months ended 30 June 2018 included an increase in fair value of investment properties of HK$6,268,000 (30.6.2017: an increase in fair value of investment properties of HK$8,809,000).

The Group does not allocate interest income generated from saving deposits, 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. OTHER INCOME

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Net exchange gain	**37,676**	5,728
Interest earned on bank deposits	**63**	1,629
Interest income from second mortgage loan	**43**	85
Other	**2,268**	1,304
	40,050	8,746

5. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Continuing operations		
Selling and marketing expenses	**454**	552
Direct operating expenses on investment properties	**6,605**	4,110
	7,059	4,662

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Continuing operations		
Gain on disposal of available-for-sale investments	**–**	1,703
Other losses	**(25)**	–
	(25)	1,703

7. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Continuing operations		
Interest on bank borrowings	**106,424**	37,999
Interest on guaranteed notes	**60,591**	31,259
Amortisation of bank borrowings front-end fee	**4,440**	1,660
Amortisation of guaranteed notes issue costs	**3,315**	2,061
Other charges	**1,525**	1,247
	176,295	74,226

8. INCOME TAX EXPENSE

	Six months ended 30 June 2018 HK$'000	2017 HK$'000
Continuing operations		
Current tax		
Hong Kong Profits Tax	**(3,240)**	(794)
Australia	**(1,858)**	(1,598)
The United Kingdom	**(7,058)**	(2,984)
	(12,156)	(5,376)
Overprovision in prior years		
Hong Kong Profits Tax	**–**	74
	(12,156)	(5,302)
Deferred tax	**784**	(1,062)
	(11,372)	(6,364)

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 six months ended 30 June 2017, the Company undertook a restructuring (the "**Restructuring**") by implementing an Assets Redistribution (as defined below) and a Distribution in Specie (as defined below).

On 31 March 2017, the Company entered a sale and purchase agreement with Asian Growth Properties Limited ("**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**").

On 15 May 2017, the Company completed distribution of special non-cash dividend by way of Distribution in Specie of 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 as a subsidiary of the Company, and accordingly, the Group ceased its business and operations in the PRC.

9. DISCONTINUED OPERATIONS *(Continued)*

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

	Six months ended 30 June 2017 HK$'000
Profit for the period from the discontinued operations before gain arising from Distribution in Specie	713
Gain arising from Distribution in Specie:	
Realisation of translation reserve	226,927

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 profit or loss, were as follows:

	Six months ended 30 June 2017 HK$'000
Revenue	51,127
Other income	3,940
Costs:	
Property and related costs	(9,083)
Staff costs	(20,929)
Depreciation and amortisation	(857)
Other expenses	(14,076)
	(44,945)
Profit before fair value changes on investment properties	10,122
Fair value changes on investment properties	–
Profit after fair value changes on investment properties	10,122
Finance costs	(4,211)
Profit before taxation	5,911
Income tax expense	(5,198)
Profit for the period	713

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

10. DIVIDENDS

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2017 of HK3 cents per share (for the six months ended 30 June 2017: final dividend for the year ended 31 December 2016 of HK6 cents per share)	**19,780**	40,900
Special cash dividend of HK$3 per share	**–**	2,037,644
Special non-cash dividend by way of Distribution in Specie (note 14)	**–**	3,834,209
	19,780	5,912,753

Subsequent to the end of the current interim period, the Directors have declared an interim dividend of HK2 cents (2017: HK2 cents) per share amounting to HK$13,225,000 in aggregate (2017: HK$13,617,000) payable to the shareholders of the Company whose names appear on the register of members of the Company on 4 October 2018.

11. EARNINGS PER SHARE

From continuing and discontinued operations

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

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to the owners of the Company	**82,084**	255,655

	Number of shares Six months ended 30 June	
	2018	2017
Weighted average number of ordinary shares for the purpose of basic earnings per share	**668,739,803**	679,087,875
Effect of dilutive potential ordinary shares options	**2,937,716**	8,005,544
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**671,677,519**	687,093,419

11. **EARNINGS PER SHARE** *(Continued)*

From continuing operations

	Six months ended 30 June	
	2018	2017
	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	**82,084**	255,655
Less: result for the period from discontinued operations attributable to the Company's shareholders	–	(226,935)
Profit for the period from continued operations attributable to the Company's shareholders	**82,084**	28,720

From discontinued operations

	Six months ended 30 June	
	2018	2017
	HK$'000	HK$'000
Profit for the period from discontinued operations attributable to the Company's shareholders	–	226,935
Basic earnings per share	**N/A**	HK33.4 cents
Diluted earnings per share	**N/A**	HK33.0 cents

11. EARNINGS PER SHARE *(Continued)*

From continuing and discontinued operations (excluding fair value changes on investment properties net of deferred tax)

For the purpose of assessing the performance of the Group, the Directors 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	
	2018	2017
	HK$'000	HK$'000
Profit for the period attributable to the Company's shareholders as shown in the condensed consolidated statement of profit or loss	**82,084**	255,655
Fair value changes on investment properties	**(6,268)**	(8,809)
Attributable to non-controlling interests	**–**	248
Adjusted profit attributable to the Company's shareholders	**75,816**	247,094
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	**HK11.3 cents**	HK36.4 cents
Diluted	**HK11.3 cents**	HK36.0 cents

The denominators used in the calculation of basic and diluted adjusted earnings per share (i) from continuing operations, (ii) from discontinued operations and (iii) from continuing and discontinued operations (excluding fair value changes on investment properties net of any deferred tax) for the six months ended 30 June 2018 and 2017 are the same as those detailed in the calculation of basic and diluted adjusted earnings per share from continuing and discontinued operations above.

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2018	At 31 December 2017
	HK$'000	HK$'000
Trade receivables	**4,161**	6,633
Accrued income	**2,164**	2,163
Deposits, prepayments and other receivables	**49,726**	77,033
	56,051	85,829

12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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. 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 analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date, at the end of the reporting period:

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
0 to 30 days	**3,499**	6,142
31 to 60 days	**197**	245
61 to 90 days	**19**	138
91 to 365 days	**446**	108
	4,161	6,633

Based on past experience, the directors of the Company consider that no provision for impairment is necessary in respect of these balances as there has not been any significant change in credit quality and balances are still considered as fully recoverable.

13. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	At 30 June 2018 HK$'000	At 31 December 2017 HK$'000
Trade payables	**1,471**	2,212
Rental deposits	**5,509**	6,181
Rental received in advance	**43,574**	59,077
Interest payable	**65,664**	49,945
Other payables, other deposits and accrued charges	**44,556**	72,288
	160,774	189,703

Rental deposits to be refunded after twelve months from the end of the reporting period based on the respective lease terms amounted to HK$4,087,000 at 30 June 2018 (31.12.2017: HK$5,896,000).

14. DISTRIBUTION IN SPECIE

As set out in note 9, the Company completed the Distribution in Specie on 15 May 2017. The assets and liabilities of AGP and its subsidiaries upon completion of the Distribution in Specie are as follows:

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

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2 cents (for the six months ended 30 June 2017: HK2 cents) per share for the six months ended 30 June 2018 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 4 October 2018. The relevant dividend warrants are expected to be despatched on or before Tuesday, 16 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 28 September 2018 to Thursday, 4 October 2018 (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 Thursday, 27 September 2018.

DISCUSSION AND ANALYSIS

Financial Summary

Turnover for the six months ended 30 June 2018 amounted to HK$380.3 million (2017: HK$236.1 million). The turnover was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment.

Profit from continuing operations for the six months ended 30 June 2018 amounted to HK$82.4 million (2017: HK$28.7 million). The increase in current period was mainly due to rental income contributed by 33 Old Broad Street, London (which was purchased by the Group in 2017) during the period.

Profit attributable to the Company's shareholders for the six months ended 30 June 2018 amounted to HK$82.1 million (2017: HK$255.7 million), equivalent to a basic earnings per share of HK12.3 cents (2017: HK37.6 cents). The decrease in profit attributable to the Company's shareholders in current period was mainly due to one-off gain arising from the release of exchange reserve to profit or loss approximately HK$226.9 million upon distribution in specie (as part of the Group's restructuring in 2017) recorded under profit from the discontinued operations in the same period of last year.

The reported profit attributable to the Company's shareholders included a revaluation surplus on investment properties net of deferred taxation of HK$6.3 million (2017: revaluation surplus HK$8.6 million). By excluding the effect of such surplus, the Group's net profit attributable to the Company's shareholders was HK$75.8 million (2017: HK$247.1 million), equivalent to HK11.3 cents (2017: HK36.4 cents) per share.

As at 30 June 2018, the Group's equity attributable to the Company's shareholders amounted to HK$5,967.8 million (31 December 2017: HK$6,142.6 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2018 was HK$9.1 as compared with HK$9.1 as at 31 December 2017.

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

	30 June 2018 HK$' million	31 December 2017 HK$' million
Hong Kong	**3,935.2**	3,923.8
United Kingdom	**4,399.6**	4,495.2
Australia	**165.8**	174.6
Total	**8,500.6**	8,593.6

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK$616.2 million (31 December 2017: HK$626.2 million), whereas the market value as at 30 June 2018 as determined by an independent professional market valuation carried out by Colliers International (Hong Kong) Limited is HK$6,000.0 million (31 December 2017: HK$4,000.0 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value as at 30 June 2018, the adjusted total property assets, the adjusted net asset value and adjusted net asset value per share attributable to the Company's shareholders would be HK$13,884.4 million (31 December 2017: HK$11,967.4 million), HK$11,351.6 million (31 December 2017: HK$9,516.4 million) and HK$17.2 (31 December 2017: HK$14.1) respectively.

Business Review

Property Investment and Development

Following the Group's restructuring in 2017, 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 optimise the project portfolios from time to time. Currently, the Group's core projects mainly consist of a residential project (No. 1 Shouson Hill Road East) and a joint venture residential development project (West Kowloon Waterfront) in Hong Kong, two investment properties in London, the United Kingdom (20 Moorgate and 33 Old Broad Street) and an investment property in Australia (Lizard Island).

Hong Kong

The Group, as part of the consortium comprised of well-known property developers, won the tender for the waterfront residential plot in Off Hing Wah Street West, West Kowloon at a price of HK$17 billion in 2017. The site will be developed into a premium residential project in cooperation with such property developers. This project is under planning stage.

The Group owns residential properties at Shouson Hill Road East, Hong Kong as investment property. The properties are currently under design, tendering and renovation process.

United Kingdom

The Group owns three investment properties in United Kingdom, namely, (i) an office building at 33 Old Broad Street, London, EC2; (ii) an office building at 20 Moorgate, London, EC2R 6DA; and (iii) John Sinclair House, an office building at 16 Bernard Terrace, Edinburgh, Scotland.

The turnover generated from these investment properties in the United Kingdom for the six months ended 30 June 2018 was HK$98.2 million (2017: HK$37.1 million).

Australia

Turnover generated from the property investment projects in Australia for the period ended 30 June 2018 was HK$8.8 million (2017: HK$8.0 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 improved as compared to 2017, which was resulted from the general increase of tourism market and the success of the hotel's cost saving measures. The hotel will strive to gain further market share 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$150,000,000, due on 19 January 2023 (the "**Notes**"). At maturity, the Notes are payable at their principal amount. The Notes will bear interest at the rate of 4.875% per annum payable semi-annually in arrear on 19 January and 19 July in each year.

As at 30 June 2018, the Group's total pledged bank deposits, bank balances and cash was HK$6,699.9 million (31 December 2017: HK$5,769.6 million), total financial investments (including debt instruments at fair value through other comprehensive income and financial assets at fair value through profit or loss) were HK$4,646.6 million (31 December 2017: HK$4,492.8 million) and unutilised facilities were HK$974.0 million (31 December 2017: HK$983.8 million).

As at 30 June 2018, the Group's bank borrowings was HK$11,009.8 million (31 December 2017: HK$11,067.3 million) and the guaranteed notes was HK$2,729.1 million (31 December 2017: HK$1,553.3 million). After netting off the bank balance, cash and the financial investments, the Group had a net debt position of HK$2,392.4 million with gearing ratio of 17.23% (calculated on the basis of net debt as a percentage of the adjusted total property assets with hotel property adjusted to fair market value of HK$6,000.0 million).

As at 30 June 2018, maturity of the Group's outstanding borrowings (including the guaranteed notes) was as follows:

	30 June 2018 **HK$' million**	31 December 2017 HK$' million
Due		
Within 1 year	**6,348.0**	6,319.9
1-2 years	**1,696.8**	130.4
3-5 years	**5,742.8**	6,215.8
	13,787.6	12,666.1
Less: Unamortised front-end fee and Notes issued expenses	**(48.7)**	(45.5)
	13,738.9	12,620.6

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank loans drawn as at 30 June 2018 amounted to HK$8,132.7 million (31 December 2017: HK$8,138.6 million) which comprised of secured bank loans of HK$6,202.7 million (31 December 2017: HK$6,428.6 million) and unsecured bank loans of HK$1,930.0 million (31 December 2017: HK$1,710.0 million). The secured bank loans were secured by properties valued at HK$2,163.2 million (31 December 2017: HK$2,154.2 million), listed debt securities of HK$3,774.9 million (31 December 2017: HK$3,983.5 million) and pledged bank deposits of HK$1,534.2 million (31 December 2017: HK$1,517.9 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK$4,565.4 million (31 December 2017: HK$4,669.8 million) and pledged bank deposits of HK$9.3 million (31 December 2017: HK$15.9 million) as at 30 June 2018 to secure bank loans of HK$2,877.1 million (31 December 2017: HK$2,964.8 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2018, all of the Group's borrowings except the guaranteed notes were raised through its wholly-owned or substantially controlled subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 30 June 2018, the Group had a total of 239 employees (2017: 242 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK$77.0 million for the period ended 30 June 2018 (2017: 56.7 million).

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

Outlook

Notwithstanding the global economy generally maintained momentum in the first half of 2018, there are still a lot of uncertainties worldwide, such as intense international trade relationship between the US and the Mainland and the other countries, the impact of Brexit, terrorism around the world, and the pace of increase in US interest rate. Looking ahead, the latest China-United States trade war will sustain in the near future and cast a shadow in the second half of 2018.

In Mainland China, the economy performed well in the first half of 2018 with average GDP growth of 6.8% and double-digit growth in trade. Despite the impact of higher trade tariffs imposed by the US and the Mainland have become a key source of uncertainty, Mainland economy is anticipated to stay on a growth track.

Hong Kong's economy keep growing in the first half of 2018 expanding by 3.5% over a year earlier. While higher US interest rates were putting upward pressure on Hong Kong interest rate, domestic demand continued to strengthen and the employment continued to grow steadily in the first half of 2018. However, the local stock market was volatile in the first six month of 2018. Hang Seng Index reached a record high in January 2018, but experienced corrections since then. For the outlook in remaining 2018, backed by the current momentum of global economic, domestic demand should remain largely resilient. The Hong Kong Government maintained its positive forecast for Hong Kong's GDP growth in 2018.

Property market in Hong Kong stayed strong in first half of 2018, with support from tight supply, strong demand and sustained period of low interest rates. Overall property market has demonstrated robustness in the first half of 2018. Trading remained active with selling prices further increased in the first half of 2018. Given limited supply and strong local and PRC demand, the Group expects that the upward trend in the commercial and residential property market in Hong Kong will sustain.

Hong Kong's tourism industry gathered further momentum in the first half of 2018 with significant increase in visitor arrivals by 10%. The growth was driven mainly by the sharp growth in Mainland market. Underpinned by the notable increase in overnight visitors, both average hotel room occupancy rate and average achieved hotel room rate rose. Hong Kong tourism industry has been facing intense competition from other cities. Nevertheless, the upcoming opening of the Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong High Speed Rail and the Hong Kong-Zhuhai-Macao Bridge will fuel further tourism growth and attract more visitors from Greater Bay Area and worldwide to Hong Kong. The Group believes that our hotel business will benefit from further robust growth in the industry.

For United Kingdom, strong global economy and competitive exchange rate boosted UK exports, tourism and GDP growth in the first half of 2018. The property market was also booming. Nonetheless, due to increasing political uncertainty relating to the outcome of the Brexit negotiations and the international trade tensions, we expect that growth in UK economy will slow down and be moderate in the second half of 2018.

Looking forward, the Group is optimistic towards the long term outlook of the property and hotel market in Hong Kong. Meanwhile, the Group will step up further efforts to enhance its competitive strengths and prepare the Group for the challenges and opportunities ahead.

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

During the six months ended 30 June 2018, the Company repurchased a total of 16,528,000 issued ordinary shares of the Company on The Stock Exchange of Hong Kong Limited at an aggregate cash consideration of HK$208,301,280 (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
		Highest	Lowest	
		HK$	HK$	HK$
January 2018	3,696,000	12.64	11.20	44,783,200
May 2018	12,332,000	13.00	12.00	157,100,400
June 2018	500,000	12.90	12.76	6,417,680
	16,528,000			208,301,280

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

Apart from the above, 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 2018.

CORPORATE GOVERNANCE PRACTICES

During the period for the six months ended 30 June 2018, saved for the deviation 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.

CG Code A.4.1 provides that non-executive directors should be appointed for a specific term, subject to re-election. Except Mr. Lincoln Lu who was appointed as the non-executive Director for a term of three years in 2017, each of the other non-executive Directors (including independent non-executive Directors) does not have a specific term of appointment but is subject to retirement by rotation and re-election at the annual general meetings of the Company 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 will continuously review and recommend such proposal as appropriate in the circumstances of such deviation.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2018 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 2018 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 the end of September 2018.

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

Hong Kong, 24 August 2018

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