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ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

HIGHLIGHTS

For the period ended 30 June 2019

- Revenue: HK\$433.9 million (2018: HK\$380.3 million), 14% increase
- Profit attributable to the shareholders of the Company: HK\$93.5 million (2018: HK\$82.1 million), 14% increase
- Net asset value (“NAV”) and NAV per share of the Group attributable to the shareholders of the Company as at 30 June 2019: HK\$11,752.6 million and HK\$17.7 respectively[#].

[#] *The NAV is calculated on the basis of the Group’s book NAV of HK\$6,148.8 million after adjusting Hotel property (which is on cost basis in the book) to fair market value determined by an independent property valuer.*

* *For identification purpose only*

UNAUDITED RESULTS

The board of directors (the “**Board**”) of S E A Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2019 together with the comparative figures of 2018.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited) (restated)
Revenue	4		
— Renting of investment properties		100,610	107,284
— Hotel operation		119,163	119,635
— Return from financial investment — interest income		<u>214,087</u>	<u>153,401</u>
Total revenue		433,860	380,320
Other income	5	5,079	2,374
Costs:			
Property and related costs	6	(1,203)	(7,059)
Staff costs		(61,870)	(76,964)
Depreciation and amortisation		(19,728)	(14,427)
Other expenses		(50,476)	(58,131)
		<u>(133,277)</u>	<u>(156,581)</u>
Profit before fair value changes on investment properties, impairment loss and other gains and losses		305,662	226,113
Fair value changes on investment properties		<u>(1,989)</u>	<u>6,268</u>
Profit after fair value changes on investment properties		303,673	232,381
Other gains and losses	7	12,733	37,651
Share of result of a joint venture		(21)	(3)
Impairment loss recognised on debt instruments at fair value through other comprehensive income	12	(10,041)	—
Finance costs	8	<u>(204,734)</u>	<u>(176,295)</u>
Profit before taxation		101,610	93,734
Income tax expense	9	<u>(8,119)</u>	<u>(11,372)</u>
Profit for the period		<u><u>93,491</u></u>	<u><u>82,362</u></u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Continued)

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Attributable to:			
— Company's shareholders		93,491	82,084
— Non-controlling interests		<u>—</u>	<u>278</u>
Profit for the period		<u>93,491</u>	<u>82,362</u>
		HK cents	HK cents
Earnings per share for profit attributable to the Company's shareholders			
— Basic		<u>14.1</u>	<u>12.3</u>
— Diluted		<u>14.1</u>	<u>12.2</u>
<i>Earnings per share excluding fair value changes on investment properties net of deferred tax</i>			
— Basic	<i>11</i>	<u>14.4</u>	<u>11.3</u>
— Diluted		<u>14.4</u>	<u>11.3</u>

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

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)
Profit for the period		<u>93,491</u>	<u>82,362</u>
Other comprehensive income (expense):			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Fair value gain (loss) on:			
Debt instruments at fair value through other comprehensive income		44,006	(34,278)
Exchange differences arising on translation of foreign operations		8,239	(9,713)
<i>Reclassification adjustments for amounts transferred to profit or loss:</i>			
Upon early redemption of debt instruments at fair value through other comprehensive income		6	25
Impairment loss recognised on debt instruments at fair value through other comprehensive income	<i>12</i>	<u>10,041</u>	<u>—</u>
		<u>62,292</u>	<u>(43,966)</u>
Total comprehensive income for the period		<u>155,783</u>	<u>38,396</u>
Attributable to:			
— Company's shareholders		155,783	38,118
— Non-controlling interests		<u>—</u>	<u>278</u>
Total comprehensive income for the period		<u>155,783</u>	<u>38,396</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

		At 30 June 2019	At 31 December 2018
<i>Notes</i>		<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
Non-current assets			
Investment properties		6,187,903	6,036,230
Property, plant and equipment		668,015	650,904
Investment in a joint venture		1,077,289	1,050,460
Debt instruments at fair value through other comprehensive income		2,700,852	2,950,698
Financial assets at fair value through profit or loss		275,160	250,573
Pledged bank deposits		21,333	26,333
Other assets		6,929	6,779
		10,937,481	10,971,977
Current assets			
Inventories		826	915
Debt instruments at fair value through other comprehensive income		1,816,046	1,448,979
Financial assets at fair value through profit or loss		89,326	81,747
Trade and other receivables, deposits and prepayments	13	33,938	37,621
Tax recoverable		1	1
Amounts due from non-controlling interests		—	4
Pledged bank deposits		1,576,204	1,574,819
Bank balances and cash		6,026,672	5,870,023
		9,543,013	9,014,109
Current liabilities			
Payables, rental deposits and accrued charges	14	199,671	204,973
Bank borrowing — due within one year		5,926,682	6,215,708
Lease liabilities		8,748	—
Guaranteed notes		1,559,127	—
Tax liabilities		17,647	22,293
		7,711,875	6,442,974
Net current assets		1,831,138	2,571,135
Total assets less current liabilities		12,768,619	13,543,112

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 June 2019

	At 30 June 2019 <i>HK\$'000</i> (unaudited)	At 31 December 2018 <i>HK\$'000</i> (audited)
Capital and reserves		
Share capital	66,221	66,206
Reserves	<u>6,082,569</u>	<u>5,945,348</u>
Equity attributable to the Company's shareholders	6,148,790	6,011,554
Non-controlling interests	<u>—</u>	<u>4</u>
Total equity	<u>6,148,790</u>	<u>6,011,558</u>
Non-current liabilities		
Bank borrowings — due after one year	5,216,820	4,763,702
Lease liabilities	196,031	—
Guaranteed notes	1,163,292	2,726,740
Deferred taxation	<u>43,686</u>	<u>41,112</u>
	<u>6,619,829</u>	<u>7,531,554</u>
Total equity and non-current liabilities	<u><u>12,768,619</u></u>	<u><u>13,543,112</u></u>

Notes:

1. BASIS OF PREPARATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

In order to prepare the condensed consolidated financial statements on a basis consistent with that of the preceding period, the directors of the Company are of the opinion that the Group has reclassified net exchange gain of HK\$37,676,000 from “other income” to “other gains and losses” in order to conform to current period’s classification.

Other than changes in accounting policies resulting from application of new and amendments to 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 2019 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2018.

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 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 Leases (“**HKAS 17**”), and the related interpretations.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

Under HKFRS 16, the Group is required to apply retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

The Group has applied HKFRS 16 by modified retrospective approach at transition, and has applied the following practical expedient to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group’s leases with extension and termination options.

At 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16 C8(b)(ii) transition. On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of HK\$214,352,000 and right-of-use assets of HK\$214,352,000 at 1 January 2019.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessee (Continued)

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied implicit interest rates, if readily determinable, and incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate and implicit interest rate applied are ranging from 2.4% to 4.6%.

	At 1 January 2019 HK\$'000
Operating lease commitments disclosure as at 31 December 2018	<u>671,225</u>
Lease liabilities discounted at relevant implicit interest rate and incremental borrowing rate (<i>note</i>)	184,427
Add: Extension option reasonably certain to be exercised	<u>29,925</u>
Lease liabilities relating to operating leases recognised upon application of HKFRS 16 and lease liabilities as at 1 January 2019	<u>214,352</u>
Analysed for reporting purpose as:	
Current	12,121
Non-current	<u>202,231</u>
	<u>214,352</u>

Note: Includes certain leases of up to 133 years duration.

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets HK\$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	<u>214,352</u>
By class:	
Leasehold lands (included in investment properties)	179,109
Land and buildings (included in property, plant and equipment)	<u>35,243</u>
	<u>214,352</u>

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

As a lessor

In accordance with the transitional provisions in HKFRS 16, except for sub-leases in which the Group acts as an intermediate lessor, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

- (a) Upon application of HKFRS 16, the Group accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.
- (b) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted for as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's condensed consolidated statement of financial position at 1 January 2019. However, effective on 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.
- (c) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. The directors of the Company consider that the impact for discounting such refundable rental deposits received of HK\$5,095,000 as at 31 December 2018 is not material.

The application of HKFRS 16 has no material impact for the Group as a lessor on the condensed consolidated financial statements as at 1 January 2019.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

The application of HKFRS 16 has no material impact on the retained profits as at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000
Non-current Assets			
Investment properties	6,036,230	179,109	6,215,339
Property, plant and equipment	650,904	35,243	686,147
Current liabilities			
Lease liabilities	—	12,121	12,121
Non-current liabilities			
Lease liabilities	—	202,231	202,231

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. SEGMENT INFORMATION

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

The property investment segment includes a number of various property locations. Each location is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as property investment provide the same nature of income with the same recognition criteria.

3. SEGMENT INFORMATION (Continued)

The financial investment segment includes interest revenue from listed and unlisted securities and time deposits.

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

Six months ended 30 June 2019

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operation <i>HK\$'000</i>	Financial investment <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
SEGMENT REVENUE					
External revenue	<u>—</u>	<u>100,610</u>	<u>119,163</u>	<u>214,087</u>	<u>433,860</u>
SEGMENT RESULTS					
Segment profit	<u>—</u>	<u>100,531</u>	<u>34,063</u>	<u>234,760</u>	369,354
Unallocated interest income					115
Corporate income less expenses					(63,104)
Share of result of a joint venture					(21)
Finance costs					<u>(204,734)</u>
Profit before taxation					<u>101,610</u>

3. SEGMENT INFORMATION (Continued)

Six months ended 30 June 2018

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

Segment profit of the property investment division for the six months ended 30 June 2019 included a decrease in fair value of investment properties of HK\$1,989,000 (for the six months ended 30 June 2018: an increase in fair value of investment properties of HK\$6,268,000).

The Group does not allocate interest income generated from bank deposits, corporate income less expenses, share of result of a joint venture and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The 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 CODM in the resource allocation and assessment of performance.

4. REVENUE

Disaggregation of revenue

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Renting of investment properties	100,610	107,284
Hotel operation (<i>note i</i>)	119,163	119,635
Return from financial investment — interest income (<i>note ii</i>)	214,087	153,401
	<u>433,860</u>	<u>380,320</u>

Notes:

- i. For the six months ended 30 June 2019, revenue from hotel operation, which arises from contracts with customers is recognised in accordance with HKFRS 15, comprises of (i) HK\$92,290,000 (for the six months ended 30 June 2018: HK\$95,318,000) for hotel room revenue recognised over time and based on output method; and (ii) HK\$20,859,000 (for the six months ended 30 June 2018: HK\$18,337,000) for revenue from food and beverage sales and HK\$6,014,000 (for the six months ended 30 June 2018: HK\$5,980,000) for revenue from ancillary services are recognised at point in time.
- ii. Return from financial investment represents interest revenue derived from listed and unlisted securities and time deposits.

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Interest earned on bank deposits	115	63
Interest income from second mortgage loan	—	43
Others	4,964	2,268
	<u>5,079</u>	<u>2,374</u>

6. PROPERTY AND RELATED COSTS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Selling and marketing expenses	609	454
Direct operating expenses on investment properties	<u>594</u>	<u>6,605</u>
	<u>1,203</u>	<u>7,059</u>

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
		(restated)
Gain on disposal of an investment property	6,375	—
Net exchange (loss) gain	(24,928)	37,676
Fair value gain on financial assets at fair value through profit or loss	31,292	—
Loss on early redemption of debt instruments at fair value through other comprehensive income	<u>(6)</u>	<u>(25)</u>
	<u>12,733</u>	<u>37,651</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Bank borrowings		
Interest on bank borrowings	122,276	106,424
Amortisation of bank borrowings front-end fee	<u>8,622</u>	<u>4,440</u>
	<u>130,898</u>	<u>110,864</u>
Guaranteed notes		
Interest on guaranteed notes	63,423	60,591
Amortisation of guaranteed notes issue costs	<u>3,424</u>	<u>3,315</u>
	<u>66,847</u>	<u>63,906</u>
Lease liabilities		
Interest on lease liabilities	3,737	—
Other charges	<u>3,252</u>	<u>1,525</u>
	<u>204,734</u>	<u>176,295</u>

9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Current tax		
Hong Kong Profits Tax	(2,933)	(3,240)
Australia	(1,736)	(1,858)
The United Kingdom	<u>(5,594)</u>	<u>(7,058)</u>
	<u>(10,263)</u>	<u>(12,156)</u>
Over(under) provision in prior years		
Hong Kong Profits Tax	(1,561)	—
The United Kingdom	<u>6,551</u>	<u>—</u>
	<u>4,990</u>	<u>—</u>
	<u>(5,273)</u>	<u>(12,156)</u>
Deferred tax	<u>(2,846)</u>	<u>784</u>
	<u>(8,119)</u>	<u>(11,372)</u>

10. DIVIDENDS

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
Dividends recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2018 of HK3 cents per share (for the six months ended 30 June 2018: final dividend for the year ended 31 December 2017 of HK3 cents per share)	<u>19,866</u>	<u>19,780</u>

Subsequent to the end of the current interim period, the directors of the Company have declared that an interim dividend of HK2 cents (2018: HK2 cents) per share amounting to HK\$13,244,000 in aggregate (2018: HK\$13,242,000) will be paid to the shareholders of the Company whose names appear on the register of members of the Company on 3 October 2019.

11. EARNINGS PER SHARE

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	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to the owners of the Company	<u>93,491</u>	<u>82,084</u>
	Number of shares	
	Six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>662,129,997</u>	668,739,803
Effect of dilutive potential ordinary shares options	<u>161,943</u>	<u>2,937,716</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>662,291,940</u>	<u>671,677,519</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:

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to the Company’s shareholders as shown in the condensed consolidated statement of profit or loss	<u>93,491</u>	82,084
Fair value changes on investment properties	<u>1,989</u>	<u>(6,268)</u>
Adjusted profit attributable to the Company’s shareholders	<u>95,480</u>	<u>75,816</u>
Earnings per share excluding fair value changes on investment properties net of deferred tax		
Basic	<u>HK14.4 cents</u>	<u>HK11.3 cents</u>
Diluted	<u>HK14.4 cents</u>	<u>HK11.3 cents</u>

12. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS SUBJECT TO EXPECTED CREDIT LOSS MODEL

	Six months ended 30 June	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Impairment loss recognised on debt instruments at fair value through other comprehensive income	<u>10,041</u>	<u>—</u>

The basis of determining the inputs and assumptions of the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

During the current interim period, the Group provided HK\$10,041,000 impairment allowance for an individual debt security due to the deterioration of credit quality of respective security.

13. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	At 30 June 2019 <i>HK\$'000</i>	At 31 December 2018 <i>HK\$'000</i>
Trade receivables — hotel operation	3,426	5,455
Accrued income	2,165	2,164
Deposits, prepayments and other receivables	<u>28,347</u>	<u>30,002</u>
	<u>33,938</u>	<u>37,621</u>

The Group allows an average credit period of 30 days to its corporate customers and travel agents in hotel operations.

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 2019 <i>HK\$'000</i>	At 31 December 2018 <i>HK\$'000</i>
0 to 30 days	3,336	4,633
31 to 60 days	84	691
61 to 90 days	<u>6</u>	<u>131</u>
	<u>3,426</u>	<u>5,455</u>

14. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	At 30 June 2019 <i>HK\$'000</i>	At 31 December 2018 <i>HK\$'000</i>
Trade payables	1,174	1,710
Rental deposits	5,047	5,095
Rental received in advance	42,303	44,332
Other payables, other deposits and accrued charges	85,761	85,971
Interest payable	<u>65,386</u>	<u>67,865</u>
	<u>199,671</u>	<u>204,973</u>

Trade payable aged within 60 days (31 December 2018: 60 days) based on invoice date.

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 2019 (31 December 2018: HK\$4,087,000).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK2 cents (for the six months ended 30 June 2018: HK2 cents) per share for the six months ended 30 June 2019 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Thursday, 3 October 2019. The relevant dividend warrants are expected to be despatched on or before Wednesday, 16 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 September 2019 to Thursday, 3 October 2019 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 September 2019.

DISCUSSION AND ANALYSIS

Financial Summary

Revenue for the six months ended 30 June 2019 amounted to HK\$433.9 million (2018: HK\$380.3 million). The revenue was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and income from financial investment.

Profit for the six months ended 30 June 2019 amounted to HK\$93.5 million (2018: HK\$82.4 million). The increase in current period was mainly due to increase in return from financial investment.

Profit attributable to the Company's shareholders for the six months ended 30 June 2019 amounted to HK\$93.5 million (2018: HK\$82.1 million), equivalent to a basic earnings per share of HK14.1 cents (2018: HK12.3 cents).

The reported profit attributable to the Company's shareholders included a revaluation deficit on investment properties net of deferred taxation of HK\$2.0 million (2018: revaluation surplus HK\$6.3 million). By excluding the effect of such deficit, the Group's net profit attributable to the Company's shareholders was HK\$95.5 million (2018: HK\$75.8 million), equivalent to HK14.4 cents (2018: HK11.3 cents) per share.

As at 30 June 2019, the Group's equity attributable to the Company's shareholders amounted to HK\$6,148.8 million (31 December 2018: HK\$6,011.6 million). The net asset value per share attributable to the Company's shareholders as at 30 June 2019 was HK\$9.3 as compared with HK\$9.1 as at 31 December 2018.

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

	30 June 2019	31 December 2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
Hong Kong	3,428.6	3,317.1
The United Kingdom	4,331.0	4,243.1
Australia	<u>156.5</u>	<u>157.7</u>
Total	<u>7,916.1</u>	<u>7,717.9</u>

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$596.2 million (31 December 2018: HK\$606.2 million), whereas the market value as at 30 June 2019 as determined by an independent professional market valuation is HK\$6,200.0 million (31 December 2018: HK\$6,000.0 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 2019, 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\$13,519.9 million (31 December 2018: HK\$13,111.7 million), HK\$11,752.6 million (31 December 2018: HK\$11,405.4 million) and HK\$17.7 (31 December 2018: HK\$17.2) respectively.

Business Review

Property Investment and Development

The Group continues to focus on property development and property investment projects, but has not committed to limit its sphere of activities solely to outside the PRC or to property related development and investments. The strategy of the Group will be determined by the board of directors taking into consideration market opportunities, the Group's financial resources and its core competence. It is the Group's approach to review and optimize the project portfolios from time to time. Currently, the Group's core projects mainly consist of a residential project (No. 1 Shouson Hill Road East) 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, is developing the urban waterfront residential plot with harbor view in Off Hing Wah Street West, West Kowloon. The site is being developed into a premium-graded residential project with walking distance to MTR. This project is under foundation work in progress stage as scheduled and targets to be completed by 2022.

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

United Kingdom

The Group owns two investment properties in United Kingdom, namely, (i) an office building at 33 Old Broad Street, London, EC 2; and (ii) an office building at 20 Moorgate, London, EC2R 6DA.

The revenue generated from these investment properties in the United Kingdom for six months ended 30 June 2019 was HK\$92.4 million (2018: HK\$98.2 million).

Australia

Revenue generated from the property investment projects in Australia for the six months ended 30 June 2019 was HK\$7.8 million (2018: HK\$8.8 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 operating results in 2019 first half was less than same period in 2018, which was resulted from the general decrease of tourism market in Hong Kong. The hotel will strive to implement cost saving measurement and gain further market share in the challenging market conditions.

Financial Resources and Liquidity

Working Capital and Loan Facilities

As at 30 June 2019, the Group's total pledged bank deposits, bank balances and cash was HK\$7,624.2 million (31 December 2018: HK\$7,471.2 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\$4,881.4 million (31 December 2018: HK\$4,732.0 million) and unutilised facilities were HK\$2,225.0 million (31 December 2018: HK\$1,707.8 million).

As at 30 June 2019, the Group's bank borrowings was HK\$11,143.5 million (31 December 2018: HK\$10,979.4 million) and the guaranteed notes was HK\$2,722.4 million (31 December 2018: HK\$2,726.7 million). After netting off the bank balance, cash and the financial investments, the Group had a net debt position of HK\$1,360.3 million (31 December 2018: HK\$1,502.9 million) with gearing ratio of 10.1% (31 December 2018: 11.5%) (calculated on the basis of net debt as a percentage of the adjusted total property assets with hotel property adjusted to fair market value of HK\$6,200.0 million).

As at 30 June 2019, maturity of the Group's outstanding borrowings (including the guaranteed notes) was as follows:

	30 June 2019	31 December 2018
	<i>HK\$ million</i>	<i>HK\$ million</i>
Due		
Within 1 year	7,493.1	6,217.9
1–2 years	48.5	1,619.0
3–5 years	6,374.2	5,913.1
	13,915.8	13,750.0
Less: Unamortised front-end fee and Notes issue expenses	(49.9)	(43.9)
Total	13,865.9	13,706.1

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 30 June 2019 amounted to HK\$8,442.1 million (31 December 2018: HK\$8,216.1 million) which comprised of secured bank borrowings of HK\$6,362.1 million (31 December 2018: HK\$5,936.1 million) and unsecured bank borrowings of HK\$2,080.0 million (31 December 2018: HK\$2,280.0 million). The secured bank borrowings were secured by properties valued at HK\$2,280.2 million (31 December 2018: HK\$2,225.2 million), listed debt securities of HK\$3,790.7 million (31 December 2018: HK\$3,689.8 million) and pledged bank deposits of HK\$1,597.5 million (31 December 2018: HK\$1,598.5 million).

Subsidiaries of the Company operating in Australia and the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$4,487.5 million (31 December 2018: HK\$4,400.8 million) and there was no pledged bank deposits (31 December 2018: HK\$2.7 million) as at 30 June 2019 to secure bank borrowings of HK\$2,740.8 million (31 December 2018: HK\$2,793.3 million).

Treasury Policies

The Group adheres to prudent treasury policies. As at 30 June 2019, all of the Group's borrowings except the guaranteed notes were raised through its wholly-owned subsidiaries on a non-recourse basis.

Staff and Emolument Policy

As at 30 June 2019, the Group had a total of 236 employees (2018: 239 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$61.9 million for the period ended 30 June 2019 (2018: HK\$77.0 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 the directors of the Company) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

Global economy was volatile in the first half of 2019. In the first quarter, a positive outcome on the progress of US-China trade relationship increased investment confidence and led a strong rebound in global stock markets. However, re-escalation of US-China trade tensions since early May and the increasing possibility of a disorderly Brexit have dampened the global economy. Global trade has weakened and the investment activity has lost momentum. Signs of slowdown have begun to emerge. Both of the International Monetary Fund (“IMF”) and the World Bank cut the growth forecast for 2019 in the Euro Area. The government of Germany, the biggest economy

in Europe, also predicted that 2019 would be the year with the worst economic performance since 2013. In light of higher tariffs and a worsen outlook in most of the major advance economies, IMF further cut its global economic growth forecast for 2019 from 3.5% in January to 3.2% in July. The worries of slowdown are expected to persist in the remaining year of 2019.

The Mainland economy was lack of accelerated growth in the first half of 2019. GDP grew by 6.4% in the first quarter and 6.2% in the second quarter. Trade and manufacturing activity has softened. Projected growth was revised down to 6.2% in this year, compared with 6.6% in 2018, which is the lowest growth rate since 1992. Meanwhile, trade tensions between the United States and China sharply escalated in the past few months. Facing higher U.S. tariffs and more trade barriers from the United States, pressure on China's external trade is growing.

The Hong Kong economy has also experienced a volatile year. In the first four months, there was positive expectation on the US-China trade talks, the local stock market was resilient and the Hang Seng Index soared to 30,000 in April. However, the subsequent re-escalation of trade disputes and social incidents since June hit the Hong Kong economy. Economic growth was only 0.3% in the second quarter. Against this backdrop, the Hong Kong government downgraded the growth forecast of 0% to 1% in August from the original forecast of 2% to 3%. The government also warned that there may be a recession if the tensions in the society continue.

The Hong Kong residential property market was upbeat in the first quarter of 2019. Compared with last quarter of 2018, the number of sale and purchase agreements for residential property increased by 82%, and flat prices went up by 5% between December 2018 and March 2019. Yet, the ongoing social instability had greatly reduced investment sentiment. Trading activities have quietened down. The near term outlook seems to be negative. In spite of this, with short of near term land supply, we expect that performance of residential property will remain robust in the medium and long term.

Despite the increase in visitor arrivals, particularly Mainland visitors, in the first half of 2019, the drop of Renminbi exchange rate is making Hong Kong a lesser desirable destination for Mainland visitors. More important, while the local turbulence had caused significant disruptions to inbound tourism and consumption-related activities, number of visitors has a notable decrease. Local hotel industry was hard hit. We expect that the Group's hotel operation will be seriously affected if the social instability cannot be settled down quickly.

For the United Kingdom, economic performance was volatile in the first half of 2019. Economic growth of the United Kingdom accelerated in the first quarter of 2019. Furthermore, the commercial property market remained stable. Nonetheless, without the outcome on Brexit yet, investment sentiments turned to conservative and GDP growth fell again in the second quarter of 2019. The Bank of England has cut its forecasts for UK growth to 1.3% for this year from a previous projection of 1.5% in May. For the rest of 2019, the uncertainties over the country's future will continue to cast a cloud on the economy.

Looking ahead, while there are no signs of improvement in US-China trade relationship, the social incidents in Hong Kong and the global economic slowdown, downward risks for both of global and local economies are growing. Facing the challenging environments, the Group will be alert to the local and worldwide developments. At the same time, to enhance shareholders' value as a whole, we will continue to look for quality investments to enhance its portfolio and broaden its income stream.

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 2019.

CORPORATE GOVERNANCE PRACTICES

During the period for the six months ended 30 June 2019, the Company has applied the principles and complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 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 2019 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 websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.seagroup.com.hk) in September 2019.

By Order of the Board
SEA Holdings Limited
Lu Wing Chi, Jesse
Chairman

Hong Kong, 27 August 2019

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

Executive Directors:

Mr. Lu Wing Chi, Jesse (*Chairman*)

Mr. Lambert Lu (*Chief Executive*)

Non-executive Directors:

Mr. Lam Sing Tai

Mr. Lincoln Lu

Independent Non-executive Directors:

Mr. Walujo Santoso, Wally

Mr. Leung Hok Lim

Mr. Chung Pui Lam

Mr. Chan Kwok Wai