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**SEA HOLDINGS LIMITED**

**爪哇控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

### **MAJOR TRANSACTION**

On 6th May 2003, the Board of Directors of the Company announced that its indirect subsidiary in Australia, AGP, had received a conditional offer from an institutional investor who is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them (as defined in the Listing Rules) for the purchase of certain properties owned by AGP.

On 2nd June 2003, two wholly-owned subsidiaries of AGP entered into sale and purchase agreements with the institutional investor pursuant to which they would each dispose of their respective properties to the institutional investor for a total cash consideration of AUD\$397.0 million (HK\$2,020.5) million.

Disposal of these properties constitutes a major transaction of the Company under the Listing Rules. Accordingly, the disposal must be made conditional on approval by the shareholders of the Company. The Major Shareholders are a closely allied group of shareholders which, in aggregate, are beneficially entitled to approximately 51.6% of the issued share capital of the Company. The Major Shareholders have proposed to give written approvals for the disposal. Accordingly, no shareholders' meeting will be held to approve the disposal.

The Company will send a circular setting out further details of the disposal to each shareholder and warrant holder as soon as practicable.

At the request of the Company, trading of the shares of the Company on the Stock Exchange of Hong Kong Limited was suspended with effect from 2:30 p.m. on 2nd June 2003 pending the issue of this announcement. Application has been made to the Stock Exchange of Hong Kong Limited for resumption of trading of the shares of the Company with effect from 9:30 a.m. on 3rd June 2003.

On 6th May 2003, the Board of Directors of the Company announced that AGP had received a conditional offer from an institutional investor who is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them (as defined in the Listing Rules) for the purchase of certain properties owned by AGP. AGP is a 50.1% subsidiary of TTP which, in turn, is 55.2% owned by the Company. AGP and TTP are listed on the Australian Stock Exchange Limited and the New Zealand Exchange Limited respectively.

The Company has been advised that AGP and the institutional investor have decided to consummate the transaction. On 2nd June 2003, the Sale and Purchase Agreements were entered into between the Vendors and the Purchaser pursuant to which the Vendors have agreed to dispose of the Property to the Purchaser for a total cash consideration of AUD\$397.0 million (HK\$2,020.5 million).

The following sets out further information about the disposal of the Property.

## **DETAILS OF THE DISPOSAL**

**Particulars of the assets being disposed:** The three properties comprising the Property collectively form a commercial and office complex known as 363 and 345 George Street, Sydney, Australia.

**Aggregate Consideration:** AUD\$397.0 million (HK\$2,020.5 million).

**Completion Date:** The later of:–

1. 1st July 2003; or
2. 7 days after the date that the last of the conditions precedent referred to below has been satisfied.

**Conditions Precedents:** Completion is subject to and conditional upon:–

1. The Treasurer of the Commonwealth of Australia giving to the Purchaser before the Completion Date:–
  - 1.1. a notice that the proposed acquisition of the Property is not contrary to the national interest of Australia or that the Treasurer has no objection to the proposal in terms of the Australian Government's foreign investment policy; or
  - 1.2. a conditional or qualified notice that the proposed acquisition by the Purchaser of the Property is not contrary to the national interest of Australia or that the Treasurer has no objection to the proposal in terms of the Australian Government's foreign investment policy and the conditions or qualifications upon which the notice is given are acceptable to the Purchaser acting reasonably.
2. The Vendors obtaining the approval of the shareholders of AGP to the sale of the Property in accordance with Chapter 11 of the Listing Rules of the Australian Stock Exchange Limited and/or any other pre-sale requirements imposed by the Australian Stock Exchange Limited.
3. If required by the New Zealand Exchange Limited, the approval of the shareholders of TTP to the sale of the Property being obtained in accordance with Rule 9.1.1 of the Listing Rules of the New Zealand Exchange Limited and/or any other pre-sale requirements imposed by the New Zealand Exchange Limited.
4. If required by the Stock Exchange of Hong Kong Limited, the approval of the shareholders of the Company to the sale of the Property being obtained in accordance with Chapter 14 of the Listing Rules and/or any other pre-sale requirements imposed by the Stock Exchange of Hong Kong Limited.

If the Sale and Purchase Agreements are rescinded because the shareholders of AGP do not approve the sale, the Vendors will pay the Purchaser a break fee of up to AUD\$500,000 (HK\$2,545,000) representing approximately 0.13% of the purchase price.

**Income Support:** The Vendors and AGP have given a guarantee to the Purchaser that, for a maximum period of 36 months from the Completion Date, certain areas of the Property will receive an agreed minimum monthly rent until leased. A provision of AUD\$6.9 million (HK\$35.1 million) has been established by AGP against the consideration for the disposal to meet the associated costs of the guarantee of income support in accordance with Australian generally accepted accounting principles.

**Other Relevant Conditions:**

1. The Property would be sold unencumbered subject to tenancies.
2. The sale of each property comprising the Property is conditional upon all the other properties being sold simultaneously.
3. AGP is responsible for payment of all incentives given to tenants in respect of existing leases.
4. AGP is required to meet certain post-sale incentives, marketing and support costs.
5. AGP is required to carry out certain post sale rectification and upgrade work in respect of the Property.

The AGP Board has advised that the consideration for the disposal has been arrived at after arm's length negotiation between AGP and the Purchaser. The Purchaser and its beneficial owner are not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or an associate of any of them (as defined in the Listing Rules).

The gross consideration for the disposal of the Property is AUD\$397.0 million (HK\$2,020.5 million). After deducting provisions for guarantee of income support and related costs as mentioned in items 3, 4 and 5 above totaling AUD\$11.3 million (HK\$57.5 million), AGP expects to realise net proceeds from the disposal of AUD\$385.7 million (HK\$1,963.0 million).

AGP's book value for the Property, based on combined independent valuations made in December 2002 including expenditure since that date, is AUD\$385.4 million (HK\$1,961.5 million). AGP will therefore realise a net gain of AUD\$0.3 million (HK\$1.5 million) from the disposal. Based on the prevailing market condition and the net realisable proceeds, the AGP Board considers that the consideration is fair and reasonable.

## **EFFECTS OF THE DISPOSAL**

The AGP Board has agreed to the sale of the Property, subject to the necessary shareholders approvals.

Net operating profits after deducting operating expenses and finance costs derived from the Property were AUD\$8.9 million (HK\$45.3 million) and AUD\$13.5 million (HK\$68.7 million) for the two financial years ended 31st December 2001 and 31st December 2002 respectively. This represents 44.5% and 65.5% of the Company's audited consolidated profit before taxation for the two financial years ended 31st December 2001 and 31st December 2002 of HK\$101.7 million and HK\$104.9 million respectively, after excluding non-recurring items (being net loss on investments and properties, impairment loss recognised in respect of goodwill on acquisition of subsidiaries and release of negative goodwill).

The disposal will have an immaterial effect on the net tangible asset value of the SEA Group.

## **USE OF PROCEEDS**

The AGP Board is still considering the use of, the proceeds of the disposal. The AGP Board is obtaining strategic investment advice as to the commercial options available which it will consider before informing shareholders. Subject to consideration of the advice, AGP Board's current view is and remains that AGP should be a listed Australian entity pursuing its stated strategy since listing, which is to create shareholder wealth through active management of property investments and through undertaking development opportunities where value can be added.

## **INFORMATION ABOUT THE COMPANY AND AGP**

The Company is an investment holding company. The activities of its principal subsidiaries are investment holding, property and asset management, garment manufacturing and trading and property investment.

AGP is an investment holding company. The Property represents approximately 80% of the assets of AGP. AGP's remaining assets consist mainly of property interests in Australia.

## **GENERAL**

As the net profit attributable to the Property represents more than 50% of the net profit of the SEA Group, the disposal of the Property constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the disposal must be made conditional on approval by the shareholders of the Company.

The Major Shareholders, consisting of a closely allied group of shareholders, are beneficially entitled to approximately 51.6% of the issued share capital of the Company. The Major Shareholders do not have any interest in the disposal which is different to other shareholders of the Company. The Major Shareholders have proposed to give their written approvals for the disposal. Accordingly, no shareholders' meeting will be held to approve the disposal.

The Company will send a circular setting out further details of the disposal to each shareholder and warrant holder as soon as practicable.

## **SUSPENSION AND RESUMPTION OF TRADING OF SHARES OF THE COMPANY**

At the request of the Company, trading of the shares of the Company on the Stock Exchange of Hong Kong Limited was suspended with effect from 2:30 p.m. on 2nd June 2003 pending the issue of this announcement. Application has been made to the Stock Exchange of Hong Kong Limited for resumption of trading of the shares of the Company with effect from 9:30 a.m. on 3rd June 2003.

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“AGP”	Australian Growth Properties Limited, a company incorporated in Australia with limited liability;
“AGP Board”	The Board of Directors of AGP;
“AGP Group”	AGP and its subsidiaries;
“Company”	S E A Holdings Limited, a company incorporated in Bermuda with limited liability;

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Major Shareholders”	Collectively:–  (a) Nan Luen International Limited, a company incorporated in Bermuda with limited liability which beneficially owns 48.8% of the issued share capital of the Company; and  (b) Kian Nan Trading Company, Limited, a company incorporated in Hong Kong with limited liability which beneficially owns 2.8% of the issued share capital of the Company;
“Property”	Collectively, three properties owned by the Vendors known as (i) 363 George Street, Sydney, (ii) 345 George Street, Sydney, and (iii) 24 York Street, Sydney;
“Purchaser”	Deka Immobilien Investment GmbH;
“Sale and Purchase Agreements”	The two sale and purchase agreements for the sale and purchase of the Property dated 2nd June 2003 entered into between the Vendors and the Purchaser;
“SEA Group”	The Company and its subsidiaries;
“TTP”	Trans Tasman Properties Limited, a company incorporated in New Zealand with limited liability;
“Vendors	363 George Street Pty Limited (in respect of 363 George Street, Sydney and 24 York Street) and Tasman Properties (345 George Street) Pty Limited (in respect of 345 George Street, Sydney). The Vendors are wholly-owned subsidiaries of AGP.

*Note: Exchange rate used in this announcement AUD\$1 = HK\$5.0895.*

By Order of the Board  
**Jenifer Sin**  
*Company Secretary*

Hong Kong, 2nd June 2003

Please also refer to the published version of this announcement in China Daily.