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**S E A H O L D I N G S L I M I T E D**

**爪哇控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 251)

## **DISCLOSEABLE AND CONNECTED TRANSACTION**

On 15th January 2004, the Company announced that the Group has entered into an agreement with Mr. Fletcher and Mr. Darby to form a company to acquire a plot of land in Queenstown, New Zealand. Pursuant to the joint venture arrangement, Darby Partners (a company associated with Mr. Darby which specialises in providing planning, design and project management services to land development projects) would be appointed to manage the project on a continuing basis until terminated by either party upon notice.

The Board wishes to announce that, on 6th May 2004, the Company has entered into the JPL Heads of Agreement to restructure the Company's interests in JPL. Settlement of the JPL Heads of Agreement will result in the Company realising part of its investment at a substantial gain in the short term and retaining its remaining interests in JPL for long term growth potential. Further details of the JPL Heads of Agreement are set out below.

Mr. Fletcher is the Executive Chairman and Managing Director of the Group's property investment companies in New Zealand and Australia. Mr. Darby is a director of JPL. He is also a discretionary beneficiary of a trust which owns 25% of JPL. Pursuant to the JPL Heads of Agreement, Mr. Coburn will be appointed a director of JPL. Therefore, the transaction contemplated above constitutes a connected transaction of the Company pursuant to the Listing Rules. The aggregate value of the Transaction also constitutes a discloseable transaction for the Company.

The Major Shareholder is beneficially entitled to 256,669,811 shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company). The Major Shareholder and its beneficial owners do not have any interest in the Transaction which is different to other shareholders of the Company. The Major Shareholder has agreed to give its written approval for the Transaction. The Company has applied to the HKSE for a waiver from the requirement to hold a shareholders' meeting to approve the Transaction. Accordingly, no physical shareholders' meeting will be held to approve the Transactions.

A circular containing, inter alia, further details of the Transaction and the opinion of the independent financial adviser in relation to the Transaction will be despatched to the shareholders and warrant holders of the Company as soon as practicable.

## **BACKGROUND**

On 15th January 2004, the Company announced that the Group, Mr. Fletcher and Mr. Darby had formed JPL to acquire the JPL Land for a total consideration of NZ\$8,950,000 (HK\$43,905,000). The Company holds 60% of JPL via its indirect wholly-owned subsidiary, SEAJP. As announced on 15th January 2004, the overall value of joint venture in JPL is NZ\$10,600,000 (HK\$52,000,000) (including the cost of the JPL Land and ancillary expenses but excluding the cost of developing the JPL Land which has not yet been quantified).

The Board wishes to announce that, on 6th May 2004, the Company has entered into the JPL Heads of Agreement to restructure the Company's interests in JPL. JPL is a single purpose company and has no asset other than an unconditional agreement to acquire the JPL Land. An initial amount of NZ\$1,000,000 (HK\$4,906,000) has already been paid by JPL to the vendors of the JPL Land and the balance of NZ\$7,950,000 (HK\$39,000,000) plus GST shall be paid on the JPL Land Settlement Date, expected to be in mid-2004.

## **THE JPL HEADS OF AGREEMENT**

### **The Transaction**

The JPL Heads of Agreement contemplates a number of inter-dependent transactions, settlement of which would result in:

1. Jacks Point Newco being incorporated by SEAJP, Fletcher Newco, Island and Ruboc in the proportions of 25.1%, 29.9%, 30.0% and 15.0%.
2. Jacks Point Newco securing external bank borrowing of NZ\$21,000,000 (HK\$103,018,000).
3. The existing shareholders of JPL selling all their JPL shares to Jacks Point Newco for a total consideration of NZ\$19,355,000 (HK\$94,948,000) in cash based on directors' valuation of JPL Land in consultation with an independent valuer. A separate valuation performed by independent valuer will be disclosed in the circular.
4. All the existing shareholders' loans to JPL of NZ\$2,811,000 (HK\$13,790,000) being repaid on the JPL Heads of Agreement Settlement Date.
5. On the JPL Heads of Agreement Settlement Date, the existing shareholders of JPL (that is SEAJP, Brig Securities Limited and Pacific Resort Holdings Limited or their respective nominees) lending NZ\$9,500,000 (HK\$46,603,000) back to Jacks Point Newco for an initial period of two years (extendable at the option of the board of directors of Jacks Point Newco for an additional year under certain circumstances) at market rate of interest.
6. Each of the Jacks Point Newco shareholders being granted by JPL the option to purchase 10 residential sections in stage one of the development of the JPL Land for a total consideration of NZ\$1,500,000 (HK\$7,358,000) plus GST and otherwise upon market terms and conditions.

7. Each of the Company, Mr. Fletcher and Mr. Darby (or their respective nominees) acquiring from JPL one of the 18 designated residential table land and sections for an amount equal to the development cost of the sections (such amount to be determined by the board of directors of JPL after taking professional advice to establish the correct allocation of costs applicable to each of the sections) and otherwise upon market terms and conditions.
8. Ruboc being granted the option by JPL to acquire one of the 18 designated residential table land and sections for NZ\$1,200,000 (HK\$5,887,000) plus GST and otherwise upon market terms and conditions.
9. JPL entering into a professional services agreement with Darby Partners pursuant to which Darby Partners will provide master planning, site planning, resource planning, landscape architecture, golf course design and project management services to JPL in respect of the JPL Land.

The Group is not required to provide any guarantee or indemnity to JPL Newco,

### **Settlement of the JPL Heads of Agreement**

Settlement of the JPL Heads of Agreement will take place on the later of the JPL Land Settlement Date and the date when all the conditions precedent of the JPL Heads of Agreement have been satisfied. For this purpose, if a shareholders' meeting of the Company is required, regardless whether the Major Shareholder is eligible to vote, settlement of the JPL Heads of Agreement may not take place until eleven weeks after the date of the JPL Heads of Agreement.

### **Conditions Precedent**

Settlement of the JPL Heads of Agreement is conditional upon, inter alia, the following:—

1. The Company obtaining all necessary regulatory and shareholders approvals on or before the date falling:—
  - 1.1. in the case where no shareholders' meeting is required or a shareholders' meeting is required but the Major Shareholder is not barred from voting, five weeks of the date of the JPL Heads of Agreement; and
  - 1.2. in the case where a shareholders' meeting is required and the Major Shareholder is barred from voting (for whatever reasons), eleven weeks after the date of the JPL Heads of Agreement.
2. The parties entering into (i) the definitive sale and purchase agreement, (ii) the definitive professional services agreement, and (iii) the employment agreement of Coburn within three weeks after the date of the JPL Heads of Agreement, such agreements to contain the terms agreed in the JPL Heads of Agreement.
3. The parties agreeing on the remuneration of the directors of Jacks Point Newco within three weeks after the date of the JPL Heads of Agreement.

4. Satisfactory due diligence, such due diligence to be completed within five days of the date of the JPL Heads of Agreement.
5. The receipt of evidence, on or before the date falling three weeks after the date of the JPL Heads of Agreement, satisfactory to SEANZ that Jacks Point Newco has successfully secured external bank funding of NZ\$21,000,000 (HK\$103,018,000).

If the condition precedents in the JPL Heads of Agreement have not been satisfied within the time stipulated therein, the JPL Heads of Agreement will be terminated and each party shall do all that is reasonably necessary to put the parties back in the same position (or as near to as possible) as if they have not entered into the JPL Heads of Agreement.

### **Other material terms of the JPL Heads of Agreement**

The following terms of the JPL Heads of Agreement are material:—

1. In the event that settlement of the JPL Land is required to take place before the settlement of the JPL Heads of Agreement and, at the relevant time, the Jacks Point Newco has not yet been able to raise the said NZ\$21,000,000 (HK\$103,018,000) from bank borrowings, the Group shall provide JPL with a temporary loan of NZ\$7,950,000 (HK\$39,000,000) for the purposes of completing the settlement of the JPL Land. The loan will be secured by the JPL Land and will bear interest at the rate of ten percent calculated on a daily basis on funds outstanding. The temporary loan shall be repaid, along with the existing outstanding loans, on the date of settlement of the JPL Heads of Agreement. Based on the existing time table for the settlement of the JPL Land, expected in mid-2004, and the indicative interest of banks to fund the JPL Land acquisition, it is very unlikely that the temporary loan would be required. Should the Group is required to provide the loan before settlement of Transactions, the Company will comply with the provisions of Chapter 14A of the Listing Rules and obtain shareholders consent, if required.
2. The JPL Heads of Agreement contains certain minority protections for SEAJP including the right to appoint one out of five directors to the board of Jacks Point Newco.
3. The existing shareholders have the first right of refusal in the event of a transfer of shares in Jacks Point Newco.
4. Upon the JPL Heads of Agreement becoming unconditional, the Original Heads of Agreement shall be suspended and upon the settlement of the JPL Heads of Agreement, the Original Heads of Agreement shall terminate.

## ARRANGEMENTS RELATING TO FLETCHER NEWCO

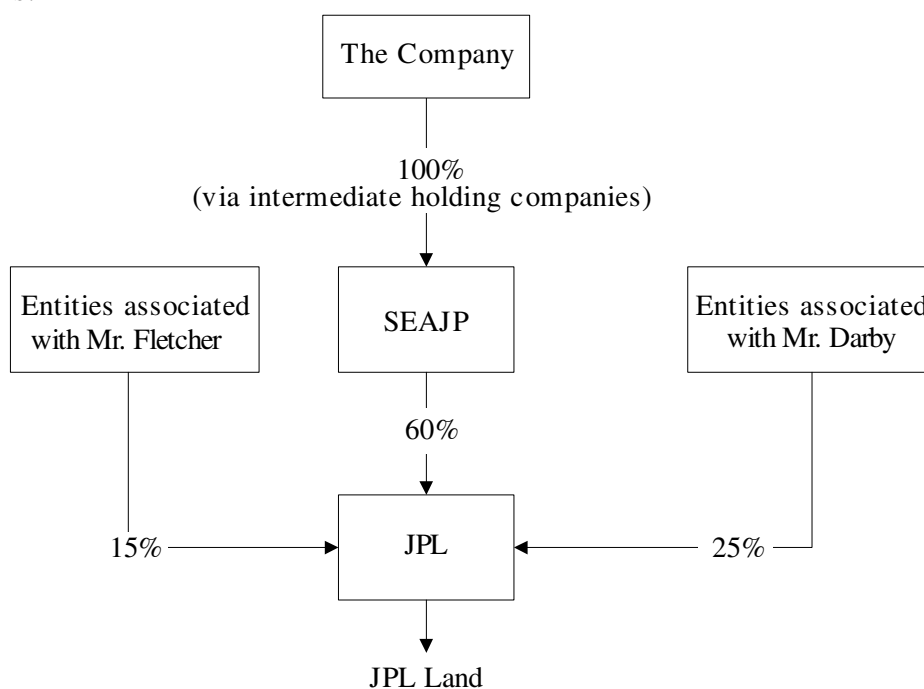
As agreed between Mr. Fletcher and SEAJP:—

1. Fletcher Newco will be incorporated as a single purpose vehicle for holding investments in Jacks Point Newco.
2. Fletcher Newco will be owned by SEAJP and Mr. Fletcher in the proportions of 3.2% and 96.8% respectively. All funding requirements, whether equity or loans, of Fletcher Newco will be contributed by the shareholders pro-rata to their shareholdings.
3. SEAJP shall have the right to appoint one director to Fletcher Newco.
4. SEAJP cannot sell its shares in Fletcher Newco without first offering them to Mr. Fletcher and vice-versa.

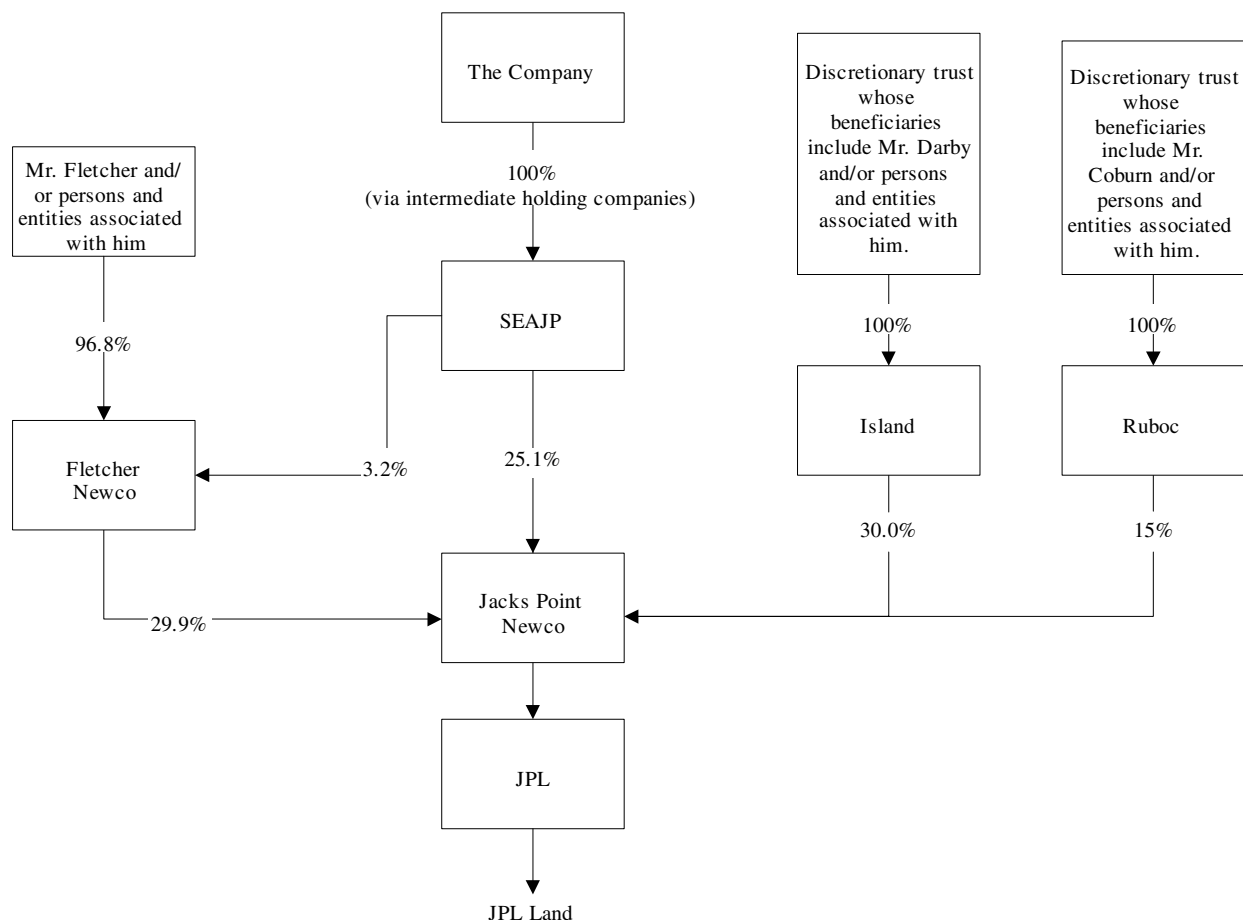
## EFFECTS OF THE TRANSACTIONS AND THE FLETCHER NEWCO ARRANGEMENTS

### Shareholding structures before and after the settlement of the Transactions

The following diagram shows the shareholding structure of the Group before the settlement of the Transactions:—



The following diagram shows the shareholding structure of the Group after the settlement of the Transactions:—



## FINANCIAL EFFECTS OF THE TRANSACTIONS

Up to the date of this announcement, SEAJP has lent NZ\$1,987,000 (HK\$9,747,000) to JPL. Settlement of the Transactions on the JPL Heads of Agreement Settlement Date, will effectively result in:—

1. SEAJP disposing of, effectively, 33.95% of its interests in the JPL Land for the aggregate amount of NZ\$11,613,000 (HK\$56,969,000), split as follows:—
  - 1.1. an immediate cash payment (on the date of the settlement of the JPL Heads of Agreement) of NZ\$5,913,000 (HK\$29,007,000); and
  - 1.2. a deferred payment (for a period of up to three years) of NZ\$5,700,000 (HK\$27,962,000).
2. On the JPL Heads of Agreement Settlement Date, repayment to SEAJP of its shareholders' loan to JPL of NZ\$1,987,000 (HK\$9,747,000).
3. An immediate commitment to purchase one of the 18 residential table land and sections for a price to be determined in future. The Directors do not expect the maximum price of this plot of land to exceed NZ\$1,200,000 (HK\$5,887,000).

4. If the Company decides to exercise its option to purchase 10 residential sections in stage one of the development of the JPL Land, a commitment to purchase of NZ\$1,500,000 (HK\$7,358,000). As at the date of this announcement, the Company has not yet decided whether it wishes to acquire these sections.

Following the settlement of the Transactions, JPL will no longer be a subsidiary of the Company. Both JPL and JPL Newco will become associate companies of the Company and their interests will be accounted for by the Company using the equity method.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS AND USE OF PROCEEDS**

The JPL Heads of Agreement was entered into following arms' length negotiations among the parties with reference to directors' valuation of JPL Land in consultation with an independent valuer. The Directors (including the independent non-executive Directors) believe that the terms of the JPL Heads of Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

Settlement of the JPL Heads of Agreement will provide an opportunity for the Company to realise part of its investments in JPL at a significant net gain of NZ\$11,613,000 (HK\$56,969,000) over a period of 3 years time while retaining its remaining interests in JPL for long term growth potential.

The cash of NZ\$5,913,000 (HK\$29,007,000) received from proceeds of the disposal of interests in the JPL Land will be used for internal working capital of the Group.

## **INFORMATION ABOUT THE COMPANY, SEAJP, JPL AND THE JPL LAND**

The Company is an investment holding company listed on HKSE. The activities of its principal subsidiaries are investment holding, property and asset management, garment manufacturing and trading and property investment and development in Hong Kong, China, Australia and New Zealand.

SEAJP is an investment holding company indirectly wholly-owned by the Company.

JPL is an investment holding company. The sole asset of JPL is the right to acquire the JPL Land.

Based on the acquisition price of the JPL Land pursuant to transaction announced in the Company's announcement dated 14th January 2004, the book value of the JPL Land is NZ\$8,950,000 (HK\$43,905,000).

## **LISTING RULES EFFECTS OF THE TRANSACTIONS**

Mr. Fletcher is the Executive Chairman and Managing Director of the Group's property investment companies in New Zealand and Australia. Mr. Darby is a director of JPL. He is also the discretionary beneficiary of a trust which owns 25% of JPL. Pursuant to the JPL Heads of Agreement, Mr. Coburn will be appointed a director of JPL. As a result, the Transactions constitute connected transactions of the Company pursuant to the Listing Rules and subject to independent shareholders' approval. After the JPL Heads of Agreement Settlement Date, Mr. Darby and Mr. Coburn will cease to be connected persons of the Company as defined in the Listing Rules.

Based on the various Transactions relevant to the Group as contemplated by the JPL Heads of Agreement but excluding repayments of loans to SEAJP, the Directors do not expect the aggregate value of the consideration payable and/or receivable in respect of the Transactions to exceed NZ\$14,313,000 (HK\$70,214,000). Hence, the Transactions, when aggregated, represents more than 5% of the market capitalization of the Company and constitute a discloseable transaction for the Company.

The Major Shareholder is beneficially entitled to 256,669,811 shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company). The Major Shareholder and its beneficial owners do not have any interest in the Transactions which is different to other shareholders of the Company. The Major Shareholder has agreed to give its written approval for the Transactions. The Company has applied to the HKSE for a waiver from the requirement to hold a shareholders' meeting to approve the Transactions. Accordingly, no physical shareholders' meeting will be held to approve the Transactions.

## GENERAL

As at the date of this announcement, the Directors are as follows:

*Executive directors:*

Lu Wing Chi, Lincoln Lu, Lambert Lu, Lu Wing Yuk Andrew, Lu Wing Lin

*Non-executive director:*

Lu Yong Lee

*Independent non-executive directors:*

Walujo Santoso Wally, Leung Hok Lim

A circular containing, *inter alia*, further details of the Transactions and the opinion of the independent financial adviser in relation to the Transactions will be despatched to the shareholders and warrant holders of the Company as soon as practicable.

## DEFINITIONS

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

“Board”	The Board of Directors of the Company;
“Company”	S E A Holdings Limited, a company incorporated in Bermuda with limited liability;
“Darby Partners”	Darby Partners Limited, a company of which Mr. Darby is a director, which specializes in providing planning, design and project management services to land development projects in New Zealand. Apart from its connection with Mr. Darby, Darby Partners Limited (and its ultimate beneficial owners) 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);



“Directors”	Directors of the Company;
“Fletcher Newco”	A company to be incorporated by Mr. Fletcher and SEAJP (or their respective nominees) and which will be owned by them in the proportions of 96.8% and 3.2%;
“GST”	Goods and Services Tax of New Zealand of 12.5%;
“Group”	The Company and its subsidiaries;
“HKSE”	The Stock Exchange of Hong Kong Limited;
“Jacks Point Newco”	A company to be incorporated and will be owned by SEAJP, Fletcher Newco, Island and Ruboc in the proportions of 25.1%, 29.9%, 30.0% and 15.0%;
“Island”	Island Limited, a company incorporated in New Zealand with limited liability and which, as at the date of this announcement, is ultimately owned by a discretionary trust whose discretionary beneficiaries include Mr. Darby and/or persons and entities associated with Mr. Darby;
“JPL”	Jacks Point Limited, a company incorporated in New Zealand with limited liability and which, as at the date of this announcement, is owned by two discretionary trusts of which Mr. Darby is a discretionary beneficiary of one and Mr. Fletcher is a discretionary beneficiary of the other, the Company (or their respective nominated persons) in the proportions of 25%, 15% and 60% respectively and considered as a 60% indirectly owned subsidiary company of the Company;
“JPL Land”	409 hectares of land in Queenstown, New Zealand being acquired by JPL from independent third parties;
“JPL Land Settlement Date”	The date of settlement of the JPL Land transaction, being a date which is within seven days of a separate certificate of title being created in relation to the JPL Land. It is currently anticipated that the JPL Land Settlement Date will be some time in mid-2004;
“JPL Heads of Agreement”	The legally binding heads of agreement dated 6th May 2004 among JPL, SEANZ, SEAJP, the Company, Ruboc, Island, Mr. Darby, Mr. Coburn, Mr. Fletcher, Brig Securities Limited and Pacific Resort Holdings Limited. Brig Securities Limited and Pacific Resort Holdings Limited are associates of Mr. Fletcher and Mr. Darby respectively;
“JPL Heads of Agreement Settlement Date”	Settlement of the JPL Heads of Agreement will take place on the later of the JPL Land Settlement Date and the date when all the conditions precedent of the JPL Heads of Agreement have been satisfied;

“Listing Rules”	The Rules Governing the Listing of Securities on HKSE;
“Mr. Coburn”	Mike Coburn, a New Zealander. Apart from his directorship in JPL, Mr. Coburn has no interest in the Group and is not connected with any of each of the Group, its connected person, Messrs. Fletcher and Darby and their respective associates;
“Mr. Darby”	John Darby, a New Zealander. Mr. Darby is a director of JPL. He is also a discretionary beneficiary of a trust which owns 25% of JPL. Mr. Darby has no other interest in, or connection with, the Group;
“Mr. Fletcher”	Don Fletcher, a New Zealander. Mr. Fletcher is the Executive Chairman and Managing Director of the Group’s property investment companies in New Zealand and Australia;
“Major Shareholder”	Nan Luen International Limited, a company incorporated in Bermuda with limited liability which beneficially owns 256,669,811 shares in the issued share capital of the Company (approximately 50.2% of the issued share capital of the Company), and its ultimate beneficial owners are not connected with any of Messrs. Fletcher, Darby and Coburn and their respective associates;
“Original Heads of Agreement”	The legally binding heads of agreement dated 25th May 2001 among Mr. Darby, Mr. Fletcher and the Company as varied from time to time by subsequent negotiations;
“Ruboc”	Ruboc Holdings Limited, a company incorporated in New Zealand with limited liability and which, as at the date of this announcement, is ultimately owned by a trust whose discretionary beneficiaries include Mr. Coburn and/or persons and entities associated with Mr. Coburn;
“SEAJP”	SEA (Jacks Point) Limited, a company incorporated in New Zealand with limited liability and which is an indirect wholly-owned subsidiary of the Company;
“SEANZ”	SEA Holdings New Zealand Limited, a company incorporated in New Zealand with limited liability and which is an indirect wholly-owned subsidiary of the Company;
“Shareholders”	Shareholders of the Company;

“Transactions”

Collectively, the transactions contemplated by the JPL Heads of Agreement (other than the professional services agreement to be entered into by JPL and Darby Partners pursuant to which Darby Partners will provide master planning, site planning, resource planning, landscape architecture, golf course design and project management services to JPL in respect of the JPL Land).

*Note: Exchange rate used in this announcement NZ\$1 = HK\$4.9056.*

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

Hong Kong, 6th May 2004

*\* For identification purpose only*

Please also refer to the published version of this announcement in The Standard.