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## SEA HOLDINGS LIMITED

爪哇控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 251)**

### CONNECTED TRANSACTION ACQUISITION OF 9% EQUITY INTEREST IN A JOINT VENTURE COMPANY IN HUANGSHAN, CHINA

The Board announces that on 28<sup>th</sup> December, 2009, a subsidiary of AGP entered into an equity interest transfer contract for its acquisition of the remaining 9% equity interest in Feng Dan Bailu not already owned by it at a cash consideration of RMB0.79 million (equivalent to approximately HK\$0.90 million) and completion is expected to take place on or before 31<sup>st</sup> March, 2010. After Completion, the Purchaser will assume the Vendor's obligations to pay the outstanding registered capital of Feng Dan Bailu in the amount of RMB2.09 million (equivalent to approximately HK\$2.37 million).

AGP is a 97.17%-owned subsidiary of the Company with its issued shares being admitted for trading on the AIM.

Under the Listing Rules, the Acquisition constitutes a connected transaction of the Company and is subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 28<sup>th</sup> December, 2009 that a subsidiary of AGP had entered into the Contract and the particulars of the Acquisition are summarized as follows:

#### PRINCIPAL TERMS OF THE CONTRACT

**Execution Date:** 28<sup>th</sup> December, 2009

**Parties:** (1) Purchaser: Rich Motion Development Limited, a wholly-owned subsidiary of AGP and an indirect 97.17%-owned subsidiary of the Company; and

(2) Vendor: Shanghai Wangshitong Architecture Design Co., Ltd.

**Subject of the Transaction:** The Purchaser agreed to purchase and the Vendor agreed to sell the Sale Interest, representing 9% of the equity interest in Feng Dan Bailu.

**Consideration and Payment Terms:** The Consideration for the Sale Interest is RMB0.79 million (equivalent to approximately HK\$0.90 million) in cash and will be paid by the Purchaser to the Vendor on Completion.

\* For identification purpose only

**Completion Date:** On or before 31<sup>st</sup> March, 2010 after consummation of the registration formalities of the transfer of the Sale Interest with the relevant authorities in Anhui Province.

**Other Material Terms:** The registered capital of Feng Dan Bailu is RMB35.0 million (equivalent to approximately HK\$39.75 million), of which RMB31.85 million (equivalent to approximately HK\$36.17 million) and RMB3.15 million (equivalent to approximately HK\$3.58 million) are required to be paid by the Purchaser and the Vendor respectively in proportion to their equity interests.

Up to the date of the Contract, the Purchaser has fully paid up its share of the registered capital and the Vendor has paid only RMB1.06 million (equivalent to approximately HK\$1.20 million) with an outstanding balance of RMB2.09 million (equivalent to approximately HK\$2.37 million) (“**Unpaid Registered Capital**”). After Completion, the Vendor’s obligations to pay the Unpaid Registered Capital will be released and the Purchaser will pay the Unpaid Registered Capital to Feng Dan Bailu not later than 31<sup>st</sup> March, 2010.

The Consideration was arrived at after arm’s length negotiations between the Purchaser and the Vendor and determined on normal commercial terms having made reference to:

- (i) the Purchaser’s 91% equity interest in Feng Dan Bailu;
- (ii) the unaudited net assets value of Feng Dan Bailu of approximately RMB33.0 million (equivalent to approximately HK\$37.48 million) as at 30<sup>th</sup> November, 2009; and
- (iii) the general market conditions of the hospitality and property markets in Huangshan, Anhui Province, the PRC.

The Consideration and the Unpaid Registered Capital will be funded by the Group’s internal cash reserves. The Directors (including independent non-executive Directors) consider that: (a) the terms (including the Consideration) of the Acquisition are fair and reasonable; and (b) the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Shareholders as a whole.

## INFORMATION OF FENG DAN BAILU

Feng Dan Bailu is a Sino-foreign equity joint venture company established in the PRC and is principally engaged in the development, operation and management of hotels for tourists and the provision of associated ancillary and business services and facilities. Feng Dan Bailu has the right to develop tourist leisure facilities on land located in the famous scenic Huangshan area. The land to be developed has a site area of about 333,500 sq. m. comprising about 66,700 sq. m. owned by Feng Dan Bailu and about 266,800 sq. m. leased from the local authority for development. A survey for the market positioning of the project prepared by an international property consultancy firm is being further considered by the management.

Based on the audited financial statements of Feng Dan Bailu, the net profit or loss attributable to the Sale Interest for the two financial years immediately before the Acquisition are as follows:

For the year ended	Profit (Loss) before taxation and extraordinary items (RMB)	Profit (Loss) after taxation and extraordinary items (RMB)
31 <sup>st</sup> December, 2007	Nil	Nil

31 <sup>st</sup> December, 2008	(0.27) million (equivalent to approximately HK\$(0.31) million)	(0.27) million (equivalent to approximately HK\$(0.31) million)
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## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company, through the Purchaser, presently holds 91% equity interest in Feng Dan Bailu. The Board is of the view that taking into account of the market potentials of the business of Feng Dan Bailu and its potential earnings contributions in the future, the Acquisition will broaden the Group's income base and further enhance the Group's presence in the hospitality and property markets of the PRC. Further, the Acquisition will enable the Group to take full control of Feng Dan Bailu and will give the Group the greatest flexibility in deploying its resources to develop the business of Feng Dan Bailu.

Immediately after Completion, Feng Dan Bailu will become a wholly-owned subsidiary of AGP and an indirect 97.17%-owned subsidiary of the Company. There will be no material effect of the Acquisition on the consolidated earnings, assets and liabilities of the Company.

## **INFORMATION ABOUT THE COMPANY**

The Company is an investment holding company with its Shares being listed and traded on the main board of the HKSE. The business activities of its principal subsidiaries are investment holding, property and asset management, hotel operations as well as property investment and development in Australia, the PRC, Hong Kong and New Zealand.

## **INFORMATION ABOUT THE VENDOR**

The Vendor is a company incorporated in the PRC with limited liability and its principal activities are architectural design for specified projects and wholesale and retail of construction and decoration materials, indoor furnishings, office appliances and lamps. Currently, the Vendor holds 9% equity interest in Feng Dan Bailu. Immediately after Completion, the Vendor will no longer hold any equity interest in Feng Dan Bailu.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Feng Dan Bailu is owned as to 91% by a wholly-owned subsidiary of AGP, which is an indirect 97.17%-owned subsidiary of the Company and as to 9% by the Vendor, the equity of which is 60% owned by Mr. Wang, a director of Feng Dan Bailu. For the purpose of the Listing Rules, Mr. Wang is a connected person of the Company and the Vendor is an associate of Mr. Wang and therefore is also a connected person of the Company. Accordingly, the Acquisition constitutes a connected transaction of the Company under the Listing Rules.

Based on the aggregate of the Consideration and the Unpaid Registered Capital payable by the Purchaser of RMB2.88 million (equivalent to approximately HK\$3.27 million), one of the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules is more than 0.1% but each of them is less than 2.5% and thus the Acquisition is subject to the reporting and announcement requirements of the Listing Rules. Details of the Acquisition will be included in the Company's published annual report and financial statements for the year ending 31<sup>st</sup> December, 2009.

## **DEFINITIONS**

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

"Acquisition"	the acquisition by the Purchaser from the Vendor of the Sale Interest and the assumption by the Purchaser of the Vendor's obligations to pay the outstanding registered capital of Feng Dan Bailu in accordance with the terms and conditions of the Contract;
"AGP"	Asian Growth Properties Limited, a 97.17%-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability and whose shares are admitted for trading on the AIM;
"AIM"	AIM market operated by London Stock Exchange plc;
"associate"	has the meaning as ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"Company"	S E A Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed and traded on the main board of the HKSE (Stock code: 251);
"Completion"	completion of the Acquisition;
"connected person"	has the meaning as ascribed to it under the Listing Rules;
"Consideration"	consideration payable by the Purchaser to the Vendor in respect of the Acquisition;
"Contract"	the equity interest transfer contract relating to the equity interests in Feng Dan Bailu dated 28 <sup>th</sup> December, 2009 and entered into between the Purchaser and the Vendor;
"Directors"	the directors of the Company;
"Feng Dan Bailu"	Huangshan City Huizhou District Feng Dan Bailu Investment and Development Company Limited 黃山市徽州區楓丹白露投資開發有限公司, a Sino-foreign equity joint venture company established in the PRC whose principal activities are the development, operation and management of hotels for tourists and the provision of associated ancillary and business services and facilities;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
"HKSE"	The Stock Exchange of Hong Kong Limited;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on the HKSE;
"Mr. Wang"	Wang Shi Tong, a director of Feng Dan Bailu who beneficially owns 60% equity interest of the Vendor;
"PRC"	The People's Republic of China and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

"Purchaser"	Rich Motion Development Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of AGP as well as an indirect 97.17%-owned subsidiary of the Company;
"RMB"	Renminbi Yuan, the lawful currency of PRC for the time being;
"Sale Interest"	9% equity interest in Feng Dan Bailu beneficially owned by the Vendor;
"Share(s)"	issued share(s) of HK\$0.10 each in the capital of the Company;
"Shareholders"	holders of the Shares;
"sq. m. "	square metres;
"Vendor"	Shanghai Wangshitong Architecture Design Co., Ltd., a company incorporated in the PRC and whose principal businesses are architectural design for specified projects and wholesale and retail of construction and decoration materials, indoor furnishings, office appliances and lamps; and
"%"	per cent.

*For the purpose of this announcement, amounts denominated in RMB in this announcement have been translated into HK\$ at an exchange rate of HK\$1 = RMB0.8805 for illustration purposes only.*

By Order of the Board of  
**S E A Holdings Limited**  
**Lambert Lu**  
*Executive Director*

Hong Kong, 30<sup>th</sup> December, 2009

As at the date of this announcement, the Board comprises the following members:

<i>Executive Directors:</i>	Messrs. Lu Wing Chi ( <i>Chairman and Managing Director</i> ), Lu Wing Yuk, Andrew, Lincoln Lu and Lambert Lu
<i>Non-executive Director:</i>	Mr. Lam Sing Tai
<i>Independent Non-executive Directors:</i>	Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam