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**SEA HOLDINGS LIMITED**

爪哇控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code : 251)**

## **DISCLOSEABLE TRANSACTION**

### **THE DISPOSAL**

The Board announces that on 19 April 2016, the Vendor (a direct wholly-owned subsidiary of AGP) entered into the Sale Agreement with the Purchaser and the Purchaser's Guarantor in relation to the conditional Disposal to the Purchaser of the Target Group, which owns the Properties under development in Kaifeng, Henan Province, the PRC, for the Consideration (for the Sale Share and the Shareholder's Loan) of HK\$900 million in cash.

### **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **THE DISPOSAL**

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The Target Group to be acquired by the Purchaser comprises New Insight (an indirect wholly-owned subsidiary of AGP) and its wholly-owned subsidiaries which are the registered and beneficial owners of the Properties comprising 10 land parcels located at Zheng Kai Da Road, Kaifeng, Henan Province, the PRC and the buildings erected on the Land. The Land has an aggregate lot size and gross floor area of approximately 736,000 sq.m. and 2,657,000 sq.m., respectively and its permitted usage is residential and/or commercial.

The Target Group is currently undertaking a development project known as "Kaifeng Nova City" on the Land, which envisages a shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The construction works of phase IA (residential) are completed and the superstructure works for phase IB (residential) are in progress.

*\* For identification purpose only*

The carrying value of the Properties as at 31 December 2015 was approximately HK\$1,074.8 million. The consolidated net liabilities of the Target Group as at 31 December 2015 was approximately HK\$203.1 million, after deduction of the Shareholder's Loan.

Completion of the Disposal is subject to various conditions, more particularly set out below. Upon Completion, the Group will receive a total gross cash consideration for the Sale Share and the assignment of the Shareholder's Loan of HK\$900 million, equating to a net cash amount of HK\$900 million, before deducting transaction costs and expenses. The loss from the Disposal before transaction costs and expenses is expected to be approximately HK\$90 million.

After Completion, the Group will continue to focus on its other development and investment projects in Hong Kong, mainland China, Australia and the United Kingdom.

## **BACKGROUND, REASONS AND BENEFITS FOR THE DISPOSAL**

The Company has been focused on developing its property portfolio in Hong Kong and mainland China. It is the Group's strategy to review and optimise its property portfolio from time to time with a view to achieving the greatest value for Shareholders.

The Vendor, through its indirect wholly-owned subsidiaries, holds the Group's interests in the Properties. The Land is located at Zheng Kai Da Road, Kaifeng, Henan Province, the PRC, with an aggregate lot size and gross floor area of approximately 736,000 sq.m. and 2,657,000 sq.m., respectively. The development project for the Land envisages a shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The construction works of phase IA (residential) are completed and the superstructure works for phase IB (residential) are in progress. The carrying value of the Properties as at 31 December 2015 was approximately HK\$1,074.8 million.

The development cycle of the Kaifeng project is relatively long. Having regard to the increasingly challenging business environment and the uncertainties of the prospects of the property market in the PRC (except for some cities like Shenzhen, Beijing and Shanghai), the Board considers that the Disposal will enable the Group to realise its investment in the Properties at fair value as part of the Group's strategic plan for its property portfolio, reduce its operational risk, and for better utilization of the Group's resources.

Following completion of the Disposal, based on receipt of the Consideration (for the Sale Share and the Shareholder's Loan), the Group expects to record in its consolidated income statement a loss (before transaction costs and expenses) of approximately HK\$90 million and to realise a net cash amount of approximately HK\$900 million which will be available for future investment into its other development and investment projects and other potential real estate projects and as general working capital for the Group.

After the Disposal, the Company will continue with its current business of property investment and development, hotel operation and property and asset management in Hong Kong, mainland China, Australia and the United Kingdom.

The Consideration for the Disposal was determined after arm's length negotiations between the Group and the Purchaser and on normal commercial terms with reference to, among others, the prevailing market prices of similar properties in the adjacent location and the carrying value of the Properties. Taking into account of the prospect of the property market in Kaifeng city and the carrying value of the Properties, the Directors consider that the terms of the Sale Agreement and the Disposal are fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser, the Purchaser's Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **USE OF PROCEEDS FROM THE DISPOSAL**

It is expected that the aggregate net cash proceeds of the Disposal receivable by the Vendor on Completion will be approximately HK\$900 million, before deducting transaction costs and expenses.

The Company intends to apply the net proceeds from the Disposal for future investment into its other development and investment projects and other potential real estate projects and as general working capital for the Group.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Taking into account the Consideration (for the Sale Share and the Shareholder's Loan), the loss arising from the Disposal to be recognised by the Group in its consolidated income statement is estimated at approximately HK\$90 million.

The above calculation and accounting treatment are subject to review by the auditors of the Group. The actual financial impact to the Group arising from the Disposal to be recorded in the Group's consolidated accounts will be recalculated based on the net asset value of the Target Group as at the date to which completion accounts are drawn up.

Upon Completion, the Target Group will cease to be subsidiaries of the Group and will therefore result in the deconsolidation of the assets and liabilities of the Target Group from the Group's consolidated accounts.

### **SUMMARY OF THE SALE AGREEMENT**

**Date:** 19 April 2016

#### **Parties**

- (i) Vendor: Benefit Strong Group Limited
- (ii) Purchaser: Blackbird BB Limited
- (iii) Purchaser's Guarantor: HEC Capital Limited

#### **Assets to be disposed of**

The Sale Share and the Shareholders' Loan. The Target Group are the registered and beneficial owners of the Properties comprising 10 land parcels located at Zheng Kai Da Road, Kaifeng, Henan Province, the PRC and the buildings erected on the Land. The Land has an aggregate lot size and gross floor area of approximately 736,000 sq.m. and 2,657,000 sq.m., respectively and its permitted usage is residential and/or commercial.

The carrying value of the Properties as at 31 December 2015 was approximately HK\$1,074.8 million. The consolidated net liabilities of the Target Group as at 31 December 2015 was approximately HK\$203.1 million, after deduction of the Shareholder's Loan.

### **Consideration**

Under the Sale Agreement, the Vendor agreed to sell to the Purchaser the Sale Share and the Shareholder's Loan for the Consideration of HK\$900 million.

The Consideration shall be satisfied and paid by the Purchaser in cash in the following manner:

- (i) an amount of HK\$200 million was paid upon the execution of the Sale Agreement (the "**First Payment**"), of which HK\$90 million (which is equivalent to 10% of the Consideration) represents the deposit paid by the Purchaser to the Vendor (the "**Deposit**");
- (ii) an amount of HK\$500 million shall be paid on the Completion Date; and
- (iii) the balance of the Consideration of HK\$200 million shall be paid within 3 months from the Completion Date.

### **Conditions precedent**

Completion is conditional upon: (i) compliance by the Company with the necessary requirements under the Listing Rules, if required; (ii) compliance by AGP with the necessary requirements under the AIM Rules, if required; (iii) obtaining of all consents by the Vendor and the Purchaser from government or regulatory authorities or third parties, if applicable; and (vi) no material breach by the Vendor and the Purchaser of their respective obligations, undertakings, representations and warranties under the Sale Agreement (together the "**Conditions**").

If the Conditions are not fulfilled (or waived in accordance with the terms of the Sale Agreement) on 19 July 2016 (or such other date to be agreed between the Vendor and the Purchaser), the Sale Agreement will terminate, the Vendor shall return the First Payment to the Purchaser and the parties shall have no further claims against each other under the Sale Agreement for costs, damages compensation or otherwise, save in respect of antecedent breaches and claims.

If the Purchaser fails to complete the purchase of the Sale Share and the assignment of the Shareholder's Loan (other than as a result of the Vendor's default) after the Conditions are satisfied, the Vendor is entitled to keep the Deposit and it must return the balance of the First Payment (less the Deposit) to the Purchaser. If the Vendor fails to complete the sale of the Sale Share and the assignment of the Shareholder's Loan (other than as a result of the Purchaser's default) after the Conditions have been satisfied, it must return the First Payment to the Purchaser.

### **Completion**

Upon Completion, the Vendor shall cease to hold any interest in the Target Group and the Target Group will cease to be subsidiaries of the Group.

The Purchaser's Guarantor has agreed to guarantee the performance by the Purchaser of all its obligations under the Sale Agreement.

## **INFORMATION RELATING TO THE GROUP, THE PURCHASER AND THE PURCHASER'S GUARANTOR**

The Company is an investment holding company. The business activities of its principal subsidiaries are investment holding, hotel operation, property and asset management as well as property investment and development in Hong Kong, the mainland China, Australia and the United Kingdom.

AGP is a 97.17%-owned subsidiary of the Company, whose shares are admitted for trading on the AIM Market of The London Stock Exchange plc. AGP is an investment holding company and the activities of its principal subsidiaries are property development and investment in Hong Kong and mainland China as well as hotel operation in Hong Kong.

The Vendor is a wholly-owned subsidiary of AGP and its principal business activity is investment holding.

The Purchaser is incorporated in the British Virgin Islands with limited liability. The principal business activity of the Purchaser is investment holding.

The Purchaser's Guarantor is incorporated in the Cayman Islands with limited liability. The principal business activity of the Purchaser's Guarantor is investment holding.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser, the Purchaser's Guarantor and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## **INFORMATION ON THE TARGET GROUP, THE LAND AND THE PROPERTIES**

New Insight is an investment holding company, and an indirect wholly-owned subsidiary of AGP. As at the date of this announcement, the indirect wholly-owned subsidiaries of New Insight are the registered and beneficial owners of the Properties comprising the Land located at Zheng Kai Da Road, Kaifeng, Henan Province, the PRC and the buildings erected on the Land. The Land has an aggregate lot size and gross floor area of approximately 736,000 sq.m. and 2,657,000 sq.m., respectively and its permitted usage is residential and/or commercial. The term of the land use rights of the Land is 70 years until 2 March 2081 for residential use and 40 years until 2 March 2051 for commercial use.

The Target Group is currently undertaking a development project known as "Kaifeng Nova City" on the Land, which envisages a shopping mall, premium offices, exhibition hall, hotel, serviced apartments and residential towers. The construction works of phase IA (residential) are completed and the superstructure works for phase IB (residential) are in progress.

The consolidated carrying value of the assets of the Target Group as at 31 December 2015 was HK\$1,395.3 million. Based on the unaudited consolidated management accounts of the Target Group for the year ended 31 December 2015 and 31 December 2014, which was prepared based on the audited accounts of the subsidiaries incorporated in Hong Kong and in the PRC for the same period, the revenue of the Target Group for the year ended 31 December 2015 was approximately HK\$93.6 million (Year ended 31 December 2014: Nil). The net loss before taxation and after taxation of the Target Group for the year ended 31 December 2015 was approximately HK\$47.7 million and HK\$49.7 million respectively (Year ended 31 December 2014: HK\$64.8 million and HK\$64.8 million).

Based on the unaudited consolidated management accounts of the Target Group for the year ended 31 December 2015, the consolidated net liabilities of the Target Group as at 31 December 2015 was approximately HK\$203.1 million.

## **LISTING RULES IMPLICATIONS**

As the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“AGP”	Asian Growth Properties Limited, a company incorporated in the British Virgin Islands with limited liability whose shares are traded on AIM market of The London Stock Exchange plc (Stock code: AGP), and is a 97.17%-owned subsidiary of the Company;
“AIM Rules”	the AIM Rules for Companies published by The London Stock Exchange plc;
“Board”	the board of Directors;
“Business Day”	a day, on which banks are open for business in Hong Kong (other than a Saturday);
“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 Stock Exchange (Stock code: 251);
“Completion”	completion of the sale and purchase of the Sale Share and the assignment of the Shareholder’s Loan pursuant to the Sale Agreement;
“Completion Date”	5th Business Day after (but excluding) the day on which all the Conditions are fulfilled or waived (as the case may be), or such other date as the Vendor and the Purchaser may agree;
“connected person(s)”	having the meaning ascribed to it under the Listing Rules;
“Consideration”	the sum of HK\$900 million payable to the Vendor for the acquisition of the Sale Share and assignment of the Shareholder’s Loan from the Vendor under the Sale Agreement;
“Director(s)”	the director(s) of the Company;

“Disposal”	the Disposal of the Sale Share and the assignment of the Shareholder’s Loan by the Vendor;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong for the time being;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Land”	a total of 10 parcels of land comprising Land Parcel A, Land Parcel B, Land Parcel C, Land Parcel D, Land Parcel E, Land Parcel F, Land Parcel G, Land Parcel H, Land Parcel A-1 and Land Parcel B-1 which are located at Zheng Kai Da Road, Kaifeng, Henan Province, the PRC with an aggregate lot size of approximately 736,000 sq.m. and gross floor area of approximately 2,657,000 sq.m.;
“New Insight”	New Insight Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Vendor;
“Properties”	the Land and the buildings and tenements erected thereon;
“PRC”	The People’s Republic of China;
“Purchaser”	Blackbird BB Limited, a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Purchaser’s Guarantor;
“Purchaser’s Guarantor”	HEC Capital Limited, a company incorporated in the Cayman Islands with limited liability;
“Sale Agreement”	the agreement relating to the Disposal entered into between the Vendor, the Purchaser and the Purchaser’s Guarantor on 19 April 2016;
“Sale Share”	1 ordinary share of US\$1 in the capital of New Insight, being the entire issued share of New Insight;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holder(s) of the Share(s);
“Shareholder’s Loan”	all outstanding indebtedness or liabilities due from New Insight to the Vendor as at the Completion Date (as at the date of this announcement, the outstanding amount of the Shareholder’s Loan is approximately HK\$1,200 million);

“sq. m.”	square metres;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Group”	New Insight and its wholly-owned subsidiaries;
“Vendor”	Benefit Strong Group Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of AGP; and
“%”	per cent.

On Behalf of the Board  
**S E A Holdings Limited**  
**Lu Wing Chi**  
Chairman and Managing Director

Hong Kong, 19 April 2016

The Directors as at the date of this announcement are:

Executive Directors:

Mr. Lu Wing Chi (*Chairman and Managing Director*)  
Mr. Lu Wing Yuk, Andrew  
Mr. Lincoln Lu  
Mr. Lambert Lu

Independent Non-executive Directors:

Mr. Walujo Santoso, Wally  
Mr. Leung Hok Lim  
Mr. Chung Pui Lam

Non-executive Director:

Mr. Lam Sing Tai