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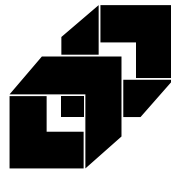
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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares and/or warrants in S E A Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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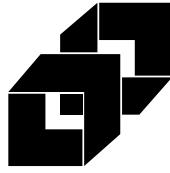
**S E A H O L D I N G S L I M I T E D**

*(Incorporated in Bermuda with limited liability)*

**PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES  
AND REPURCHASE OF EXISTING  
SHARES AND WARRANTS**

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26th April, 2002



# SEA HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

*Directors:*

- \*\* Lu Ho (*Chairman*)
- Lu Wing Chi (*Managing Director*)
- \*\* Lu Yong Lee
- Lu Wing Yuk, Andrew
- Lu Wing Lin
- \* Walujo Santoso, Wally
- \* Leung Hok Lim

*Registered Office:*

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

*Principal office:*

26th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai, Hong Kong

\* *Independent non-executive directors*

\*\* *Non-executive directors*

26th April, 2002

*To the shareholders and,  
for information only, warrant holders*

Dear Sir or Madam,

## **PROPOSED GENERAL MANDATES TO ISSUE NEW SHARES AND REPURCHASE OF EXISTING SHARES AND WARRANTS**

### **INTRODUCTION**

On 4th April, 2002, the Company announced the audited results for the year ended 31st December, 2001. It was also announced by the Company on 4th April, 2002 that at the Annual General Meeting to be held on 23rd May, 2002, resolutions will be proposed to grant to the directors of the Company (the “Directors”) general mandates to issue new shares in the Company (“Shares”) and to repurchase existing Shares and warrants issued by the Company (“Warrants”) (collectively, the “General Mandates”). The purpose of this circular is to provide shareholders with more information relating to the General Mandates.

## **GENERAL MANDATES**

At the Annual General Meeting, ordinary resolutions will be proposed to grant to the Directors general mandates (i) to allot, issue and deal with additional Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing such resolution; (ii) to repurchase existing Shares and Warrants not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue and 10% of the aggregate subscription rights attaching to the Warrants outstanding, respectively, at the date of passing such resolution (the “Repurchase Mandate”); and (iii) to add to the mandate granted under (i) above, any Shares repurchased by the Company under the mandate granted under (ii) above.

The explanatory statement, required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to be given to shareholders concerning the Repurchase Mandate, is set out in the Appendix to this circular and contains all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the relevant resolutions.

## **ANNUAL GENERAL MEETING**

A copy of the 2001 Annual Report of the Company incorporating copies of the audited results for the year ended 31st December, 2001, together with a form of proxy for the Annual General Meeting, are despatched together with this circular. A notice of the Annual General Meeting is set out on pages 69 to 71 of the Annual Report.

## **RECOMMENDATION**

The Directors are of the opinion that the proposals referred to above are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend all shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

**Lu Ho**

*Chairman*

## **APPENDIX**

### **EXPLANATORY STATEMENT**

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules to be given to shareholders to enable them to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.

#### **EXERCISE OF THE REPURCHASE MANDATE**

As at 19th April, 2002, being the latest practicable date prior to the printing of this circular (the “Latest Practicable Date”), the issued share capital of the Company comprised 511,246,868 Shares and there were outstanding Warrants carrying rights to subscribe approximately in aggregate for 121,019,853 Shares, each at a subscription price of HK\$1.38 per Share.

On the basis that no further shares or warrants will be issued or repurchased prior to the date of the forthcoming Annual General Meeting, the exercise in full of the Repurchase Mandate would result in up to a maximum of 51,124,686 Shares and Warrants carrying rights to subscribe for 12,101,985 Shares during the Relevant Period.

#### **REASONS FOR REPURCHASES**

The Directors believe that it is in the best interests of the Company and its shareholders to have a general authority from shareholders to enable the Directors to repurchase Shares and Warrants of the Company. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or its earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company, its shareholders and warrant holders.

#### **FUNDING OF REPURCHASES**

Pursuant to the Repurchase Mandate, repurchases would be funded entirely from the Company’s available cash flow or working capital facilities, which are funds legally available for such purpose in accordance with the laws of Bermuda and the Memorandum of Association and the Bye-laws of the Company.

Funds for a repurchase of Shares, to the extent of the nominal value attributable to the repurchased shares, may be paid out of the proceeds of a new issue of Shares made for the purpose or from the distributable reserves of the Company. The premium over the nominal value of the repurchased shares may be paid out of share premium account or distributable reserves of the Company.

If the Repurchase Mandate were exercised in full, there could be a material adverse effect on the working capital position or the gearing levels of the Company and its subsidiaries (the “Group”) which in the opinion of the Directors are from time to time appropriate for the Group (as compared with the position disclosed in the audited consolidated financial statements as at 31st December, 2001). The Directors do not currently envisage the exercise of the Repurchase Mandate to such an extent, unless the Directors are of the view that such repurchases will, taking into account of all the relevant factors, be in the best interests of the Group.

## SHARE AND WARRANT PRICES

The highest and lowest prices at which Shares and Warrants of the Company have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:—

	Shares		Warrants	
	Highest HK\$	Lowest HK\$	Highest HK\$	Lowest HK\$
<i>2001</i>				
April	—*	—*	—*	—*
May	—*	—*	—*	—*
June	—*	—*	—*	—*
July	—*	—*	—*	—*
August	—*	—*	—*	—*
September	—*	—*	—*	—*
October	1.740	1.740	—*	—*
November	—*	—*	—*	—*
December	1.740	1.700	—*	—*
<i>2002</i>				
January	1.780	1.600	—*	—*
February	1.780	1.500	—*	—*
March	1.550	1.480	—*	—*

\* *There was no transaction during the month.*

The Company has not made any purchase of Shares and Warrants (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

## GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares or Warrants to the Company or its subsidiaries under the Repurchase Mandate if such Repurchase Mandate is approved by the shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

If as a result of a share repurchase by the Company, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could, depending on the level of increase in their shareholding interest(s), obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Nan Luen International Limited ("Nan Luen") was beneficially interested in approximately 47.79% of the issued share capital of the Company. In the preceding 12 months prior to the Latest Practicable Date, the lowest percentage holding of Nan Luen in the issued share capital of the Company was approximately 47.04%. In the event that the Company exercises the Repurchase Mandate in full, the beneficial interest of Nan Luen in the Company will increase to approximately 52.27%. Accordingly, the exercise of the Repurchase Mandate, depending on the timing and the extent of the repurchases, may give rise to an obligation on the part of Nan Luen to make a mandatory offer for all the issued securities of the Company pursuant to Rule 26 of the Takeovers Code. At present, the Company has no intention to exercise the Repurchase Mandate in such way and to such an extent that would cause a mandatory offer obligation for Nan Luen to arise.

No connected person (as defined in the Listing Rules) has notified the Company that he has a present intention to sell Shares and/or Warrants to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by shareholders.