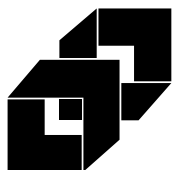

THIS CIRCULAR IS SOLELY FOR YOUR INFORMATION AND YOU ARE ADVISED TO READ AND NOTE THE CONTENTS OF THIS CIRCULAR

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 or transferred all your shares or warrants in S E A Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



S E A HOLDINGS LIMITED
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 251)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
RELATING TO THE RESTRUCTURING OF INTERESTS IN
JACKS POINT LIMITED**

Independent financial adviser to the Independent Board Committee



MasterLink Securities (Hong Kong) Corporation Limited

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on pages 17 to 18 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 19 to 27 of this circular.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Letter from the Independent Board Committee	17
Letter from MasterLink Securities (Hong Kong) Corporation Limited	19
Appendix I — Written approval from the Major Shareholder	28
Appendix II — Property valuation	29
Appendix III — General information	36

DEFINITIONS

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

“associates”	has the same meaning as defined in the Listing Rules;
“Board”	the Board of Directors of the Company;
“Brig”	Brig Securities Limited, a company incorporated in New Zealand with limited liability, which is an associate of Mr. Fletcher;
“Company” or “SEA”	S E A Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares and warrants are listed on HKSE;
“Connected Transactions”	the connected transactions aspects of the JPL Heads of Agreement which require the approval of the Independent Shareholders being all the transactions contemplated by the JPL Heads of Agreement (other than the Professional Services Agreement);
“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;

DEFINITIONS

“HK\$”	Hong Kong dollars;
“Independent Board Committee”	the independent committee of the Board consisting of all the independent non-executive Directors, being Mr. Wally Walujo Santoso and Mr. Leung Hok Lim;
“Independent Shareholders”	Shareholders who would not be required to abstain from voting if a general meeting of the Shareholders were to be held to approve the Connected Transactions;
“Island”	Island Limited, a company incorporated in New Zealand with limited liability and which, as at the Latest Practicable Date, is ultimately owned by a discretionary trust whose discretionary beneficiaries include Mr. Darby and/or persons and entities associated with Mr. Darby;
“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%;
“JPL”	Jacks Point Limited, a company incorporated in New Zealand with limited liability and which, as at the Latest Practicable Date, 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 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 and Pacific;
“JPL Heads of Agreement Settlement Date”	the date of settlement of the JPL Heads of Agreement, being 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;
“JPL Land”	409 hectares of land in Queenstown, New Zealand being acquired by JPL from independent third parties;

DEFINITIONS

“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;
“Latest Practicable Date”	9th June 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE;
“Major Shareholder”	Nan Luen International Limited, a company incorporated in Bermuda with limited liability which, as at the Latest Practicable Date, 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). Nan Luen International Limited and its ultimate beneficial owners are not connected with any of Messrs. Fletcher, Darby and Coburn and their respective associates;
“MasterLink”	MasterLink Securities (Hong Kong) Corporation Limited, a deemed licensed corporation for types 1, 4, 6 and 9 regulated activities under the SFO, which has been appointed as the independent financial adviser to the Independent Board Committee;
“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 member of the Group, its connected persons, 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;
“NZ\$”	New Zealand dollars;

DEFINITIONS

“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;
“Pacific”	Pacific Resort Holdings Limited, a company incorporated in New Zealand with limited liability, which is an associate of Mr. Darby;
“Professional Services Agreement”	the professional services agreement proposed 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;
“Ruboc”	Ruboc Holdings Limited, a company incorporated in New Zealand with limited liability and which, as at the Latest Practicable Date, 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;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share” or “Shares”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholders”	shareholders of the Company;
“Valuer”	CB Richard Ellis Limited, independent professional property valuer appointed by the Company as valuer of the JPL Land.

Note: For the purposes of the Company’s announcement dated 6th May 2004 and in this circular, unless stated otherwise, the exchange rate of NZ\$1.00 = HK\$4.9056 has been used. The exchange rates as at the close of business on the Latest Practicable Date was NZ\$1.00 = HK\$4.8718 calculated by taking the average of the buy and sell rates quoted on the South China Morning Post.

LETTER FROM THE BOARD



SEA HOLDINGS LIMITED
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 251)

Executive Directors:

Lu Wing Chi (*Chairman and Managing Director*)

Lu Wing Yuk, Andrew

Lu Wing Lin

Lincoln Lu

Lambert Lu

Registered Office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

Principal Office:

26th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

Non-Executive Director:

Lu Yong Lee

Independent Non-Executive Directors:

Walujo Santoso, Wally

Leung Hok Lim

11th June 2004

*To the Shareholders, and Warrantholders and
the holders of share options granted under
the Company's employees share option scheme
adopted on 23rd June 2000.*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
RELATING TO THE RESTRUCTURING OF INTERESTS IN
JACKS POINT LIMITED**

1. INTRODUCTION

By an announcement dated 14th January 2004, the Company announced that the Group has entered into an agreement with Mr. Fletcher and Mr. Darby to form JPL to acquire a plot of land in Queenstown, New Zealand. Pursuant to the joint venture arrangement,

* For identification purpose only

LETTER FROM THE BOARD

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.

By an announcement dated 6th May 2004, the Company announced it 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.

For the reasons stated below under the section headed "Implications under the Listing Rules" the entering into of certain of the transactions contemplated by the JPL Heads of Agreement constitute non-exempt connected transactions for the Company under the Listing Rules and are therefore subject to the approval of the Independent Shareholders. In addition, as the aggregate value of the transactions contemplated by the JPL Heads of Agreement represents more than 5% of the market capitalisation of the Group for the last five trading days prior to the date of the JPL Heads of Agreement, the JPL Heads of Agreement also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The purpose of this circular is (i) to provide you with further information in respect of, the JPL Heads of Agreement and the transactions contemplated therein, and (ii) to set out the opinions of the Independent Board Committee and MasterLink in relation to the Connected Transactions contemplated under the JPL Heads of Agreement.

The Listing Rules also provide that a connected transaction must be made conditional on approval by the independent shareholders and that such approval may be obtained either by convening a general meeting or by means of the written approval of the connected transaction by one or more shareholders holding in excess of 50% in nominal value of the securities giving the right to attend and vote at such general meeting.

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 Connected Transactions which is different to other Shareholders. The Major Shareholder has given its written approval for the Connected Transactions. No Shareholder is required to abstain from voting if the Company were to convene a general meeting of Shareholders to approve the Connected Transactions. The Company has applied to HKSE for, and HKSE has granted, a waiver from the requirement to hold a physical general meeting of the Independent Shareholders to approve the Connected Transactions. Accordingly, no Independent Shareholders' meeting will be held to approve the Connected Transactions.

LETTER FROM THE BOARD

2. DETAILS OF THE JPL HEADS OF AGREEMENT

2.1 Overview

The JPL Heads of Agreement was entered into on 6th May 2004 among JPL, SEANZ, SEAJP, the Company, Ruboc, Island, Mr. Darby, Mr. Coburn, Mr. Fletcher, Brig and Pacific. It contemplates a number of inter-dependent transactions, settlement of which would result in:—

- (a) 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%.
- (b) Jacks Point Newco securing external bank borrowing of NZ\$21,000,000 (HK\$103,018,000). The Group is not required to provide any guarantee or indemnity to Jacks Point Newco in relation to such external bank borrowing.
- (c) The existing shareholders of JPL (that is SEAJP, Brig and Pacific or their respective nominees) selling all their JPL shares to Jacks Point Newco for a total cash consideration of NZ\$19,355,000 (HK\$94,948,000). The consideration was arrived at based on directors' valuation of the JPL Land in consultation with an independent valuer.
- (d) 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.
- (e) On the JPL Heads of Agreement Settlement Date, the existing shareholders of JPL 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.
- (f) Each of the Jacks Point Newco shareholders being granted by JPL the option to purchase ten 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.
- (g) Each of the Company, Mr. Fletcher and Mr. Darby (or their respective nominees) acquiring from JPL one of the eighteen designated residential table land 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.

LETTER FROM THE BOARD

- (h) Ruboc being granted the option by JPL to acquire one of the eighteen designated residential table land sections for NZ\$1,200,000 (HK\$5,887,000) plus GST and otherwise upon market terms and conditions.
- (i) JPL entering into the Professional Services Agreement.

2.2 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.

2.3 Conditions Precedent

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

- (a) The Company obtaining all necessary regulatory and shareholders approvals on or before the date falling:—
 - (i) 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
 - (ii) 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.
- (b) The parties entering into (i) the definitive professional services agreement, and (ii) 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.
- (c) 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.
- (d) Satisfactory due diligence, such due diligence to be completed within five days of the date of the JPL Heads of Agreement.

LETTER FROM THE BOARD

- (e) 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.

Subsequent to the signing of the JPL Heads of Agreement, the parties have agreed to extend the satisfaction of the conditions precedent set out in (b), (c) and (e) to the JPL Land Settlement Date. All the other conditions precedent set out above have been satisfied.

2.4 Other material terms of the JPL Heads of Agreement

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

- (a) 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 be required to provide the loan before settlement of the JPL Heads of Agreement, the Company will comply with the provisions of Chapter 14A of the Listing Rules and obtain Shareholders' consent, if required.
- (b) The JPL Heads of Agreement contains certain minority protections for SEAJN including the right to appoint one out of five directors to the board of Jacks Point Newco.
- (c) The existing shareholders of Jacks Point Newco have the first right of refusal in the event of a transfer of shares in Jacks Point Newco.

LETTER FROM THE BOARD

- (d) 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.

3. ARRANGEMENTS RELATING TO FLETCHER NEWCO

As agreed between Mr. Fletcher and SEAJP:—

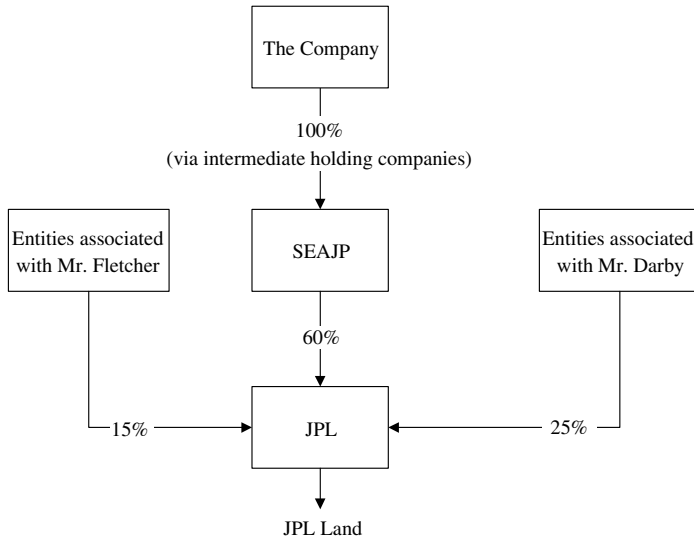
- (a) Fletcher Newco will be incorporated as a single purpose vehicle for holding investments in Jacks Point Newco.
- (b) Fletcher Newco will be owned by SEAJP and Mr. Fletcher in the proportions of 3.2% and 96.8% respectively. All funding requirements, whether equity or loans, of Fletcher Newco will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

The subscription of a nominal shareholding in Fletcher Newco allows SEAJP to monitor the operations of Fletcher Newco (both at the board and at shareholders' levels) to ensure that Fletcher Newco remains a single purpose vehicle for holding investments in Jacks Point Newco and that Mr. Fletcher does not dispose of his shares in Fletcher Newco without first offering the same to SEAJP.

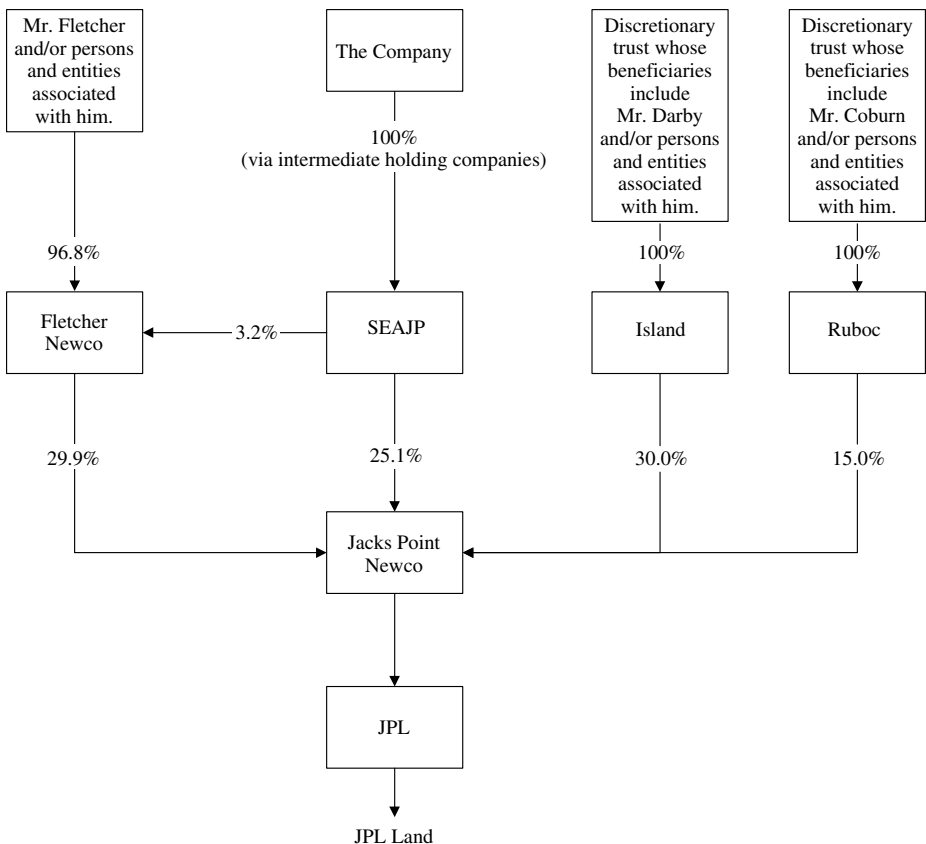
LETTER FROM THE BOARD

4. EFFECTS OF THE TRANSACTIONS AND THE FLETCHER NEWCO ARRANGEMENTS

The following diagram shows the shareholding structure of the Group before the settlement of the transactions contemplated by the JPL Heads of Agreement:—



The following diagram shows the shareholding structure of the Group after the settlement of the transactions contemplated under the JPL Heads of Agreement:—



LETTER FROM THE BOARD

5. FINANCIAL EFFECTS OF THE TRANSACTIONS

Up to the Latest Practicable Date, SEAJP has lent NZ\$1,987,000 (HK\$9,747,000) to JPL. Settlement of all the transactions contemplated by the JPL Heads of Agreement on the JPL Heads of Agreement Settlement Date will effectively result in:—

- (a) 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:—
 - (i) 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
 - (ii) a deferred payment (for a period of up to three years) of NZ\$5,700,000 (HK\$27,962,000) being 60% of the loan to be provided by existing shareholders of JPL.
- (b) 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);
- (c) An immediate commitment to purchase one of the eighteen residential table land 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); and
- (d) If the Company decides to exercise its option to purchase ten 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 Latest Practicable Date, the Company has not yet decided whether it wishes to acquire these sections.

Following the settlement of the transactions contemplated under the Heads of Agreement, 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.

The entering into, and implementation of, the JPL Heads of Agreement is not expected to have any material effect on the earnings, assets and liabilities of the Group.

6. 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.

LETTER FROM THE BOARD

For the year ended 31st December 2003, the audited consolidated turnover, audited net profit (loss) before taxation and audited net profit (loss) after taxation and minority interests of the Company were HK\$592.9 million, HK\$308.6 million and HK\$187.3 million respectively. The restated comparative figures due to adoption of new SSAP 12 for the year ended 31st December 2002 were HK\$741.5 million, (HK\$316.2 million) and (HK\$202.6 million) respectively. As at 31st December 2003, the Company's equity attributable to shareholders was stated at HK\$2,676.7 million.

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 unconditional right to acquire the JPL Land. The development of JPL Land is currently proposed as a resort including a golf course, hotel and residential accommodation.

The acquisition price of the JPL Land is NZ\$8,950,000 (HK\$43,905,000). An initial amount of NZ\$1,000,000 (HK\$4,906,000) has already been paid by JPL to the independent 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 unaudited book value of JPL Land as at 30th April 2004 was NZ\$10,728,000 (HK\$52,627,000) (including land costs and ancillary expenses capitalized).

As set out in Appendix II to this circular, the Valuer has valued the JPL Land at NZ\$37.2 million (HK\$182.6 million based on exchange rate of NZ\$1.00 = HK\$4.9083) as at 28th May 2004.

7. REASONS FOR AND BENEFITS OF THE JPL HEADS OF AGREEMENT 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 the JPL Land in consultation with an independent valuer.

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, out of which immediate cash receipt of NZ\$5,913,000 (HK\$29,007,000) will be used for internal working capital of the Group.

LETTER FROM THE BOARD

8. IMPLICATIONS UNDER THE LISTING RULES

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, all the transactions contemplated by the JPL Heads of Agreement (other than the Project Management Agreement) constitute connected transactions of the Company pursuant to the Listing Rules and are therefore 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 contemplated under the JPL Heads of Agreement relevant to the Group but excluding repayments of loans to SEAJ, the Directors do not expect the aggregate value of the consideration payable and/or receivable in respect of these transactions to exceed NZ\$14,313,000 (HK\$70,214,000). Hence, the relevant transactions contemplated under the JPL Heads of Agreement, when aggregated, represents more than 5% of the market capitalisation of the Company and constitute a discloseable transaction for the Company.

9. MAJOR SHAREHOLDER'S CONSENT

As stated above, the Major Shareholder, 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), has given its written approval to the Connected Transactions. The Major Shareholder and its ultimate beneficial owners do not have any interest in the Connected Transactions which are different to other Shareholders. No Shareholder is required to abstain from voting if the Company were to convene a general meeting of Shareholders to approve the Connected Transactions. The Company has applied to HKSE for, and HKSE has granted, a waiver from the requirement to hold a physical general meeting of the Independent Shareholders to approve the Connected Transactions. Accordingly, no Independent Shareholders' meeting will be held to approve the Connected Transactions.

LETTER FROM THE BOARD

10. OPINIONS OF THE BOARD, THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee is required under the Listing Rules to advise the Independent Shareholders in relation to the Connected Transactions. MasterLink has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in this regard. Accordingly, your attention is drawn to the letter from the Independent Board Committee set out on pages 17 to 18 of this circular, which contains its opinions to the Independent Shareholders, and the letter from MasterLink set out on pages 19 to 27 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

In the opinion of the Directors (including the independent non-executive Directors), the terms and conditions of the JPL Heads of Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

In addition, in relation to the Connected Transactions, in the opinion of the Independent Board Committee, the entering into of the Connected Transactions contemplated under the JPL Heads of Agreement, in accordance with the principal terms set out in the JPL Heads of Agreement, is in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, had a general meeting of the Independent Shareholders been held to approve the Connected Transactions, the Independent Board Committee would have recommended the Independent Shareholders to vote in favour of the resolution to be proposed to approve the Connected Transactions.

11. GENERAL

As far as the Company is aware, having made all reasonable enquiries, as at the Latest Practicable Date:—

- (i) The Major Shareholder and its associates control or are entitled to exercise control over the voting rights in respect of their respective Shares;
- (ii) (a) there were no voting trusts or other agreements or arrangements or understandings (other than an outright sale) entered into by or binding upon the Major Shareholder and its associates, (b) there were no obligations or entitlements of the Major Shareholder and its associates, whereby such persons have or might have temporarily or permanently passed control over the exercise of the voting right in respect of their Shares to third parties, either generally or on a case-by-case basis; and

LETTER FROM THE BOARD

- (iii) there were no discrepancies between the beneficial shareholding interests in the Company of the Major Shareholder and its associates and the number of Shares in respect of which it would control or would be entitled to exercise control over the voting right had a general meeting of the Shareholders been held.

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of
S E A HOLDINGS LIMITED
Lu Wing Chi
Chairman and Managing Director



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)

Independent Non-Executive Directors:

Walujo Santoso, Wally

Leung Hok Lim

Registered Office:

Clarendon House

Church Street

Hamilton HM11

Bermuda

11th June 2004

To the Independent Shareholders,

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
RELATING TO THE RESTRUCTURING OF INTERESTS IN
JACKS POINT LIMITED**

We refer to the circular of which this letter forms part. Terms defined in the circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the entering into of the Connected Transactions contemplated under the JPL Heads of Agreement, in accordance with the principal terms set out therein, is in the interests of the Company and its Shareholders as a whole and the terms are fair and reasonable so far as the Company and the Independent Shareholders are concerned. MasterLink has been appointed as the independent financial adviser to the Independent Board Committee.

We wish to draw your attention to the “Letter from MasterLink Securities (Hong Kong) Corporation Limited” as set out on pages 19 to 27 of this circular.

* For identification purpose only

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

In our opinion, the entering into of the Connected Transactions contemplated under the JPL Heads of Agreement, in accordance with the principal terms set out therein, is in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, had a general meeting of the Independent Shareholders been held to approve the Connected Transactions, we would have recommended the Independent Shareholders to vote in favour of the resolution to be proposed to approve the Connected Transactions.

Yours faithfully

**The Independent Board Committee
of S E A HOLDINGS LIMITED
Walujo Santoso, Wally
Leung Hok Lim**

The following is the text of a letter received from MasterLink to the Independent Board Committee and the Independent Shareholders for incorporation into this circular.



MasterLink Securities (Hong Kong) Corporation Limited

Unit 2603, 26th Floor
The Center
99 Queen's Road Central
Central
Hong Kong

11th June 2004

*To: the Independent Board Committee and
the Independent Shareholders*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in relation to the entering into of the JPL Heads of Agreement and certain connected transactions contemplated therein (the "Transaction"), details of which are contained in the circular of the Company dated 11th June 2004 (the "Circular") to the Shareholders of which this letter forms part. Terms used in this letter shall have the same respective meanings in the Circular unless the context otherwise requires.

Pursuant to the Listing Rules, the Transaction will constitute a discloseable and connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules. Accordingly, the Transaction is conditional upon the approval of the Independent Shareholders at a general meeting of the Company. The Major Shareholder, which beneficially owns approximately 50.2% of the issued share capital of the Company, and its ultimate beneficial owners do not have any interest in the Transaction which is different to other Shareholders and no Shareholder is required to abstain from voting if the Company were to convene a general meeting of Shareholders to approve the Transaction. Given that the Major Shareholder has agreed to give its written approval for the Transaction, the Company has applied to HKSE for, and HKSE has granted, a waiver from strict compliance with the requirement to hold a physical general meeting of Shareholders to approve the Transaction.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee as to whether the Transaction is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In formulating our opinion, we have relied on the information and facts supplied and representations expressed by the Directors. We have been advised by the Directors that no material facts have been omitted from the information supplied and representations expressed to us and we are not aware of any facts or circumstances which would render such information and representations untrue, inaccurate or misleading. We have assumed that the information contained and representations made or referred to in the Circular were complete, true and accurate at the time they were made and continue to be so at the date of despatch of the Circular.

We consider that we have been provided with sufficient information to enable us to reach an independent view to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide reasonable basis for our opinion. We have no reason to suspect that any relevant information or reports have been withheld, nor are we aware of any facts or circumstances which would render the information provided and the representations made to us to be untrue, inaccurate, or misleading. We have not, however, conducted an independent investigation into the business and affairs of the Group.

BACKGROUND OF THE TRANSACTION

On 25th May 2001, the Company entered into the Original Heads of Agreement with Mr. Fletcher and Mr. Darby to form JPL for the sole purpose of acquiring the JPL Land, a plot of land in Queenstown, New Zealand. JPL was beneficially owned as to 60% by SEAJP, an indirectly wholly owned subsidiary of the Company, 25% by a discretionary trust whose discretionary beneficiaries include Mr. Darby and 15% by another discretionary trust whose discretionary beneficiaries include Mr. Fletcher, his wife and family members. As stated in the Circular, the acquisition price of the JPL Land is NZ\$8.95 million (equivalent to approximately HK\$43.91 million), an initial amount of NZ\$1 million (equivalent to approximately HK\$4.91 million) has already been paid by JPL and the balance of NZ\$7.95 million (equivalent to approximately HK\$39.00 million) plus GST shall be paid on the JPL Land Settlement Date, expected to be in mid-2004. The unaudited book value of JPL Land as at 30th April 2004 was NZ\$10.73 million (equivalent to approximately HK\$52.63 million) including land costs and ancillary expenses capitalized.

On 6th May 2004, the Company, SEAJP and various other parties entered into the JPL Heads of Agreement to restructure SEAJP's interest in JPL. The aims of the JPL Heads of Agreement include, among others:—

- (i) the disposal by SEAJP of approximately 33.95% equity interest in JPL for a consideration of approximately NZ\$11.61 million (equivalent to approximately HK\$56.97 million) such that the Company's effective interest in JPL will decrease from 60% to approximately 26.05%;

- (ii) the introduction of Ruboc, a company associated with Mr. Coburn, as a new investor to JPL; and
- (iii) the formation of Jacks Point Newco, which will be owned as to 25.1% by SEAJP, 29.9% by Fletcher Newco (which will be owned as to 96.8% by Mr. Fletcher or his nominees and 3.2% by SEAJP), 30% by Island and 15% by Ruboc, to purchase all the equity interest of JPL and JPL therefore becoming a wholly owned subsidiary of Jacks Point Newco.

As stated in the Circular, the SEAJP's 3.2% equity interest in Fletcher Newco allows SEAJP to monitor the operations of Fletcher Newco (both at the board of Fletcher Newco and at shareholders' levels) to ensure that Fletcher Newco remains a single purpose vehicle for holding investments in Jacks Point Newco.

As i) Mr. Fletcher is a director of a number of subsidiaries of the Company; ii) Mr. Darby is a director of JPL; iii) Mr. Fletcher and Mr. Darby are the discretionary beneficiaries of two trusts which respectively own 15% and 25% of JPL; and iv) Mr. Coburn will be appointed as a director of JPL immediately pursuant to the JPL Heads of Agreement, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have considered, among other things, the following principal factors and reasons:—

I. Reasons for entering into of the JPL Heads of Agreement

The Company is an investment holding company listed on the Main Board of the 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, the PRC, Australia and New Zealand.

As advised by the Directors, the entering into of the JPL Heads of Agreement will provide an opportunity for the Company to realise part of its investments in JPL at a net gain of approximately NZ\$11.61 million (equivalent to approximately HK\$56.97 million) while retaining approximately 26.05% interest in JPL as a long term investment. With reference to the announcement of the Company dated 14th January 2004, we note that the plan for the acquisition and development of the JPL Land has been carried out by the Company for about three years since May 2001. As stated in the annual report of the Company for the year ended 31st December 2003, the Directors believed that the property

market trend in New Zealand is approaching the peak in its business cycles in the foreseeable future. Accordingly, over the past two years, the Group has adopted strategy of disposing of New Zealand assets opportunistically. As such, we consider that the entering into of the JPL Heads of Agreement is consistent with the Group's business strategies.

Based on the abovementioned reasons and taking into account that the Company will have a net gain of approximately NZ\$11.61 million (equivalent to approximately HK\$56.97 million) and still can share the potential future growth of the JPL Land through its remaining interest, we concur with the Directors' view that the entering into of the JPL Heads of Agreement is on normal commercial terms, in the ordinary and usual course of business and in the interests of the Company and the Shareholders as a whole.

II. Terms of the Transaction

Terms of the JPL Heads of Agreement are, inter alia, as follows:—

1. *Consideration for the disposal of interest in JPL*

Pursuant to the JPL Heads of Agreement, the existing shareholders of JPL will dispose of all their JPL shares to Jacks Point Newco for a total cash consideration of approximately NZ\$19.36 million (equivalent to approximately HK\$94.95 million) which was arrived at based on the directors' valuation on the JPL Land in consultation with an independent valuer. As SEAJP originally holds 60% interest in JPL, the consideration receivable by SEAJP for the disposal will be approximately NZ\$11.61 million (equivalent to approximately HK\$56.97 million).

According to the property valuation report prepared by CB Richard Ellis Limited, details of which are set out in Appendix II to the Circular, the property value of the JPL Land as at 28th May 2004 was approximately NZ\$37.20 million (equivalent to approximately HK\$182.60 million based on exchange rate of NZ\$1.00 = HK\$4.9083). In arriving at our opinion on the consideration for the disposal of the JPL shares to Jacks Point Newco, however, we consider that the following adjustments shall have to be made:—

- outstanding acquisition cost of the JPL Land of approximately NZ\$7.95 million (equivalent to approximately HK\$39.00 million);
- the shareholders loan of approximately NZ\$2.81 (equivalent to approximately HK\$13.78 million) repayable to the existing shareholders of JPL; and

LETTER FROM MASTERLINK SECURITIES (HONG KONG) CORPORATION LIMITED

— the corporation profit tax of 33%^(note 1).

The outstanding acquisition cost of the JPL Land and the shareholders loan as mentioned above represent the outstanding commitment which shall be borne by Jacks Point Newco following the acquisition of JPL. In addition, as JPL would be liable for profit tax following the disposal of the JPL Land and such tax would also be borne by Jacks Point Newco, adjustment should be made in this respect. Accordingly, the property value of the JPL Land should then be adjusted as follows in determining the consideration for the interest in JPL:—

	<i>NZ\$</i>	<i>HK\$</i>
	<i>(in million)</i>	<i>(in million)</i>
Property value as at 28th May 2004	37.20	182.60
<i>Less:</i> Outstanding cost for the JPL Land	7.95	39.00
Shareholders loan repayable to the existing shareholders of JPL	2.81	13.78
Estimated corporation tax	8.74	42.87
	<u>17.70</u>	<u>86.95</u>
	<u>17.70</u>	<u>86.95</u>

Compared with the adjusted property value of the JPL Land of approximately NZ\$17.70 million (equivalent to approximately HK\$86.95 million), the consideration of approximately NZ\$19.36 million (equivalent to approximately HK\$94.95 million) for the entire interest of JPL represented a premium of approximately 9.38% to the adjusted property value of the JPL Land.

Note 1: In assessing the corporation profit tax of JPL, we have taken into account of the land costs and ancillary expenses capitalized for the JPL Land, as represented by the unaudited book value of the JPL Land as at 30th April 2004, of approximately NZ\$10.73 (equivalent to approximately HK\$52.63 million) and the calculation is shown as follows:—

	<i>NZ\$</i>	<i>HK\$</i>
	<i>(in million)</i>	<i>(in million)</i>
Property value as at 28th May 2004	37.20	182.60
<i>Less:</i> Land costs and ancillary expenses capitalized for the JPL Land	10.73	52.63
	<u>26.47</u>	<u>129.97</u>
Corporation tax @ 33%	8.74	42.87

Considering the premium of approximately 9.38% of the consideration for the disposal of interest in the JPL Land and the fact that the entering into of the JPL Heads of Agreement allows SEAJP to realize a net gain of approximately NZ\$11.61 million (equivalent to approximately HK\$56.97 million), being 60% of its interest in JPL, we are of the view that the consideration for the disposal of interest in JPL is fair and reasonable.

As stated in the Circular, the consideration payable relating to the disposal of SEAJP's interests in JPL will be made by an immediate cash payment of approximately NZ\$5.91 million (equivalent to approximately HK\$29.01 million) to SEAJP on the JPL Heads of Agreement Settlement Date while a deferred payment of approximately NZ\$5.7 million (equivalent to approximately HK\$27.96 million) will be made to SEAJP for a period of up to three years. As discussed with the Directors, such deferred payment will be taken as an advance to Jacks Point Newco at a market rate of interest equal to the New Zealand 90-day Bank Bill Mid Rate ("BKBM Rate") plus a margin of 2% per annum. The detail discussion of which is set out in the following paragraph 2.

2. *Deferred payments as an advance to Jacks Point Newco by the existing shareholders of JPL*

On the JPL Heads of Agreement Settlement Date, the existing shareholders of JPL (that is SEAJP, Mr. Fletcher and Mr. Darby or their respective nominees) will lend, in proportion of their shareholdings in JPL as before the disposal of all shares to Jacks Point Newco, an aggregate amount of approximately NZ\$9.5 million (equivalent to approximately HK\$46.60 million) to Jacks Point Newco. As advised by the Directors, the advance of NZ\$9.5 million (equivalent to approximately HK\$46.60 million) is, in essence, the aggregate amount of the respective deferred payment to the existing shareholders of JPL for settlement of the consideration for the disposal of their respective interest in the JPL Land. Accordingly, the deferred payment to SEAJP of approximately NZ\$5.7 million (equivalent to approximately HK\$27.96 million) will be taken as an advance lent by SEAJP to Jacks Point Newco. The advance to Jacks Point Newco by the existing shareholders of JPL is for an initial period of two years (extendable at the option of the board of directors of Jacks Point Newco for an additional year in the event that completion of stage one of the development of the JPL Land is delayed due to reasons outside the reasonable control of JPL) at a market rate of interest equal to the 90-day BKBM Rate plus a margin of 2% per annum.

In New Zealand, the 90-day BKBM Rate is considered as a common benchmark for lending rate which varied from time to time according to the lending market conditions. Furthermore, as provided by the Company, we further reviewed a facility of NZ\$23 million (equivalent to approximately HK\$112.83 million) granted

by a major international banking and financial services group in Australia and New Zealand, to the Group. We noted that the said facility is granted at a market rate of interest equal to the 90-day BKBM Rate plus a margin of 1.5% per annum. Therefore, we are of the view that the terms of the arrangement of the deferred payments as an advance to Jacks Point Newco by the existing shareholders of JPL in proportion to their shareholding in JPL as contained under the JPL Heads of Agreement are fair and reasonable.

3. *Option to acquire 10 residential land sections in the JPL Land*

Under the JPL Heads of Agreement, each of the shareholders of Jacks Point Newco is granted by JPL the option to purchase 10 residential land sections in stage one of the development of the JPL Land for a total consideration of NZ\$1.5 million (equivalent to approximately HK\$7.36 million) plus GST. As advised by the Directors, such consideration was determined with reference to the considerations, which being more than NZ\$1.5 million (equivalent to approximately HK\$7.36 million), agreed to be paid by other independent third parties for the purchase of similar residential land sections in the JPL Land from JPL.

We are advised by the Directors that the Company currently has not decided whether to exercise the option granting to the Company as stated above. However, we consider that such option provide with the Company a commercial flexibility to acquire certain portion of the JPL Land and the Company can capture possible upward potential gain if the land value exceeds NZ\$1.5 million (equivalent to approximately HK\$7.36 million) in the future. As such, we consider that the granting of the option pursuant to the JPL Heads of Agreement is in the interest of the Company and the Shareholders as a whole.

We also note that, after the disposal by SEAJP of its interest in JPL, SEAJP's interest in Jacks Point Newco (excluding the additional interests in Jacks Point Newco which it is deemed to be effectively entitled as a result of its 3.2% interests in Fletcher Newco) will be approximately 25.1%. In the circumstances, we consider that it is fair and reasonable that SEAJP be given the option to acquire ten residential land sections (being 25% of the forty residential land sections being offered to shareholders) as this will equate SEAJP's proportional interests in Jacks Point Newco.

4. *Purchase of one residential table land section in the JPL Land*

We also note that JPL has earmarked eighteen land sections (known as table land sections) for luxury residential developments. JPL has agreed to sell to each of the Company, Mr. Fletcher and Mr. Darby (or their respective nominees) one of these eighteen designated table land sections at the development cost of the sections

plus GST. Such development cost will be determined by the board of JPL after taking into account the professional advices to establish the allocation of cost applicable to each of the section.

We understand from the Directors that, while the allocation of the costs have not been determined and hence it is not possible to put a value to these residential table land sections, the consideration payable by each of the Company, Mr. Fletcher and Mr. Darby respectively is not expected to be more than NZ\$1.2 million (equivalent to approximately HK\$5.89 million) plus GST. As advised by the Directors, such amount was estimated with reference to an option granted to Ruboc pursuant to which Ruboc is entitled to purchase one of these eighteen designated table land sections for NZ\$1.2 million (equivalent to approximately HK\$5.89 million) plus GST. We have also been advised by the Directors that the considerations for the residential table land sections offered to the shareholders of Jacks Point Newco, as set out above, are likely to be less than what JPL would like to sell in the market for the remaining fourteen table land sections.

As, after the disposal by SEAJP of its interest in JPL, SEAJP's interest in Jacks Point Newco (excluding the additional interests in Jacks Point Newco which it is deemed to be effectively entitled as a result of its 3.2% interests in Fletcher Newco) will be approximately 25.1%, we consider that it is fair and reasonable that the Company be given the right (which it has exercised) to acquire one of the four residential table land sections offered to shareholders as this will equate SEAJP's proportional interests in Jacks Point Newco.

5. *Possible loan to be advanced to JPL*

Under the JPL Heads of Agreement, each of the parties to the JPL Heads of Agreement would take all reasonable steps to cause a trading bank to lend NZ\$21 million (equivalent to approximately HK\$103.02 million) to Jacks Point Newco on the best terms reasonably available in New Zealand. In the event that settlement of JPL Land is required to take place before the JPL Heads of Agreement Settlement Date and, at the relevant time, Jacks Point Newco has not yet been able to raise the said NZ\$21 million (equivalent to approximately HK\$103.02 million) from bank borrowings, the Group shall provide JPL with a temporary loan of NZ\$7.95 million (equivalent to approximately HK\$39.00 million) to complete the settlement of the JPL Land. We noted that among the shareholders of Jacks Point Newco, only the Group has made such commitment to provide the temporary loan. However, we also noted that the loan will be secured by the JPL Land bearing an interest rate of 10% per annum calculated on a daily basis on funds outstanding and shall be repaid on the JPL Heads of Agreement Settlement Date.

As further advised by the Directors, based on the indicative interest of banks to fund the JPL Land acquisition and the existing timetable for the settlement of the JPL Land which is expected in middle of 2004, the Directors are of the view that the temporary loan is very unlikely to be required by Jacks Point Newco. However, in the event that the Company is required to provide the loan, given that the loan i) is temporary in nature and will be repaid on JPL Heads of Agreement Settlement Date; ii) will be secured by the JPL Land; and iii) will be interest bearing at a rate which is 167.22% above the 90-day BKBM Rate as at the Latest Practicable Date, we consider that the terms of the provision of such temporary loan to JPL as contained in the JPL Heads of Agreement are fair and reasonable.

Having taken into account the above analysis, we are of the view that the terms of the Transaction are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONCLUSION

Having considered the above principal factors and reasons, we conclude that the entering into of the JPL Heads of Agreement and certain connected transactions contemplated therein are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As HKSE has granted a waiver to the Company from strict compliance with the requirement under the Listing Rules to convene a physical Shareholder's meeting to approve the resolution in relation to the Transaction, no special general meeting is to be held by the Company and no voting by the Shareholders will take place.

Your sincerely,
For and on behalf of
MasterLink Securities (Hong Kong) Corporation Limited
Lai Voon Wai
Director



SEA HOLDINGS LIMITED
爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(the “Company”)

(Stock Code: 251)

**WRITTEN APPROVAL OF THE MAJOR
SHAREHOLDER OF THE COMPANY**

We, the undersigned, holding beneficially in excess of 50% of the issued share capital of the Company NOTE as follows:—

1. That the Board of the Company resolved to restructure the interests in Jacks Point Limited, which holds Jacks Point Land pursuant to a Heads of Agreement to be signed between the Company, Don Fletcher, John Darby, Mike Coburn and others.
2. That, under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Transactions stipulated in the Heads of Agreement constitute Discloseable and Connected transactions of the Company and, as such, requires the consent of the shareholders of the Company.
3. That application has been made to the Stock Exchange of Hong Kong Limited for such consent of the shareholders of the Company to be given by way of written approval of the Major Shareholder.

Accordingly, we hereby resolve that the Transactions be and is hereby approved and authorised.

Dated this 5th day of May 2004.

For and on behalf of
Nan Luen International Limited
Authorised signatory

* For identification purpose only

The following is the text of the valuation report for the underlying property interest of S E A Holdings Limited as at 28th May 2004, prepared for the purposes of inclusion in this circular. The report was prepared by CB Richard Ellis Limited, an independent firm of professional surveyors.

CBRE

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地產代理（公司）牌照號碼

Estate Agent's Licence No: C-004065

11th June 2004

The Directors

S E A Holdings Limited,

26th Floor,

Dah Sing Financial Centre,

108 Gloucester Road,

Wan Chai,

Hong Kong

Dear Sirs,

In accordance with your instructions for us to undertake a current market valuation of the property, known as Jacks Point Development Land, Kingston Road (SH 6), Frankton, Queenstown, New Zealand for the purpose of inclusion in your circular to shareholders. We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market value of the subject property as at 28th May 2004 (the “date of valuation”).

Unless otherwise stated, our valuation is prepared in accordance with the “Hong Kong Guidance Notes on the Valuation of Property Assets (2nd Edition)” published by The Hong Kong Institute of Surveyors (“HKIS”). If the Guidance Notes are silent on subjects requiring guidance, we refer to the “Appraisal and Valuation Manual” published by The Royal Institution of Chartered Surveyors (“RICS”) subject to variation to meet local established law, custom, practice and market conditions.

Our valuation is made on the basis of Open Market Value, defined by the HKIS as “the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, levels of value and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation that may incurred in effecting sales. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature that could affect its value.

We have valued the property with reference to sales comparison method. Real estate values vary from time to time in response to changing market circumstances and it should, therefore, be noted that this valuation is based on available information as at the date of valuation. No warranty can be given as to the maintenance of this value into the future.

This document contains a significant volume of information which is directly derived from other sources, without verification by us including, but not limited to proposed development program, town planning documents and environmental or other expert reports. We confirm that we are not instructed to verify that information. Further, the information is not adopted by us as our own, even where it is used in our calculations. Where the content of this document has been derived, in whole or in part, from sources other than us, we does not warrant or represent that such information is accurate or correct.

To the extent that this document includes any statement as to a future matter, that statement is provided as an estimate and/or opinion based on the information known to us at the date of this document. We do not warrant that such statements are accurate or correct.

We have inspected the properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defect. However, we have not carried out any structural survey nor have we inspected or other parts of the structures which are covered, unexposed or inaccessible. Therefore, we were not able to report whether the properties are free of rot, infestation or any other structural defects.

We have not carried out land survey to verify the site boundaries of the property, we have not investigated the site to determine the suitability of soil conditions, the availability of services, etc. for future development. Our report is prepared on the assumption that these aspects are satisfactory. This report does not make any allowance for contamination or pollution of the lands, if any, which may have occurred as a result of past usage.

Unless otherwise stated, all monetary amounts are stated in Hong Kong dollars (HK\$). Where necessary, we have converted New Zealand dollars (“NZ\$”) into Hong Kong dollars (“HK\$”) at the exchange rates of NZ\$1 = HK\$4.9083, being the rate prevailing at the date of valuation.

We enclose herewith a summary of values and our valuation certificate.

Yours faithfully,
For and on behalf of
CB Richard Ellis Limited
Kam Hung Yu
BSc(Hons) FHKIS FRICS RPS(GP)
Executive Director
Valuation & Advisory Services

Note: CB Richard Ellis Hong Kong Office has been supported by CB Richard Ellis New Zealand Office to prepare this valuation. Mr. Yu is the head of Asia, Valuation & Advisory Services of CB Richard Ellis. He is the chairman for General Practice Division of the Hong Kong Institute of Surveyors. He is a Registered Professional Surveyor (General Practice), a fellow of Royal Institution of Chartered Surveyors, a fellow of the Hong Kong Institute of Surveyors and a fellow of the Hong Kong Institute of Real Estate Administration. He has over 23 years’ valuation experience in Asia.

SUMMARY OF VALUATIONS

Property	Open Market Value in existing state as at 28th May 2004 (NZ\$)
1. Jacks Point Development Land, Kingston Road, Frankton, Queenstown, New Zealand.	\$37,200,000 (equivalent to HK\$182,600,000 as at the exchange rate of NZ\$1 = HK\$4.9083, being the rate prevailing at the date of valuation.)
TOTAL:	<u>\$37,200,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Details of occupancy	Open Market Value in existing state as at 28th May 2004 (NZ\$)
1. Jacks Point Development Land, Kingston Road, Frankton, Queenstown, New Zealand.	The subject property is a large block of land of approximately 409 hectares or 996 acres of farmland which has a mainly easy undulating contour situated in Queenstown, New Zealand.	The bulk of the land is currently being run as a farm and is subdivided into a number of grassed paddocks, together with associated tracks and farm access roads.	\$37,200,000 (equivalent to HK\$182,600,000 as at the exchange rate of NZ\$1 = HK\$4.9083, being the rate prevailing at the date of valuation.)
	<p>The current proposed development at Jacks Point include the following components:</p> <ul style="list-style-type: none"> • A central village precinct providing retail commercial and high density residential use. • Standard urban Residential subdivisions into the Kingston Road or eastern side of the land. • 18 lifestyle lots overlooking Lake Wakitipu. • 18-hole championship Golf Course and future clubhouse. • Lodge site. 		
	<p>Apart from the golf course, the proposed development is divided in 2 phases and several stages which will create a total of 750 residential lots, 18 lifestyle lots, 400 village lots and 1 lodge site. Area of residential lots shall range from 625 sq.m. to 1,250 sq.m. whilst area of village lots and lifestyle will be approximately 190 sq.m. and 5,000 sq.m. respectively. The lots will be sold to developers on bare site basis for further development. Details of the division of lots are as follows:</p>		

Proposed Development	Development Type	No. of Lots	Indicative Lot Area (sq.m.)
Phase 1 — Stage 1 — R (JP) 1			
R1 (a)	Residential	88	625 — 725
R1 (b)	Residential	52	700 — 900
R1 (c)	Residential	34	1,000 — 1,250
Subtotal:		174	
Phase 1 — Stage 2 — R (JP) 2			
R2 (a)	Residential	52	750 — 900
R2 (b)	Residential	46	900 — 1,000
Subtotal:		98	
Phase 1 — Stage 3 — R (JP) 3			
R3 (a)	Residential	49	750 — 900
Phase 1 — Stage 4 — HS			
	Lifestyle	18	5,000
Total No. Residential Lots Phase 1		321	
Total No. Lifestyle Lots Phase 1		18	
Phase 2 — Stage 1 — R (JP-SH)			
R (JP-SH) 1	Residential	228	900 — 1,000
R (JP-SH) 2	Residential	129	900 — 1,000
R (JP-SH) 3	Residential	17	750 — 900
R (JP-SH) 4	Residential	55	900 — 1,000
Subtotal:		429	
Phase 2b — Stage 2 — V (JP) & Lodge			
V(JP)	Village	400	190 (avg)
Lodge Site	Lodge	1	TBC
Total No. Residential Lots Phase 2		429	
Total No. Village Lots Phase 2		400	

The site is currently not connected with normal urban services such as water, sewerage, electricity and telephone reticulation.

Resource consent has been applied for the first stage and infrastructure works including connection of services and site formation will start immediately upon approval of the consent. The construction of the golf course is scheduled to commence in 2005.

Notes:

1. On 11th May 2001 a contract was entered into between John Darby as agent for Jacks Point Limited (“JPL”) as Purchaser and Dickson Stewart Jardine, Jillian Francis Jardine and Gerard Brendan Boock (the “Vendor”) for 409 hectares out of the main existing title of 659.55 ha. The contract was subject to the zoning being approved for the proposed development programme (the “Resort Zone”).
2. JPL went through extensive planning consultation with the Queenstown Lake District Council (the “Council”) to obtain the “Resort Zone” zoning which would enable the development to proceed. Formal approval was acquired from the Council in October 2003, settlement will be actioned and the new title will be issued.
3. At present the subject land forms part of Certificate of Title Identifier 2680, Otago Land Registration District. This title is legally described as Lot 2 DP 300502 and Lots 4-5 DP 26261 comprising a total lot of 659.55 ha. The registered proprietors of the subject land are:
 - Gerard Brendan Boock and Dickson Stewart Jardine — 1/10 share
 - Jillian Frances Jardine and Gerard Brendan Boock — 1/10 share
 - Dickson Stewart Jardine — 2/5 share
 - Jillian Frances Jardine — 2/5 share
4. Our valuation assumes that a new unencumbered freehold title will be issued with all 409 hectares being available.
5. According to the Queenstown Lake District Council zone, Jacks Point is covered by “Variation 16”. Section 12.2.1 of “Variation 16” sets out the purpose of the zone which are summarised as follows:
 - The purpose of the Jacks Point zone is to provide for residential and visitor accommodation in a high quality sustainable environment comprising of two villages, a variety of recreation opportunities and community benefits, including access to public open space and amenities.
 - The anticipated villages and associated residential activities at Jacks Point will be sustainable in their nature, constituting mixed density development, best practice methods of waste disposal and longevity in their quality and built form.
 - In addition, the zoning anticipates an 18-hole championship golf course, a luxury lodge, small-scale commercial activities, provision for educational and medical facilities, craft and winery activities, outdoor recreation and enhanced access to and enjoyment of Lake Wakatipu.
6. Various memorials are registered on the existing title as follows:
 - A Right of Way off Kingston Road providing access to a parcel of land to the southern side.
 - A Gazette Notice declaring Kingston Road to be State Highway 6 and having limited access onto the highway.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:—

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect;
- (b) there are no matters the omission of which would make any statement in this circular misleading in any material respect; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

2. DIRECTORS' DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:—

2.1 Long position in shares and underlying shares of the Company

Name of Director	No. of Shares		Number of underlying shares (warrants)		Number of underlying shares (share option)	Total	% of shares in issue
	Interests held		Interests held				
	Beneficial owner	by controlled corporation	Beneficial owner	by controlled corporation			
Lu Wing Yuk, Andrew	—	—	—	—	3,000,000	3,000,000	0.59
Lu Wing Chi	—	—	—	—	12,500,000	12,500,000	2.44
Lu Wing Lin	94,000	—	—	—	12,500,000	12,594,000	2.46
Lincoln Lu	618,000	256,669,811	572,717	73,897,812	—	331,758,340*	64.88
Lambert Lu	610,000	256,669,811	572,717	73,897,812	—	331,750,340*	64.88

Note: * Of these shares and warrants of the Company, 256,669,811 shares and warrants carrying 73,897,812 underlying shares deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of SFO. 256,669,811 shares and warrants carrying 71,786,743 underlying shares out of such shares were held by Nan Luen International Limited, which was 62.77% owned by JCS Limited (“JCS”), and warrants carrying 2,111,069 underlying shares were held directly by JCS. JCS was 26.09% owned by a discretionary trust, of which both directors are beneficiaries. In addition, Messrs. Lincoln Lu and Lambert Lu were each interested in 10.87% in JCS directly. JCS is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

2.2 Long position in shares and underlying shares of associated corporations

(a) *JCS Limited*

Name of Director	Beneficial interests	Interests as		% of shares in issue
		discretionary trust beneficiary	Total	
Lu Wing Chi	2,000	12,000 ¹	14,000	30.43
Lincoln Lu	5,000	12,000 ¹	17,000	36.96
Lambert Lu	5,000	12,000 ¹	17,000	36.96

(b) *Nan Luen International Limited*

Name of Director	Interests held by controlled corporation	% of shares in issue
Lincoln Lu	98,210 ²	62.77
Lambert Lu	98,210 ²	62.77

Notes:

- 12,000 shares in JCS Limited deemed to be interested by Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these three directors for the purpose of the SFO. Such shares were held by a discretionary trust, of which all three directors are beneficiaries.
- 98,210 shares in Nan Luen International Limited deemed to be interested by Messrs. Lincoln Lu and Lambert Lu represented the same interests and were therefore duplicated amongst these two directors for the purpose of the SFO. Those shares were held by JCS Limited, which is deemed to be a controlled corporation of each of Messrs. Lincoln Lu and Lambert Lu by virtue of the SFO.

Saved as disclosed herein, as at the Latest Practicable Date, none of the directors or chief executives of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise, notified to the Company and HKSE pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

3. SUBSTANTIAL SHAREHOLDERS' DISCLOSURE OF INTERESTS

So far as is known to any director or chief executive of the Company, as at the Latest Practicable Date, persons (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:—

Long position in shares and underlying shares of the Company

Name of shareholders	Capacity	Number of shares	Number of underlying shares (warrants)	Total	% of shares in issue
JCS Limited	Beneficial interests	—	2,111,069	2,111,069	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554 *	
				<u>330,567,623</u>	64.65
Eaver Company Limited	Beneficial interests	608,000	—	608,000	
	Held by controlled corporation	256,669,811	71,786,743	328,456,554 *	
				<u>329,064,554</u>	64.36
Nan Luen International Limited	Beneficial interests	256,669,811	71,786,743	328,456,554 *	64.24
Pacific Rose Enterprises Limited	Beneficial interests	31,955,873	3,581,257	35,537,130	6.95
Cyress Gold Limited	Beneficial interests	20,013,043	7,711,957	27,725,000	5.42

*Note:** 256,669,811 shares and warrants carrying 71,786,743 underlying shares deemed to be interested by JCS Limited, Eaver Company Limited and Nan Luen International Limited represented the same interests and were therefore duplicated amongst these three shareholders for the purpose of the SFO. JCS Limited and Eaver Company Limited were respectively interested in 62.77% and 37.23% in Nan Luen International Limited, which in turn was interested in these shares and warrants.

Save as disclosed above, the directors are not aware of any other person who, as at the Latest Practicable Date, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

4. DIRECTORS' INTEREST IN CONTRACTS

- (a) As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group taken as a whole.
- (b) Since the date to which the latest published audited financial statements of the Group were made up, none of the Directors, MasterLink nor the Valuer has or has had any direct or indirect interest in any assets acquired or disposed of by or leased to or proposed to be acquired or disposed of by any member of the Group.

5. COMPETING INTERESTS

As at the Latest Practicable Date, each of the following Directors and his associates are considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group, other than those businesses where such Directors have been appointed to represent the interests of the Company and/or other members of the Group:—

Messrs. Lu Wing Chi and Lu Wing Lin are executive directors of the Company. They also hold shareholdings (on behalf of themselves and their associates) and directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment, textile manufacturing and trading. In this regard, Messrs. Lu Wing Chi and Lu Wing Lin are considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Messrs. Lincoln Lu and Lambert Lu are sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also hold shareholdings (on behalf of themselves and their associates) and

directorships in a number of private companies controlled by, or owned in conjunction with, their close relatives and associates. From time to time, such companies are involved in real estate development and investment, textile manufacturing and trading. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Lu Wing Yuk, Andrew is also the managing director of Kian Nan Trading Company Limited which businesses includes textile manufacturing and trading. Mr. Lu Wing Yuk, Andrew is also a relative of Messrs. Lu Wing Chi and Lu Wing Lin and holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu Wing Yuk, Andrew is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Lu Yong Lee holds shareholdings (on behalf of himself and his associates) and directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu Yong Lee is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Leung Hok Lim is also director of a number of private and listed companies. Some of these companies and their associates are involved in property development and investment. In addition, Mr. Leung Hok Lim and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Leung Hok Lim is considered to have interests in businesses which compete with, or might compete with, either directly or indirectly, with the businesses of the Group.

Mr. Walujo Santoso, Wally and his associates invest from time to time in real estate investments and real estate developments. In this regard, Mr. Walujo Santoso, Wally is considered to have interests in businesses which compete with or might compete with, either directly or indirectly, with the businesses of the Group.

6. SERVICE CONTRACTS

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

7. EXPERTS

The following are the qualifications of the experts who have given an opinion or advice which are contained in this circular:—

Name	Qualification
MasterLink Securities (Hong Kong) Corporation Limited	Investment adviser, a deemed licensed corporation for types 1, 4, 6 and 9 regulated activities under the SFO
CB Richard Ellis Limited	Independent valuer, property valuer and member of The Hong Kong Institute of Surveyors

Each of the experts has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CONSENTS

Each of MasterLink and the Valuer has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or reports and references to its name and letter or reports in the form and context in which it appears.

9. LITIGATION

In February 2003, Latimer Holdings Limited (“Latimer”) filed a statement of claim against SEANZ under Section 174 of the New Zealand Companies Act 1993 alleging that the affairs of Trans Tasman Properties Limited, a company incorporated in New Zealand with limited liability and a 61.31% subsidiary of the Company, has been conducted in a manner which is oppressive, unfairly discriminatory or unfairly prejudicial to Latimer and other minority shareholders. In September 2003, summary judgment (and costs) was given in favour SEANZ by the court of New Zealand. Following the judgment, Latimer lodged a notice of intention to appeal. The appeal will be heard in August 2004.

Save as disclosed herein, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and, so far as the Directors are aware, no litigation or arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

10. NO MATERIAL ADVERSE CHANGE

Since the date to which the latest published audited accounts of the Company have been made up, there has been no material adverse change in the financial or trading position of the Group.

11. MISCELLANEOUS

- (a) The Qualified Accountant of the Company is Mr. Lee Bo Yuen, Tom, *MBA, BSc., FCCA, FHKSA, ACIS, ACS.*
- (b) The Secretary of the Company is Mrs. Jenifer Sin, *MBA, LLB, FCIS.*
- (c) The ultimate controlling shareholder of the Company is JCS Limited.
- (d) The Company's Hong Kong branch share registrar and transfer office is Standard Registrars Limited, which is situated at 28th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (e) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at any weekday (public holidays excepted) at the office of Stephenson Harwood & Lo, 18th Floor, Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong up to and including 28th June 2004:

- (a) the JPL Heads of Agreements;
- (b) the letter from the Independent Board Committee dated 11th June 2004 as set on pages 17 to 18 of this circular;
- (c) the letter of advice from MasterLink dated 11th June 2004 for the purposes of incorporation in the circular, the text of which is set out on pages 19 to 27 of this circular;
- (d) the valuation report on the JPL Land from CR Richard Ellis Limited dated 11th June 2004, the text of which is set out in Appendix II to this circular; and
- (e) the written consents of the experts referred to in this Appendix III.