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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

**If you have sold or transferred** all your shares in S E A Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
RELATING TO  
SALE OF EQUITY INTERESTS IN  
TWO NON-WHOLLY OWNED SUBSIDIARIES**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**



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The HKSE has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the Disposals to be approved by a written Shareholder's approval in lieu of holding a general meeting. Nan Luen, the Company's controlling shareholder holding 378,126,184 Shares, representing approximately 57.30% of the existing issued share capital of the Company, gave its written approval for the Disposals on 30 September 2008. Accordingly, no separate shareholder approval is required and no general meeting will be held. The information contained in this circular is only for the information of the Shareholders and the Option Holders.

23 January 2009

<sup>\*</sup> For identification purpose only

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## DEFINITIONS

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

“associated corporations”	has the meaning ascribed to it under Part XV of the SFO;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“BW”	an individual who is one of the Other Indonesian Sellers holding, immediately prior to Completion, less than 10% of the issued and paid-up share capital of SKG and who, immediately prior to Completion, was a director of SKG;
“CMU”	P.T. Catur Marga Utama, a company incorporated in Indonesia with limited liability on 20 September 1981;
“Company”	S E A Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the issued Shares (Stock code: 251) of which are listed and traded on the main board of the HKSE;
“Completion”	completion of the Disposals in accordance with the terms of the Disposal Agreement;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Connected Transaction”	the Disposals;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Disposal Agreement”	the agreement dated 15 August 2008 and entered into between the Purchasers and the Sellers in relation to the sale and purchase of the entire issued and paid-up shares of SKG and CMU;
“Disposals”	the disposals of the Sale Shares by the Nominees to the Purchasers pursuant to the Disposal Agreement and the transactions contemplated thereunder;
“GAAP”	generally accepted accounting principles and practices of Indonesia, which are close to international accounting standards;
“Group”	the Company and its subsidiaries;

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## DEFINITIONS

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“GW”	an individual who is one of the Other Indonesian Sellers holding, immediately prior to Completion, less than 10% of the issued and paid-up share capital of CMU;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong for the time being;
“HKSE”	The Stock Exchange of Hong Kong Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board, comprising Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam who are the independent non-executive Directors and are not interested in the transactions contemplated under the Disposal Agreement, established to advise the Independent Shareholders in respect of the terms of the Disposal Agreement;
“Independent Financial Adviser”	Optima Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Disposal Agreement;
“Independent Shareholders”	the shareholders of the Company who are independent of the Connected Transaction, i.e. all of the Shareholders;
“Independent Valuer”	PT Bahana Klasamas Prasetya, an independent professional property valuer in Indonesia;
“Indonesia”	The Republic of Indonesia;
“IW”	an individual who is one of the Other Indonesian Sellers and who, immediately prior to Completion, was interested in more than 10% of the issued and paid-up share capital of each of SKG and CMU;
“Latest Practicable Date”	20 January 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion herein;
“Liabilities”	the aggregate liabilities (comprising primarily utilised banking facilities) of SKG and CMU agreed by the Purchasers and the Sellers in the sum of Rp.60,000 million (equivalent to approximately HK\$51.0 million) all of which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, were owed to those who are third parties independent of the Group and its connected persons;

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## DEFINITIONS

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“Listing Rules”	the Rules Governing the Listing of Securities on the HKSE;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules;
“Nan Luen”	Nan Luen International Limited, a company incorporated in Bermuda with limited liability, the Company’s controlling shareholder holding approximately 57.30% of the issued share capital of the Company as at the Latest Practicable Date, which has given its written approval for the Disposals;
“Nominees”	two Indonesian individuals, both being nominees of the Group;
“Other Indonesian Sellers”	four Indonesian individual sellers for the disposal of a 48% equity interest in SKG and four Indonesian individual sellers for the disposal of a 48% equity interest in CMU, of which three of them are common sellers;
“Optima Capital”	Optima Capital Limited, a licensed corporation for conducting types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO;
“Option Holders”	the holders of share options granted under the Company’s employee share option schemes adopted on 23 June 2000 and 19 August 2005 respectively;
“PRC”	The People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Properties”	<ul style="list-style-type: none"><li>(i) various pieces of land situated at Gondrong and Petir Villages, Cipondoh sub district of Tangerang, Indonesia with an aggregate area of approximately 1,035,609 sq. m. that SKG has vested legal title and an aggregate area of approximately 28,135 sq. m. that SKG has the first priority right to apply for legal title; and</li><li>(ii) various pieces of land situated at Gondrong and Petir Villages, Cipondoh sub district of Tangerang, Indonesia with an aggregate area of approximately 334,391 sq. m. that CMU has vested legal title and an aggregate area of approximately 16,357 sq. m. that CMU has the first priority right to apply for legal title;</li></ul>

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## DEFINITIONS

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“Purchasers”	(i) PT. Agung Sedayu; and (ii) PT. Alam Pusaka Jaya.  To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, each of the Purchasers is a third party independent of the Group and its connected persons;
“Rp.”	Indonesian Rupiahs, the lawful currency of Indonesia for the time being;
“Sale Shares”	(i) 31,200 shares with a par value of Rp. 1 million (equivalent to approximately HK\$850) each in, and representing 52% of, the issued and paid-up share capital of SKG registered in the names of the Nominees and beneficially owned by a 64% owned indirect subsidiary of the Company; and (ii) 4,160 shares with a par value of Rp. 1 million (equivalent to approximately HK\$850) each in, and representing 52% of, the issued and paid-up share capital of CMU registered in the names of the Nominees and beneficially owned by a 64% owned indirect subsidiary of the Company;
“Sellers”	the Nominees and the Other Indonesian Sellers;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	the holders of the Shares;
“Share(s)”	share(s) with a par value of HK\$0.10 each in the capital of the Company;
“SKG”	P.T. Sumber Kencana Graha, a company incorporated in Indonesia with limited liability on 7 September 1983;
“sq. m.”	square metre(s);
“subsidiary”	has the meaning ascribed to it in section 2(4) of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong); and
“%”	per cent. or percentage (as the case may be).

*Notes:*

*For the purpose of this circular, amounts denominated in Rp. in this circular have been translated into HK\$ at an exchange rate of HK\$1 = Rp.1,176 for illustration purposes only. Such translation should not be construed as a representation that the relevant amounts have been, could have been or could be converted at that or any other rate or at all.*

*For Shareholders’ information, the exchange rate as at the Latest Practicable Date was HK\$1 = Rp. 1,431.*

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LETTER FROM THE BOARD

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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

David Hsu

Lincoln Lu

Lambert Lu

*Registered Office:*

Clarendon House

Church Street

Hamilton HM11

Bermuda

*Non-Executive Directors:*

Lam Sing Tai

Tse Man Bun

*Principal Office:*

26th Floor

Dah Sing Financial Centre

108 Gloucester Road

Wanchai

Hong Kong

*Independent Non-Executive Directors:*

Waluyo Santoso, Wally

Leung Hok Lim

Chung Pui Lam

23 January 2009

*To the Shareholders and the Option Holders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
RELATING TO  
SALE OF EQUITY INTERESTS IN  
TWO NON-WHOLLY OWNED SUBSIDIARIES**

**1. INTRODUCTION**

As announced by the Board on 2 October 2008, the Nominees entered into the Disposal Agreement dated 15 August 2008 in relation to the disposals of a 52% equity interest in each of SKG and CMU for an aggregate consideration of Rp.192,014 million (equivalent to approximately HK\$163.3 million), which was satisfied by the Purchasers in cash. A deposit of Rp.52,000 million (equivalent to approximately HK\$44.2 million) was paid to the Nominees

\* For identification purpose only

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## LETTER FROM THE BOARD

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upon signing of the Disposal Agreement and the final payment of Rp.140,014 million (equivalent to approximately HK\$119.1 million) was made to the Nominees upon Completion. Completion took place on 29 August 2008.

The purpose of this circular is to (i) provide you with further information in respect of the Disposals; and (ii) set out the opinions and recommendations of the Independent Board Committee and the Independent Financial Adviser; and (iii) set out a valuation report on the Properties as at 1 November 2008.

### 2. PRINCIPAL TERMS OF THE DISPOSAL AGREEMENT

**Date:** 15 August 2008

**Purchasers:** (i) PT. Agung Sedayu; and  
(ii) PT. Alam Pusaka Jaya.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Purchasers is a third party independent of the Group and its connected persons.

**Sellers:** (i) Nominees (holding a 52% equity interest in each of SKG and CMU on behalf of the Group); and  
(ii) Other Indonesian Sellers (holding the remaining 48% equity interest in each of SKG and CMU).

Immediately before Completion:

- (i) IW was interested in more than 10% of the issued and paid-up share capital of each of SKG (27.87%) and CMU (28.85%) and is therefore a connected person of the Company under the Listing Rules;
- (ii) BW, who was interested in 4.81% of the issued and paid-up share capital of SKG, was a director of SKG and is also considered to be a connected person of the Company;
- (iii) IW is the father of BW and hence they are considered to be associates of each other under the Listing Rules; and
- (iv) GW, who was interested in 3.825% of the issued and paid-up share capital of CMU, is the elder son of IW and the brother of BW and hence GW is considered to be associates of both IW and BW under the Listing Rules.



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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than IW, BW and GW, the rest of the Other Indonesian Sellers are third parties independent of the Group and its connected persons.

**Assets disposed:**

Pursuant to the Disposal Agreement, the entire equity interest in each of SKG and CMU was disposed by the Sellers to the Purchasers. Immediately before Completion, the principal assets of SKG and CMU were their interests in the Properties.

**Total consideration:**

An aggregate consideration of Rp.369,260 million (equivalent to approximately HK\$314.0 million) was payable by the Purchasers to the Sellers (out of which Rp.192,014 million (equivalent to approximately HK\$163.3 million) was payable to the Nominees) in cash as described below:

- (i) a total of Rp.100,000 million (equivalent to approximately HK\$85.0 million) was paid to the Sellers (out of which a total of Rp.52,000 million (equivalent to approximately HK\$44.2 million) was paid to the Nominees) upon signing of the Disposal Agreement; and
- (ii) a total of Rp.269,260 million (equivalent to approximately HK\$229.0 million) was paid to the Sellers (out of which a total of Rp.140,014 million (equivalent to approximately HK\$119.1 million) was paid to the Nominees) upon Completion (which took place on 29 August 2008).

In addition, the Purchasers have, on behalf of SKG and CMU, settled the Liabilities in the sum of Rp.60,000 million (equivalent to approximately HK\$51.0 million). The Liabilities were owed to third parties independent of the Group and its connected persons.

The consideration for the Disposals was arrived at after arm's length negotiations and determined on normal commercial terms between the Purchasers and the Sellers with reference to:

- (i) the aggregate valuation of the Properties at Rp.369,275 million (equivalent to approximately HK\$314.0 million) as at 27 September 2007 made by the Independent Valuer; and
- (ii) the aggregate unaudited net asset value of SKG and CMU of approximately Rp.4,914 million (equivalent to approximately HK\$4.2 million) as at 30 June 2008.

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## LETTER FROM THE BOARD

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The consideration for the Disposals represents an excess of Rp.187,100 million (equivalent to approximately HK\$159.1 million) or a premium of 3,807% when compared with the aggregate unaudited net asset value of SKG and CMU of approximately Rp.4,914 million (equivalent to approximately HK\$4.2 million) as at 30 June 2008.

The consideration for the Disposals also represents an excess of Rp.186,687 million (equivalent to approximately HK\$158.8 million) or a premium of 3,529% when compared with the aggregate unaudited net asset value of SKG and CMU of approximately Rp.5,327 million (equivalent to approximately HK\$4.5 million) as at 31 July 2008.

**Date of Completion:** Completion took place on 29 August 2008.

### 3. FINANCIAL EFFECTS OF THE DISPOSALS

Upon Completion, all of the Group's equity interest in each of SKG and CMU was transferred to the Purchasers and both SKG and CMU ceased to be subsidiaries of the Company.

The Company currently estimates that, upon Completion, the Group would record a net gain of approximately HK\$67.5 million from the Disposals for the year ended 31 December 2008 and the consolidated net assets of the Company would be increased accordingly. The said gain represents the difference between the total cash consideration received by the Nominees in respect of the Disposals of Rp.192,014 million (equivalent to approximately HK\$163.3 million) and the aggregate of (a) the corresponding share by the Group of the unaudited consolidated net asset values of both SKG and CMU as at 31 July 2008 (being the latest practicable date on which the unaudited management accounts of SKG and CMU were prepared and accessible for the Group's information) attributable to the equity interests disposed of in both SKG and CMU pursuant to the Disposal Agreement with certain adjustments; (b) the estimated Indonesia tax on the Disposals; and (c) the expenses of the Disposals, which represent, amongst others, the estimated legal and consultancy fees.

Further, the Disposals do not give rise to any significant effect on the future operating profits or loss of the Group. However, the total assets of the Group have been increased and the total liabilities of the Group have been decreased upon Completion.

### 4. USE OF PROCEEDS

The net proceeds of approximately HK\$163.3 million from the Disposals are currently intended to be used as general working capital by the Group.

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## LETTER FROM THE BOARD

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### 5. REASONS FOR AND BENEFITS OF THE DISPOSALS

The Group's core business strategy is to develop and invest in real estate in the Asia Pacific region and in particular Hong Kong and the PRC either by itself or in the form of joint ventures.

In about April 1991, the Group became a shareholder of each of SKG and CMU, which owned or controlled the Properties and held the rights to redevelop the Properties. Plans for the development of the Properties into a residential housing estate were ready when the financial turmoil in Asia occurred in 1997 and were therefore shelved. Further plans for the development were not proceeded with because the economic recovery in Indonesia during the past few years was slower than the Group expected.

Having made reference to the valuation of the Properties mentioned in the sub-section headed "Total consideration" under the section of "Principal Terms of the Disposal Agreement" above and the then prevailing market conditions, the Group was of the view that the offer made by the Purchasers for the purchase of the Sale Shares was acceptable and therefore accepted it. The Board (excluding the independent non-executive Directors who are members of the Independent Board Committee and whose view has been expressed in the Letter from the Independent Board Committee as set out on pages 12 and 13 of this circular after taking into account the advice from the Independent Financial Adviser appointed for the Connected Transaction) considers that the terms (including the consideration) for the Disposals are fair and reasonable and the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and the Shareholders as a whole and as far as the Independent Shareholders are concerned.

### 6. INFORMATION ABOUT THE COMPANY, SKG, CMU AND THE PROPERTIES

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

Immediately before Completion, the Company, through a 64% owned subsidiary, indirectly held 52% of the entire issued and paid-up share capital of each of SKG and CMU. SKG and CMU were engaged in the real estate business which includes the purchase of land, development of land and the construction of houses, office buildings, apartments and shopping centres for sale or lease. The principal assets of SKG and CMU were their interests in the Properties.

The financial statements of SKG and CMU have been prepared in accordance with GAAP.

The audited net asset value of SKG amounted to Rp.1,432 million (equivalent to approximately HK\$1.2 million) as at 31 December 2007.

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## LETTER FROM THE BOARD

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The audited loss of SKG (before taxation and extraordinary items) for the years ended 31 December 2007 and 2006 amounted to approximately Rp.8,140 million (equivalent to approximately HK\$6.9 million) and Rp.1,330 million (equivalent to approximately HK\$1.1 million) respectively. The audited net loss of SKG (after taxation and extraordinary items) for the years ended 31 December 2007 and 2006 amounted to approximately Rp.8,140 million (equivalent to approximately HK\$6.9 million) and Rp.1,330 million (equivalent to approximately HK\$1.1 million) respectively.

The audited net asset value of CMU amounted to Rp.3,694 million (equivalent to approximately HK\$3.1 million) as at 31 December 2007.

The audited loss of CMU (before taxation and extraordinary items) for the years ended 31 December 2007 and 2006 amounted to approximately Rp.644 million (equivalent to approximately HK\$0.5 million) and Rp.136 million (equivalent to approximately HK\$0.1 million) respectively. The audited net loss of CMU (after taxation and extraordinary items) for the years ended 31 December 2007 and 2006 amounted to approximately Rp.644 million (equivalent to approximately HK\$0.5 million) and Rp.136 million (equivalent to approximately HK\$0.1 million) respectively.

As at 31 July 2008, the unaudited aggregate net book value of the Properties was Rp.61,166 million (equivalent to approximately HK\$52.0 million).

### 7. LISTING RULES IMPLICATIONS

There are no prior arrangements, written or otherwise, between the Group and the Other Indonesian Sellers with regard to the disposals of SKG and CMU. In addition, there are no cross obligations between the Sellers arising from the Disposal Agreement. Nonetheless, as a result of the relationships between the Company, IW, BW and GW as described above, the Disposals constitute a connected transaction (the “**Connected Transaction**”) under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Connected Transaction exceeds 2.5% and the total consideration involved is over HK\$10 million, the Connected Transaction is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. In addition, the applicable percentage ratio exceeds 5% but is less than 25%, the Disposals also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

### 8. RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam, has been appointed to consider the terms of the Disposal Agreement. Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

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## LETTER FROM THE BOARD

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The Independent Board Committee, having taken into account the advice of Optima Capital and the relevant information contained in this Letter, is of the opinion that the terms (including the consideration) for the Disposals are fair and reasonable and the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and its Shareholders as a whole and so far as the Independent Shareholders are concerned.

### 9. SHAREHOLDERS' APPROVAL

Under the Listing Rules, the Connected Transaction is subject to the approval of the Independent Shareholders at a general meeting at which voting is taken by poll.

No shareholder of the Company is required to abstain from voting on the Connected Transaction. The HKSE has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the Disposals to be approved by a written Shareholder's approval in lieu of holding a general meeting. Nan Luen, the Company's controlling shareholder holding Shares, representing approximately 57.30% of the existing issued share capital of the Company, gave its written approval for the Disposals on 30 September 2008. Accordingly, no separate shareholder approval is required and no general meeting of the Company will be held. The information contained in this circular is only for the information of the Shareholders and the Option Holders only.

### 10. ADDITIONAL INFORMATION

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

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

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**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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**S E A HOLDINGS LIMITED**

**爪哇控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 251)**

*Independent Board Committee:*

Walujo Santoso, Wally

Leung Hok Lim

Chung Pui Lam

*Registered Office:*

Clarendon House

Church Street

Hamilton HM11

Bermuda

23 January 2009

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTIONS  
RELATING TO  
SALE OF EQUITY INTERESTS OF  
TWO NON-WHOLLY OWNED SUBSIDIARIES**

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 terms of the Disposal Agreement are fair and reasonable and the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and its Shareholders as a whole and so far as the Independent Shareholders are concerned. Optima Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the Letter from the Board as set out on pages 5 to 11 of this circular and the Letter from the Independent Financial Adviser as set out on pages 14 to 18 of this circular, both of which provide details of the Disposals.

\* For identification purpose only

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the principal factors and reasons considered by the Independent Financial Adviser and its opinion and recommendation, we concur with the view of the Independent Financial Adviser that the terms of the Disposal Agreement are on normal commercial terms and fair and reasonable and the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and its Shareholders as a whole and so far as the Independent Shareholders are concerned. Accordingly, we recommend that the Independent Shareholders should approve the Connected Transaction should a shareholders' meeting of the Company be convened for the purpose of considering and approving the Connected Transaction.

Yours faithfully  
The Independent Board Committee  
**Walujo Santoso, Wally** (*Chairman*)  
**Leung Hok Lim**  
**Chung Pui Lam**

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## LETTER FROM OPTIMA CAPITAL

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*The following is the text of the letter of advice from Optima Capital to the Independent Board Committee and the Independent Shareholders in connection with the Disposals for the purpose of inclusion in this circular.*



Unit 3618, 36th Floor  
Bank of America Tower  
12 Harcourt Road  
Central  
Hong Kong

23 January 2009

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

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal Agreement. Details of the Disposal Agreement are set out in the letter from the Board (the “Board Letter”) contained in the circular of the Company to the Shareholders dated 23 January 2009 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

On 15 August 2008, the Nominees entered into the Disposal Agreement in relation to the disposals of a 52% equity interest in each of SKG and CMU for an aggregate consideration of Rp.192,014 million (equivalent to approximately HK\$163.3 million), which was satisfied by the Purchasers in cash. Immediately before Completion, the principal assets of SKG and CMU were their interests in the Properties and the 52% equity interest in each of SKG and CMU was held by the Nominees for and on behalf of the Group. A deposit of Rp.52,000 million (equivalent to approximately HK\$44.2 million) was paid to the Nominees upon signing of the Disposal Agreement and the final payment of Rp.140,014 million (equivalent to approximately HK\$119.1 million) was made to the Nominees upon Completion. Completion took place on 29 August 2008.

As set out in the Board Letter, there are no prior arrangements, written or otherwise, between the Group and the Other Indonesian Sellers with regard to the disposals of SKG and CMU. In addition, there are no cross obligations between the Sellers arising from the Disposal Agreement. Nonetheless, given the relationships between the Company, IW, BW and GW with details set out in the section headed “Principal Terms of the Disposal Agreement” in the Board Letter, the Disposals constituted a connected transaction for the Company under Rule 14A.13(1)(b)(i) of the Listing Rules. As one of the applicable percentage ratios in respect of the Disposals exceeded 2.5% and the total consideration involved was over HK\$10 million, the Disposals should be subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM OPTIMA CAPITAL

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However, no Shareholder was required to abstain from voting on the Connected Transaction and Nan Luen, the Company's controlling shareholder as at the Latest Practicable Date holding approximately 57.30% of the existing issued share capital of the Company gave its written approval for the Disposals on 30 September 2008. Accordingly, the HKSE has granted a waiver in accordance with Rule 14A.43 of the Listing Rules for the Disposals to be approved by a written Shareholder's approval in lieu of holding a general meeting.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Messrs. Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam has been established to make a recommendation to the Independent Shareholders as to whether the terms of the Disposal Agreement are fair and reasonable and the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and its Shareholders as a whole. Optima Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Company and have assumed that the information and facts provided and the opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the despatch of the Circular. We have also sought and received confirmation from the executive Directors that no material facts have been omitted from the information supplied and the opinions expressed to us. We have relied on such information and opinions and consider that the information we have received are sufficient for us to reach an informed view and have no reason to believe that any material information or opinion has been withheld, nor doubt the truth or accuracy of the information provided and the opinions given. We have not, however, conducted any independent investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In considering whether the terms for the Disposals are fair and reasonable in so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

#### **1. Background and Reasons for the Disposals**

The Group is principally engaged in investment holding, property and asset management as well as property investment and development in Hong Kong, mainland China, Australia and New Zealand. In recent years, the Group has been focusing on development and investment opportunities in mainland China and Hong Kong. According to the annual report of the Company for the financial year ended 31 December 2007, the aggregate segment assets of the Group in Hong Kong and mainland China accounted for more than 90% of the total segment assets of the Group for the year. In addition, in terms of geographical location, approximately 56% and 21% of the Group's revenue was generated from Hong Kong and mainland China respectively. The significant share of the Group's assets and revenue attributable to the mainland China and Hong Kong markets reflects the development focus of the Group in these two markets and its development strategy. It was also stated in the Chairman's Statement of the interim report of

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## LETTER FROM OPTIMA CAPITAL

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the Company for the six months ended 30 June 2008 (the “2008 Interim Report”) that the Group will cautiously continue to target development and investment opportunities in mainland China and Hong Kong and other Asia Pacific cities.

As stated in the Board Letter, in about April 1991, the Group through the Nominees became a shareholder of each of SKG and CMU, which owned or controlled the Properties and held the rights to redevelop the Properties. As advised by the management of the Company, originally there were plans for developing the Properties into a residential housing estate but were finally shelved because of the financial turmoil in Asia in 1997. As the economic recovery in Indonesia during the past few years was slower than that as expected, the Group did not proceed with any further plans on the development of the Properties and has not made any further property investments in Indonesia. In addition, as stated in the Board Letter, the Directors intend to apply the net sale proceeds of approximately HK\$163.3 million from the Disposals as general working capital of the Group and the Disposals are not expected to cause any adverse effect on the operations of Group.

Given that the Disposals not only allow the Group to leave the Indonesian property market and seize the opportunity to realize its investment in the Properties but also enable the Group to focus on other markets such as mainland China and Hong Kong which are more in line with its business development strategy, we concur with the Directors that the Disposals are also in the interest of the Shareholders and the Company as a whole.

### 2. Basis of the Consideration and Payment Terms of the Disposals

#### (a) Consideration

The total consideration for the Purchasers acquiring the entire equity interest in each of SKG and CMU of Rp.369,260 million (equivalent to approximately HK\$314.0 million), was paid by the Purchasers to the Sellers. Out of the total consideration, Rp.192,014 million (equivalent to approximately HK\$163.3 million) was paid to the Nominees in cash in the following manner:

- (i) a total of Rp.52,000 million (equivalent to approximately HK\$44.2 million) upon signing of the Disposal Agreement; and
- (ii) a total of Rp.140,014 million (equivalent to approximately HK\$119.1 million) upon Completion which took place on 29 August 2008.

In addition, the Purchasers have, on behalf of SKG and CMU, settled the Liabilities in the sum of Rp.60,000 million (equivalent to approximately HK\$51.0 million). The Liabilities were owed to third parties independent of the Group and its connected persons.

We note that the consideration for the Disposals was arrived at after arm’s length negotiations and determined on normal commercial terms between the Purchasers and the Sellers with reference to (i) the aggregate valuation of the Properties at Rp.369,275 million (equivalent to approximately HK\$314.0 million) as at 27 September 2007 made

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by the Independent Valuer; and (ii) the aggregate unaudited net asset value of SKG and CMU of approximately Rp.4,914 million (equivalent to approximately HK\$4.2 million) as at 30 June 2008. As at 31 July 2008, the unaudited aggregate net book value of the Properties was Rp.61,166 million (equivalent to approximately HK\$52.0 million).

In assessing the fairness and reasonableness of the consideration, we have reviewed the audited financial statements of SKG and CMU for the years ended 31 December 2006 and 2007, the latest unaudited management accounts of SKG and CMU provided by the Company, and the valuation report of the Properties which is set out in Appendix I to the Circular. We note that apart from the Properties, cash and cash equivalents, SKG and CMU did not have any other material assets immediately before Completion. As the principal assets of SKG and CMU were their interests in the Properties immediately before Completion, we consider the basis of determining the consideration with reference to the valuation of the Properties and the net asset value of SKG and CMU a fair basis.

As referred to in Appendix I to the Circular, the aggregate market value of the Properties in existing state as at 1 November 2008 was approximately Rp. 329,722 million (equivalent to approximately HK\$280.4 million). We have also reviewed the valuation report as included in Appendix I to the Circular which was prepared by Knight Frank Petty Limited and Knight Frank/PT. Willson Properti Advisindo (collectively "KF"), independent professional property valuers and have discussed with them about the methodology adopted and the assumptions used in arriving at the aggregate market value of the Properties as at 1 November 2008. The Properties comprised various pieces of land which were held for development and were planned for a housing estate development. We understand that in valuing the Properties, KF has applied the direct comparison approach by reference to sales evidence as available on the market to value the Properties. We consider that the valuation methodology adopted by the Valuer is in line with common market practice. As the updated valuation of the Properties as at 1 November 2008 can better reflect the latest value and market conditions, our analysis is therefore based on the estimated value of Rp. 329,722 million (equivalent to approximately HK\$280.4 million).

Taking into account (i) the unaudited net asset value of SKG and CMU of approximately Rp.1,562 million (equivalent to approximately HK\$1.3 million) and approximately Rp.3,765 million (equivalent to approximately HK\$3.2 million) respectively as at 31 July 2008; and (ii) after adjusting for the market value of the Properties of approximately Rp. 329,772 million (equivalent to approximately HK\$280.4 million) based on its existing state as at 1 November 2008, the consideration of Rp.192,014 million (equivalent to approximately HK\$163.3 million) represents a premium of approximately 34.8% over the 52% attributable interest held by the Nominees in the aggregate net asset value of SKG and CMU as adjusted by the market value of the Properties. Having considered the premium as illustrated above, we are of the view that the consideration is fair and reasonable.

In light of the above, we are of the view that the terms of the Disposal Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Disposals are in the interests of the Company and its Shareholders as a whole.

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## LETTER FROM OPTIMA CAPITAL

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### 3. Financial Effects of the Disposals on the Group

(a) *Earnings*

As stated in the Board Letter, upon Completion, the Group would record a net gain of approximately HK\$67.5 million from the Disposals for the year ended 31 December 2008 and the consolidated net assets of the Company would be increased accordingly. The said gain represents the difference between the total cash consideration received by the Nominees in respect of the Disposals of Rp.192,014 million (equivalent to approximately HK\$163.3 million) and the aggregate of (a) the corresponding share by the Group of the unaudited consolidated net asset values of both SKG and CMU as at 31 July 2008 attributable to the equity interests disposed of in both SKG and CMU pursuant to the Disposal Agreement with certain adjustments; (b) the estimated Indonesia tax on the Disposals; and (c) the expenses of the Disposals which represent, amongst others, the estimated legal and consultancy fees.

(b) *Net asset value*

Based on the 2008 Interim Report, the Group had an unaudited net asset value of approximately HK\$7,347.0 million as at 30 June 2008. In view of the estimated gain of approximately HK\$67.5 million (after tax and expenses) realised as a result of the Disposals as discussed above, the net asset value of the Group would be increased accordingly.

(c) *Cash position*

As set out in the 2008 Interim Report, the Group had cash and bank balances of approximately HK\$1,119.7 million as at 30 June 2008. The net proceeds from the Disposals of approximately HK\$163.3 million would further increase the cash resources of the Group. The Group's working capital position will be further strengthened as a result of the Disposals and the estimated net proceeds would increase the working capital of the Group.

### RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, we consider that the terms of the Disposal Agreement are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned, and that the entering into of the Disposal Agreement and the Disposals, in accordance with the terms set out in the Disposal Agreement, are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to approve the Connected Transaction should a shareholders' meeting of the Company be convened for the purpose of considering and approving the Connected Transaction.

Yours faithfully,  
for and on behalf of  
**OPTIMA CAPITAL LIMITED**  
**Mei H. Leung**      **April Chan**  
*Chairman*              *Director*

*The following are the texts of a letter and valuation report prepared for the purpose of incorporation in this circular received from Knight Frank Petty Limited and Knight Frank/PT. Willson Properti Advisindo, the independent property valuers in connection with their valuation as at 1 November 2008 of the interests in the Properties of SKG and CMU referred to in it.*



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23 January 2009

The Directors  
S E A Holdings Limited  
26th Floor, Dah Sing Financial Centre  
108 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests disposed of by the nominees of S E A Holdings Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) in the Republic of Indonesia (“Indonesia”) on 29 August 2008, we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of market value of the property as at 1 November 2008.

#### **BASIS OF VALUATION**

Our valuation is our opinion of the market value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, deferred term contracts, joint ventures, management

agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

### **VALUATION METHODOLOGY**

We have adopted the direct comparison approach by reference to sales evidence as available on the relevant markets to value the property interests, assuming that it will be delivered on sale with the benefit of vacant possession.

### **TITLE DOCUMENTS AND ENCUMBRANCES**

We have considerably relied on the information provided by the Group and the advice given by its legal adviser, DNC Advocates at Work, on the laws of Indonesia regarding the title and other legal matters relating to the property interests. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/or the advice given by its Indonesian legal adviser, which is material to the valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interests or for any expenses, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

### **SOURCE OF INFORMATION**

We have relied to a considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, ownership, particulars of occupancy, development proposal, floor and site areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on the information contained in the documents provided to us and are therefore only approximations. We have not verified the information provided to us by the Group and have assumed that it is correct. We were also advised by the Group that no material facts had been omitted from the information provided.

### **INSPECTION AND MEASUREMENT**

We have inspected the property. However, we have not been able to carry out on-site measurements to verify the correctness of the site areas of the property and we have assumed that the site areas shown on the documents handed to us are correct. Moreover, we have not been able to carry out a land survey to verify the site boundary of the property.

### **SITE INVESTIGATION**

We have not been instructed to carry out any investigations on site to determine the suitability of the ground conditions and the services etc. for any future developments. Our valuation is prepared on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period for the future developments.

**CONTAMINATION**

We have not been instructed to arrange for any investigation to be carried out to determine whether there are any deleterious or hazardous materials in the property and therefore assumed in our valuation that none of the said material was contained in the property. However, should it be established subsequently that contamination exists at the property or on any neighbouring land, or that the property has been or is being put to any contaminative use, we reserve the right to adjust the value reported herein.

**REMARKS**

In preparing our valuation report, we have complied with the requirements contained within the relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and “The HKIS Valuation Standards on Properties (First Edition 2005)” published by the Hong Kong Institute of Surveyors.

**CURRENCY**

Unless otherwise stated, all money amounts stated are in Rupiah (Rp.).

We enclose herewith our valuation report.

Yours faithfully  
For and on behalf of  
**Knight Frank Petty Limited**

Yours faithfully  
For and on behalf of  
**Knight Frank/PT. Willson Properti Advisindo**

**Alex S L Ng**  
*MRICS MHKIS RPS(GP)*  
*Executive Director*

**Bayu R Wiseso**  
*MAPPI (Cert.)*  
*Senior Associate Director*

*Notes:*

*Alex S L Ng, M.R.I.C.S., M.H.K.I.S., R.P.S. (G.P.), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 23 years' experience in the valuation of properties in Hong Kong and has extensive experience in the valuation of properties in the Asia Pacific region.*

*Bayu R. Wiseso, MAPPI (Cert.), has been a qualified valuer with Knight Frank/PT. Willson Properti Advisindo since October 2001 and has 9 years' experience in the valuation of properties in Indonesia.*

## VALUATION REPORT

## Property held for development

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 1 November 2008
<p>A parcel of land located partly in Duri Kosambi Sub-District, Cengkareng District, West Jakarta Regency, DKI Jakarta Province — Indonesia, and partly in Petir and Gondrong Sub-Districts, Cipondoh District, Tangerang Regency, Banten Province — Indonesia.</p>	<p>The property comprises an amalgamation of multiple land lots, which forms a total site area of approximately 1,414,492 sq. m. (15,225,592 sq. ft.).</p> <p>The property is accessible from Jalan Kresek Raya — a road within Duri Kosambi Sub-District, and also from Jalan KH Achmad Dahlan and Jalan Ki Hajar Dewantoro — two roads within Petir and Gondrong Sub-Districts.</p> <p>The property was held for development and was planned and approved for a housing estate (<i>see Note 1</i>).</p> <p>1,370,000 sq. m. area of the property is held under various ‘Hak Guna Bangunan/HGB’ (Right to Build) land titles, which tenures will expire on 31 March 2012, 4 April 2012, 2 June 2012, 22 June 2012, 23 June 2012, 4 April 2014, 24 September 2014, 4 September 2016 and 24 September 2023 respectively.</p> <p>38,050 sq. m. area of the property is held under various ‘Surat Pelepasan Hak/SPH’ (Release of Rights Letters).</p> <p>6,442 sq. m. area of the property is held under various payment receipts.</p>	<p>The property was mainly vacant with three 2-storey show house units and a 1-storey marketing office building which were also vacant.</p>	<p>Rp.329,722,000,000 (<i>see Note 5</i>)</p>



*Notes:*

1. A proposed development of the property was approved. The salient information of the approval contains, inter alia, the following information:
  - (i) Decision Letter of the Head of the National Land Agency of Tangerang Regency:
 

— Surat Keputusan Kepala Kantor Pertanahan Kabupaten Tangerang No. 460.04/SK.067-BPN/Pr dated 24 December 1993	:	Grant of location permit for housing estate on the property.
— Surat Keputusan Kepala Kantor Pertanahan Kabupaten Tangerang No.460.05-SK.007.P dated 15 January 1994	:	Approval for validity extension of the granted location permit for housing estate on the property.
  - (ii) Decree of the Governor of DKI Jakarta Province:
 

— Surat Izin Penunjukkan Penggunaan Tanah (Principal License to Use and Develop Land) No. 839/-1.711.5 dated 29 March 1995	:	Grant of location permit for housing estate on the property.
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  - (iii) Housing Estate Master Plan
 

— Approval No. 653/77-BAPP/VII/96 dated 1 July 1996 by BAPPEDA (the Regional Development Planning Body) of Tangerang Regency	:	— Land Use: Housing Estate — Development Mix: — Housing (51.82%) — Commercial (7.78%) — Public Facility (39.08%) — Social Facility (1.32%)
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2. As advised by the Group, immediately before 29 August 2008, P.T. Catur Marga Utama (“CMU”) and P.T. Sumber Kencana Graha (“SKG”), companies both incorporated in Indonesia which owned or controlled the property, were 52%-owned subsidiaries of a 64%-owned subsidiary of the Company.
3. We have been provided with a legal opinion on the title interest to the property issued by DNC Advocates at Work, the Group’s legal advisor, which contains, inter alia, the following information:
  - (i) SKG has vested legal title to portion of the property with a total site area of 1,035,609 sq. m. set out in Schedule 2 of the legal opinion.
  - (ii) Portion of the property with a site area of 3,255 sq. m. set out in Schedule 2 of the legal opinion and owned by SKG is subject to material conditions that on 25 July 2002, there was a dispute over a construction of a building on the land by the unauthorized party. This case was brought to the District Court of Tangerang whereby SKG was the plaintiff. The judge had decided in favour of SKG.
  - (iii) CMU has vested legal title to portion of the property with a total site area of 334,391 sq. m. set out in Schedule 3 of the legal opinion.

- (iv) The properties set out in Schedules 2 and 3 of the legal opinion are freely transferable by SKG and CMU (as relevant) subject to the conditions set out under the column headed “Transferability” in the relevant schedule (see Note 3 (v) below). Transfer of rights over the properties will be subject to 5% (five per cent.) income tax from the value of the transfer or the prevailing Tax Object Sale Value (*Nilai Jual Objek Pajak* — NJOP) whichever is higher. In addition, the buyer will be obliged to pay Duty on Acquisition of Land and Building (*Bea Perolehan Hak atas Tanah dan Bangunan* — BPHTB) at the rate of 5% (five per cent.) from the Taxable Tax Object Acquisition Value (*Nilai Perolehan Objek Pajak Kena Pajak* — NPOPKP). NPOPKP is calculated from the Tax Object Acquisition Value (*Nilai Perolehan Objek Pajak* — NPOP) less the Non Taxable Tax Object Acquisition Value (*Nilai Perolehan Objek Pajak Tidak Kena Pajak* — NPOPTKP). NPOPTKP shall be stipulated under government regulations.
- (v) The transferability of the lands set out in Schedules 2 and 3 of the legal opinion is summarized as follows:

**Schedule 2**

Site Area (sq. m.)	Transferability
76,200	Freely transferable
609,928	Need prior consent from the Head of Regency Land Office of Tangerang and Head of the Provincial Land Office of West Java
288,354	Need prior consent from the State Minister for Agrarian Affairs/Head of the National Land Agency ( <i>Menteri Negara Agraria/Kepala BPN</i> ) except for borrowers who have obtained housing loan ( <i>Kredit Pemilikan Rumah</i> — KPR) from PT Bank of Tabungan Negara (Persero) Tbk (“BTN”) and PT Papan Sejahtera
61,127	Need prior consent from the Head of the Provincial Land office of West Java except for prospective owner of land and building pursuant to the prevailing provisions

**Schedule 3**

Site Area (sq. m.)	Transferability
40,210	Freely transferable
27,630	Need prior consent from the Head of Regency Land Office of Tangerang and Head of the Provincial Land Office of West Java
192,421	Cannot be assigned except for borrowers who have obtained housing loan ( <i>Kredit Pemilikan Rumah</i> — KPR) from BTN
29,195	Need prior consent from the State Minister for Agrarian Affairs/Head of the National Land Agency ( <i>Menteri Negara Agraria/Kepala BPN</i> ) except for borrowers who have obtained housing loan ( <i>Kredit Pemilikan Rumah</i> — KPR) from BTN and PT Papan Sejahtera
44,935	Need prior consent from the Head of the Provincial Land office of West Java except for prospective owner of land and building pursuant to the prevailing provisions

- (vi) According to Schedule 4 of the legal opinion, SKG has the first priority right to apply for the legal title for portion of the property with a total site area of 28,135 sq. m. from the Land Office and the granting of such legal title is subject to the sole discretion of the Land Office.
  - (vii) According to Schedule 5 of the legal opinion, CMU has the first priority right to apply for the legal title for portion of the property with a total site area of 16,357 sq. m. from the Land Office and the granting of such legal title is subject to the sole discretion of the Land Office.
- 4. As advised by the Group, the properties in the aforesaid Schedules 2, 3, 4 and 5 of the legal opinion together constitute all the various parcels of land of the property being valued.
  - 5. According to the aforesaid legal opinion, we have assigned no commercial value to the lands with a total site area of 44,492 sq. m. that SKG and CMU had the first priority right to apply for the legal title (see notes 3(vi) and (vii) above), and the lands with a total site area of 192,421 sq. m. set out in Schedule 3 of the legal opinion that cannot be assigned except for borrowers who have obtained housing loan (*Kredit Pemilikan Rumah* — KPR) from BTN.
  - 6. Our valuation was the 100% interests of the property.

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

## 2. DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company and their respective associates 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 required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO), as required to be entered in the register kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the HKSE pursuant to the Model Code, were as follows:—

### 2.1 Long positions in shares and underlying shares in the Company

Name of Directors	Number of shares of HK\$0.1 each	Number of underlying shares (share options)	Total	Approximate % of shares in issue
	Beneficial interests	Beneficial interests		
Lu Wing Chi	—	6,569,285 <sup>#</sup>	6,569,285	1.00
Lu Wing Yuk, Andrew	—	6,569,285 <sup>Δ</sup>	6,569,285	1.00
Lincoln Lu	1,772,717	6,569,285 <sup>#</sup>	8,342,002	1.26
Lambert Lu	1,772,717	6,569,285 <sup>#</sup>	8,342,002	1.26
Lam Sing Tai	101,478 <sup>#</sup>	6,569,285 <sup>#</sup>	6,670,763	1.01
Tse Man Bun	100,000	656,928 <sup>®</sup>	756,928	0.11
Walujo Santoso, Wally	—	656,928 <sup>#</sup>	656,928	0.10
Leung Hok Lim	—	656,928 <sup>#</sup>	656,928	0.10
Chung Pui Lam	—	656,928 <sup>®</sup>	656,928	0.10

*Notes:*

- # The options were granted on 31 December 2008, the exercise price is HK\$2.262 per share and the exercisable period is from 31 December 2008 to 30 December 2010.
- Δ Of these options,
- (i) an option representing the remaining 3,000,000 shares was granted on 4 December 2000, the exercise price is HK\$1.44 per share and the exercisable period is from 4 December 2000 to 3 December 2010; and
- (ii) the other option representing 3,569,285 shares was granted on 31 December 2008, the exercise price is HK\$2.262 per share and the exercisable period is from 31 December 2008 to 30 December 2010.
- @ The options were granted on 31 December 2008, the exercise price is HK\$2.262 per share and the exercisable period is from 31 December 2009 to 30 December 2011.
- ## Of these shares, 5,739 shares were held by the spouse of Mr. Lam Sing Tai.

The total number of issued Shares as at the Latest Practicable Date was 659,928,517.

## 2.2 Long positions in shares and underlying shares in associated corporations

(a) *JCS Limited (“JCS”) — ultimate holding company of the Company*

Name of Directors	Number of shares of HK\$100.0 each			Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation	Total	
Lu Wing Chi	3,000	12,000	15,000	32.61
Lincoln Lu	6,000	—	6,000	13.04
Lambert Lu	6,000	—	6,000	13.04

(b) *Nan Luen* — immediate holding company of the Company

Name of Directors	Number of shares of HK\$100.0 each		Approximate % of shares in issue
	Beneficial interests		
Lu Wing Chi	46,938		30.00
Lincoln Lu	5,021		3.21
Lambert Lu	5,021		3.21

Saved as disclosed herein, as at the Latest Practicable Date, none of the Directors and chief executive nor their respective associates had any interests or short positions in the shares or underlying shares in, or debentures of, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as required to be notified to the Company and the HKSE pursuant to Divisions 7 and 8 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 the HKSE pursuant to the Model Code.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE COMPANY

Save as disclosed below, so far as it is known or otherwise notified to any Director or the chief executive of the Company, as at the Latest Practicable Date, the particulars of corporations or persons (other than a Director or the chief executive of the Company) who had 5% or more interests or short positions in the shares or underlying shares in the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, were as follows:—

#### Long positions in shares and underlying shares in the Company

Name of shareholders	Number of shares of HK\$0.1 each		Approximate % of shares in issue
	Beneficial interests	Interests held by controlled corporation	
JCS <sup>2</sup>	—	378,126,184	57.30
Nan Luen <sup>3</sup>	378,126,184	—	57.30

*Notes:*

1. JCS held about 63.58% of the issued shares in Nan Luen. 378,126,184 shares held by Nan Luen were deemed to be JCS' interest and such shares were, therefore, duplicated between these two shareholders for the purpose of the SFO.
2. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of JCS.
3. Messrs. Lu Wing Chi, Lincoln Lu and Lambert Lu, all being directors of the Company, were also directors of Nan Luen.

#### 4. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN OTHER MEMBERS OF THE GROUP

Save as disclosed below, as at the Latest Practicable Date, the Directors are not aware of any person or corporation (other than a Director or chief executive of the Company) who had an interest, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital:

<b>Name of members of the Group</b>	<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Approximate % of shares in issue</b>
Athena Technologies Inc.	Lexicon Tech Limited	639	31.95
Slaney Corporation (in members' voluntary liquidation)	Pascoe Equities Limited	4,266	32.68
Whorlton Limited	Pascoe Equities Limited	1,200	12.00

#### 5. DIRECTORS' 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 or are likely to compete, 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:—

- (i) Mr. Lu Wing Chi, Chairman and Managing Director also has shareholdings (for himself and on behalf of his associates) and holds 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 is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

- (ii) Mr. Lu Wing Yuk, Andrew, Executive Director has shareholdings (for himself and on behalf of his associates) and holds 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 is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.
- (iii) Messrs. Lincoln Lu and Lambert Lu, both Executive Directors are the sons of Mr. Lu Wing Chi. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in the competing businesses in which Mr. Lu Wing Chi is deemed interested. Messrs. Lincoln Lu and Lambert Lu also have shareholdings (for themselves and on behalf of their associates) and hold 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. In this regard, Messrs. Lincoln Lu and Lambert Lu are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.
- (iv) Mr. Tse Man Bun, Non-Executive Director is also an independent non-executive director of Tysan Holdings Limited (a company listed on the HKSE) whose principal businesses include building construction, and property development, investment and management. In this regard, he is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group. In addition, Mr. Tse and his associates also invest from time to time in real estate investments. However, the scale and nature of such investments do not fit the investment profile of the Group. Hence, Mr. Tse is not considered by the Group to have interests in businesses which compete or are likely to compete with the businesses of the Group as a result of such investments.

However, the Board comprises ten members and as a whole is independent of the above individuals and the boards of directors of the above companies in which the relevant Directors have personal interests. Further, all the Directors are fully aware of, and have been discharging, their fiduciary duty to the Company. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the said competing businesses.

## **6. DIRECTORS' INTEREST IN THE AGREEMENTS**

- (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 31 December 2007 being the date to which the latest published audited financial statements of the Group were made up, none of the Directors 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.



## 7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any 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.

## 8. QUALIFICATIONS AND CONSENTS OF EXPERTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:—

<u>Name</u>	<u>Qualification</u>
DNC, Advocates At Work	Licensed lawyers in Indonesia
Knight Frank Petty Limited	Qualified surveyors and valuers in Hong Kong
Optima Capital	A licensed corporation for conducting types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the SFO
Knight Frank/PT. Willson Properti Advisindo	Qualified surveyors and valuers in Indonesia

Each of the experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its name and a letter prepared for the purpose of incorporation in this circular, and the references to its name and opinion in the form and context in which they respectively appear.

Each of the experts has confirmed as at the Latest Practicable Date, it did not have any beneficial shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any direct or indirect interests in any assets which have since 31 December 2007 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any members of the Group, or were proposed to be acquired or disposed of by or leased to any members of the Group.

## 9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

**10. NO MATERIAL ADVERSE CHANGE**

Since 31 December 2007 being the date to which the latest published audited financial statements 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 Company Secretary of the Company is Mr. Kwok Siu Man, Seaman, *PgD (Laws)*, *BA (Accountancy)*, *FCIS*, *FCS*, *FFA*, a fellow member of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries.
- (b) The Hong Kong branch share registrar of the Company is Tricor Standard Limited and the transfer office of the Company is situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (c) 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 will be available for inspection at the Company's principal place of business at 26th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Wanchai, Hong Kong during normal business hours on any day (except Sundays, public holidays and days on which a black rainstorm warning is issued or a tropical cyclone warning signal No. 8 or above is hoisted) from the date of this circular up to and including 23 February 2009:

- (i) the Disposal Agreement;
- (ii) the letter from the Independent Board Committee as set out on pages 12 and 13 of this circular;
- (iii) the letter from Optima Capital as set out on pages 14 to 18 of this circular;
- (iv) the valuation report relating to the interests in the Properties of SKG and CMU as set out on pages 19 to 25 of this circular;
- (v) the written consents referred to in the paragraph headed "Qualification and Consents of Experts" of this appendix;
- (vi) the legal opinion referred to the above valuation report; and
- (vii) this circular.