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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF PROPERTY

THE DISPOSAL

The Board announces that, on 23 July 2021, the Vendor (a direct wholly-owned subsidiary of the Company), the Company (as the Vendor's guarantor) and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Property located at No. 1 Shouson Hill Road East, Hong Kong with a saleable area of approximately 2,840 square feet at an aggregate consideration of HK\$260 million in cash (subject to adjustment on Completion and before transaction cost and expenses).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but all the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

THE DISPOSAL

The Board announces that, on 23 July 2021, the Vendor (a direct wholly-owned subsidiary of the Company), the Company (as the Vendor's guarantor) and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to purchase the Sale Share and the Sale Debt at an aggregate consideration of HK\$260 million in cash (subject to adjustment on Completion and before transaction cost and expenses). The Sale Share represents the entire issued share capital of Subject Company (a direct wholly-owned subsidiary of the Vendor), which owns the entire issued share capital of the Subsidiary, the sole registered and beneficial owner of the Property.

**For identification purpose only*

THE AGREEMENT

The principal terms of the Agreement are summarized as follows:

Date

23 July 2021

Parties

- (1) the Vendor
- (2) the Company (as the Vendor's guarantor)
- (3) the Purchaser

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

Assets to be disposed of

Pursuant to the Agreement, the Vendor has agreed to sell, and the Purchaser has agreed to purchase the Sale Share and the Sale Debt free from encumbrances at an aggregate consideration of HK\$260 million in cash (subject to adjustment on Completion and before transaction cost and expenses).

As at the date of this announcement, the Vendor holds the Sale Share, being 100% of the issued share capital of the Subject Company. The Subject Company is the sole shareholder of the Subsidiary which in turn is the sole registered and beneficial owner of the Property.

The consideration for the Disposal is payable by the Purchaser in the following manner:

- (1) HK\$13 million, being the initial deposit, has been paid to the Vendor's solicitor as stakeholder upon signing of the Agreement (the "**Initial Deposit**");
- (2) a further deposit of HK\$13 million shall be paid to the Vendor's solicitor as stakeholder on or before 23 August 2021 (the "**First Further Deposit**");
- (3) a further deposit of HK\$13 million shall be paid to the Vendor's solicitor as stakeholder on or before 20 September 2021 (the "**Second Further Deposit**"); and
- (4) the balance of the consideration in the sum of HK\$221 million (subject to adjustment on Completion) shall be paid before 2:15 p.m. on the Completion Date (or such other date as the Vendor and the Purchaser may agree in writing) (the "**Remaining Balance**").

The Initial Deposit, the First Further Deposit, the Second Further Deposit shall not be released to the Vendor until the Vendor shall have provided to the Purchaser with evidence showing the Remaining Balance is sufficient to settle the Disposal Group's debts (except the Sale Debt and the shareholders' loan from the Subject Company to the Subsidiary (if any)) as at Completion and discharge the existing mortgage of the Property.

The Remaining Balance shall be adjusted upwards or downwards by the Net Current Tangible Asset of the Disposal Group as at the Completion Date. Based on the information available to the Company (including the latest unaudited consolidated management accounts of the Disposal Group for the five months ended 31 May 2021), it is estimated that the amount of

the adjustment of the Remaining Balance will not be substantial and will not affect the classification of the Disposal under Chapter 14 of the Listing Rules. The Company will make further announcement(s) in the event that the adjustment will result in a different classification of the Disposal under Chapter 14 of the Listing Rules.

Determination basis of the consideration

The consideration for the Disposal was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms taking into account, among other things, (i) the location of the Property; (ii) market values of comparable properties in the adjacent location; and (iii) the fair value of the Property.

Conditions Precedent

Completion of the Disposal shall be subject to and conditional on the following:-

- (1) the Vendor having procured the Subsidiary to give and prove title to the Property in accordance with Sections 13A and 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong);
- (2) the Vendor having obtained all necessary consent and approval from the mortgage bank of the Property in respect of the Agreement and the transactions contemplated therein; and
- (3) there being no breach of the following fundamental warranties provided by the Vendor under the Agreement as at Completion:
 - (i) each of the Vendor and the Company has full power to enter into this Agreement and to exercise its rights and perform its obligations thereunder;
 - (ii) the Company is the ultimate beneficial owner of the entire issued share capital of the Vendor;
 - (iii) the Sale Share and the Sale Debt are to be sold to the Purchaser free from encumbrances upon Completion;
 - (iv) the Vendor is the sole legal and beneficial owner of the Sale Share and the Subject Company is the sole legal and beneficial owner of the entire issued share capital of the Subsidiary; and
 - (v) the Subsidiary is the sole registered and beneficial owner of the Property.

Guarantee

The Company unconditionally and irrevocably guarantees to the Purchaser the due observance and performance of all obligations of the Vendor under the Agreement.

Completion

Completion of the Disposal shall take place on or before 24 January 2022 or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Property is situated at No.1 Shouson Hill Road East, Hong Kong with a saleable area of approximately 2,840 square feet.

The Board believes the Disposal provides an attractive opportunity to realise the Company's investment in the Property. Following Completion, based on the latest unaudited consolidated management accounts of the Disposal Group for the five months ended 31 May 2021, upon receipt of the consideration of the Disposal and taking into account the carrying value of the Property, the Group expects to record in its consolidated income statement an estimated aggregate gain (before transaction cost and expenses) of approximately HK\$90 million, which will be recognised in profit or loss accounts of the Group (after elimination of inter-group transactions and related tax impact) and to realise a cash amount of approximately HK\$170 million (after repayment of the existing bank loan) for future reinvestment.

The Company intends to apply the sale proceeds from the Disposal as general working capital and for future development of the Company.

The Directors consider that the terms of the Agreement and the Disposal are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE DISPOSAL GROUP AND THE PROPERTY

The Disposal Group comprises the Subject Company and the Subsidiary, both are indirect wholly-owned subsidiaries of the Company. The Subject Company is an investment holding company and the sole business is holding of the entire issued share capital of the Subsidiary. The Subsidiary's sole business is holding of the Property for investment purpose.

As at the date of this announcement, the Property is subject to a mortgage to secure a bank loan with a principal amount of approximately HK\$87.3 million, and the said bank loan will be repaid on or before Completion. The carrying value of the Property based on the latest unaudited consolidated management accounts of the Disposal Group as at 31 May 2021 was approximately HK\$165 million.

The unaudited consolidated management accounts of the Disposal Group for the years ended 31 December 2019, 31 December 2020 and the five months ended 31 May 2021 are set out below:

	For the five months ended	For the year ended	
	31 May 2021	31 December 2020	31 December 2019
	<i>HK\$' million</i>	<i>HK\$' million</i>	<i>HK\$' million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net loss before taxation	(0.8)	(2.5)	(2.5)
Net loss after taxation	(0.8)	(2.5)	(2.5)

INFORMATION RELATING TO THE GROUP AND THE PURCHASER

The Company acts as an investment holding company and the activities of its principal subsidiaries are property investment, property development, hotel operation and financial investment. The Group currently operates in Hong Kong, Australia and the United Kingdom.

The Vendor is a direct wholly-owned subsidiary of the Company and its principal activity is investment holding.

The Subject Company is a direct wholly-owned subsidiary of the Vendor and the sole shareholder of the Subsidiary, which in turn is the sole registered and beneficial owner of the Property.

The Purchaser is a Hong Kong resident.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceed 5% but all the applicable percentage ratios are below 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements but exempt from the shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	an agreement for sale and purchase dated 23 July 2021 entered into between the Vendor, the Company and the Purchaser in relation to the Disposal;
“Board”	the board of Directors of the Company;
“Company”	S E A Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 251);
“Completion”	the completion of the Disposal in accordance with the terms of the Agreement;
“Completion Date”	on or before 24 January 2022 (or such other date as the Vendor and the Purchaser may agree in writing);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Sale Share and Sale Debt by the Vendor to the Purchaser as contemplated under the Agreement;

“Disposal Group”	the Subject Company and the Subsidiary;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Net Current Tangible Asset”	the aggregate of all current tangible assets of the Disposal Group less the aggregate of all current liabilities of the Disposal Group as at the Completion Date;
“Property”	House 20 (including two car parking spaces) with a saleable area of approximately 2,840 square feet located at No. 1 Shouson Hill Road East, Hong Kong;
“Purchaser”	a person who is a Hong Kong resident;
“Sale Debt”	all debts owing by the Disposal Group to the Vendor (if any) as at Completion;
“Sale Share”	1 ordinary share of US\$1.00 in the capital of the Subject Company, being the entire issued share capital of the Subject Company;
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subject Company”	Novel Modern Investments Limited (新現代投資有限公司), a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Vendor;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“Subsidiary”	Twenty Valley View Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the Subject Company;
“US\$”	United States Dollars, the lawful currency of the United States of America;

“Vendor”

Grandland Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a direct wholly-owned subsidiary of the Company; and

“%”

per cent.

By Order of the Board
S E A Holdings Limited
Lu Wing Chi, Jesse
Chairman

Hong Kong, 23 July 2021

The directors of the Company as at the date of this announcement are:

Executive Directors:

Mr. Lu Wing Chi, Jesse (*Chairman*)
Mr. Lambert Lu (*Chief Executive*)
Mr. Yap Shee Liam (*Chief Financial Officer*)

Independent Non-executive Directors:

Mr. Walujo Santoso, Wally
Mr. Chung Pui Lam
Mr. Chan Kwok Wai
Mr. Lo Wai Tung Welman