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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 IN AUSTRALIA

THE DISPOSAL

The Board announces that, on 25 October 2021, the Seller (an indirect wholly-owned subsidiary of the Company) and the Buyer entered into the Contract pursuant to which the Seller has agreed to sell and the Buyer has agreed to purchase the Property located at Lizard Island, Queensland, Australia at an aggregate consideration of A\$42 million (equivalent to approximately HK\$243.6 million) in cash (subject to adjustment on Settlement 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.

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**For identification purpose only*

THE CONTRACT

The principal terms of the Contract are summarized as follows:

Date

25 October 2021

Parties

- (1) the Seller
- (2) the Buyer

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Buyer and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Contract, the Seller has agreed to sell and the Buyer has agreed to purchase the Property located at Lizard Island, Queensland, Australia at an aggregate consideration of A\$42 million (equivalent to approximately HK\$243.6 million) in cash (subject to adjustment on Settlement and before transaction cost and expenses) and free from encumbrances except those encumbrances which have been already disclosed in the Contract to the Buyer.

The Property comprises three parcels of land located at Lizard Island, Queensland, Australia with an aggregate site area of approximately 2,005 hectares held under the Head Leases which will expire on 30 September 2050. Currently, the Seller subleases the Property to a hotel operator on a long-term lease guaranteed by an investment grade conglomerate. The Property is sold on a present title basis and is subject to the existing sublease.

Consideration

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

- (1) A deposit of A\$4.2 million (equivalent to approximately HK\$24.36 million), has been paid by the Buyer to the Seller's solicitor as stakeholder upon signing of the Contract (the "**Deposit**"); and
- (2) The balance of the consideration in the sum of A\$37.8 million (equivalent to approximately HK\$219.24 million) (subject to adjustment on the Settlement) shall be paid by the Buyer to the Seller on the Settlement Date (the "**Remaining Balance**").

The Deposit will be released by the Seller's solicitor to the Seller upon Settlement.

The Remaining Balance shall be adjusted by the outgoings payable under the Head Leases and the rents and profits with respect to the Property. Based on the information available to the Company (including the latest unaudited management accounts of the Seller for the nine months ended 30 September 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 Seller and the Buyer on normal commercial terms taking into account, among other things, (i) the location of the Property; (ii) market values of comparable properties; and (iii) the fair value of the Property.

Conditions Precedent

The Contract is subject to, and the Settlement is conditional on the Queensland Government of Australia:

- (1) unconditional approval to the transfer of the Head Leases to the Buyer; or
- (2) conditional approval to the transfer of the Head Leases to the Buyer on terms and conditions acceptable to the Seller and the Buyer both acting reasonably and in good faith.

Settlement

The Settlement shall take place on the later of :

- (a) 30 days after the date of the Contract; and
- (b) 10 business days after the date the Buyer receives from the Seller the notice of approval granted by the Queensland Government of Australia for the transfer of the Head Leases.

If the approval to the transfer of the Head Leases is not obtained within 90 days after signing of the Contract (the "**Approval Condition Date**"), the Buyer or the Seller may extend the Approval Condition Date for a further period of 90 days or terminate the Contract. If no approval to the transfer of the Head Leases is granted after expiry of the extended Approval Condition Date, the Buyer or the Seller may terminate the Contract.

Bank Guarantee from the Buyer

Upon signing of the Contract, the Buyer has provided a bank guarantee in an amount of A\$37.8 million (equivalent to approximately HK\$219.24 million) in favour of the Seller guaranteeing the Buyer's payment obligation of the Remaining Balance and any other obligations of the Buyer under the Contract.

If the Buyer has complied with its payment obligations under the Contract or if the Contract is terminated, the Seller shall return the bank guarantee to the Buyer.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes the Disposal provides an attractive opportunity to realise the Company's investment in the Property and allows the Company to re-allocate the proceeds from the Disposal to other investment opportunities when they arise.

Following the Settlement, based on the latest unaudited management accounts of the Seller for the nine months ended 30 September 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 income statement an estimated aggregate gain (before transaction cost and expenses) of approximately A\$10 million (equivalent to approximately HK\$58 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 A\$30 million (equivalent to approximately HK\$174 million) (after repayment of the existing bank loan and payment of tax).

The Company intends to apply the net sale proceeds from the Disposal as general working capital and for future investment by the Company.

The Directors consider that the terms of the Contract 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 PROPERTY

The Property comprises three parcels of land located at Lizard Island, Queensland, Australia with an aggregate site area of approximately 2,005 hectares held under the Head Leases which will expire on 30 September 2050. Currently, the Seller subleases the Property to a hotel operator on a long-term lease guaranteed by an investment grade conglomerate. The Property is sold on a present title basis and is subject to the existing sublease.

Currently, the Property is subject to a mortgage to secure a bank loan with an outstanding principal amount of approximately A\$1.5 million (equivalent to approximately HK\$8.7 million), and the said bank loan will be repaid on or before the Settlement. The carrying value of the Property based on the latest unaudited management accounts of the Seller as at 30 September 2021 was approximately A\$28.6 million (equivalent to approximately HK\$165.9 million).

The Property is currently leased out for rental income. The net profits attributable to the Property for the years ended 31 December 2019, 31 December 2020 and for the nine months ended 30 September 2021 are set out below:

	For the nine months ended 30 September 2021 <i>HK\$' million</i> <i>(unaudited)</i>	For the year ended 31 December 2020 <i>HK\$' million</i> <i>(audited)</i>	For the year ended 31 December 2019 <i>HK\$' million</i> <i>(audited)</i>
Net profit before taxation	9.6	10.3	12.5
Net profit after taxation	7.7	7.2	8.7

INFORMATION RELATING TO THE GROUP, THE SELLER AND THE BUYER

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 Seller is an indirect wholly-owned subsidiary of the Company. The Seller is a private company and its principal activities are property investment and property rental. The Seller is the legal and beneficial owner of the Property.

The Buyer is a company incorporated in Australia with limited liability and its principal activity is investment holding.

The Buyer is a wholly owned subsidiary of Fiveight Pty Ltd (a private company incorporated in Australia) of which the principal activities include investment, development and management of residential, commercial and industrial properties across Australia. The Buyer is a member of the Tattarang group. Based on the public information, the Tattarang group is one of Australia's largest private investment groups and is owned by a well-known family in Australia.

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:

“A\$”	Australian Dollars, the lawful currency of Australia;
“Board”	the board of Directors of the Company;
“Buyer”	Fiveight Gecko Pty Ltd, a private company incorporated in Australia with limited liability;
“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);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Contract”	a contract of sale dated 25 October 2021 entered into between the Seller and the Buyer in relation to the Disposal;

“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the Property by the Seller to the Buyer as contemplated under the Contract;
“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;
“Head Leases”	the head leases of the Property granted by the Queensland Government of Australia to the Seller, which will expire on 30 September 2050;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Property”	comprises the following three parcels of land located at Lizard Island, Queensland, Australia with an aggregate site area of approximately 2,005 hectares held under the Head Leases together with the improvements on the land as set out in the Contract: (i) Lot no. 4 of Crown Plan 856826 (ii) Lot no. 5 of Crown Plan 856826 (iii) Lot no. 7 of Crown Plan 856826
“Seller”	SEA Island Holdings Pty Limited, a private limited company incorporated in Australia, which is an indirect wholly-owned subsidiary of the Company;
“Settlement”	settlement of the Contract in accordance with the terms of the Contract;
“Settlement Date”	the date on the later of : (a) 30 days after the date of the Contract; and (b) 10 business days after the date the Buyer receives from the Seller the notice of approval granted by the Queensland Government of Australia for the transfer of the Head Leases;
“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;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules; and
“%”	per cent.

Amounts denominated in A\$ in this announcement have been converted into HK\$ at the rate of A\$1 = HK\$5.8 for illustration purpose only.

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

Hong Kong, 25 October 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