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SEA HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code : 251)

**DISCLOSEABLE TRANSACTION
FORMATION OF A JOINT VENTURE
DISPOSAL OF 50% INTERESTS IN JV COMPANY**

FORMATION OF A JOINT VENTURE AND THE DISPOSAL

The Board is pleased to announce that, on 23 December 2022, the Company and HKL (an independent third party) have agreed to establish a joint venture in the JV Company, in which each of the Company and HKL will own 50% upon the Completion. The JV Company through its wholly-owned subsidiary (i.e. the Project Company) is holding the Land located at South Bay Road, Repulse Bay, Hong Kong for construction and development into luxury residences.

On 23 December 2022, the Company and HKL entered into the MOA pursuant to which the Company has agreed to procure SBD (an indirect wholly-owned subsidiary of the Company) to respectively sell 50% of the Issued Shares (free from encumbrances) at a cash consideration of US\$1.0 and assign 50% of the Shareholder's Loans (free from encumbrances) at face value of HK\$387.1 million (subject to post completion adjustment) to HKL or its wholly-owned subsidiary (i.e. the Disposal).

Upon Completion, the JV Company will cease to be a subsidiary of the Group and will not be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

The JV Company is a single purpose vehicle formed for the owning and development of the Project for sale purpose. The arrangement of the JV Formation between the Company and HKL was made on an arm's length basis and on normal commercial terms. Accordingly, the JV Formation does not in itself constitute a notifiable transaction of the Company pursuant to Rule 14.04(1)(f) of the Listing Rules and is therefore exempt from reporting and announcement requirements under Chapter 14 of the Listing Rules. Disclosure of information in relation to the JV Formation in this announcement is on a voluntary basis to facilitate the Shareholders and investors to understanding the circumstances of the transactions.

As the highest applicable percentage ratio in respect of the Disposal exceeds 5% but is below 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

**For identification purpose only*

FORMATION OF JOINT VENTURE AND THE DISPOSAL

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The MOA

The principal terms of the MOA are summarized as follows:

Date

23 December 2022 (after trading hours)

Parties

- (i) the Company
- (ii) HKL

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

Formation of Joint Venture

The Company and HKL (the “**JV Partners**”) have agreed to jointly invest in and support the Project Company to develop the Land into a luxury residential development for sale purpose. The JV Company and the Project Company shall be single purpose vehicles for the purpose of acquisitions and development of the Project and shall operate in a manner consistent with the purpose specified in the land grant documents in relation to the Land.

The Project Company shall bear all development costs of the Project to be financed by the JV Partners through the JV Company according to their respective proportions in the JV Company or external financing.

Formal Joint Venture Agreement

Within 90 days of the signing of the MOA, the JV Partners shall agree and execute a formal joint venture agreement for the management of the JV Company and the Project Company which shall be substantially based on the commercial rationale reflected in the MOA and shall contain such representations, warranties and indemnities customary to arrangements of similar nature.

If no formal joint venture agreement is entered into for whatever reason, the JV Partners' obligations respectively as amongst themselves and in relation to the JV Company and the Project Company shall continue to be governed by the MOA.

Financial Commitment and Financing

The land premium of the Land and the total development costs of the Project shall be met as far as practicable by loans from any banks or financial institutions, and failing which, by way of shareholders' loans on a pro rata basis in proportion to the JV Partners' respective shareholding in the JV Company. The JV Partners shall provide guarantees, securities or other supports on a several and pro rata basis in proportion to their respective shareholding in the JV Company if required from banks or financial institutions.

Board Composition and Management

Each of JV Partners shall be entitled to appoint such number of directors to the board of the JV Company and the Project Company reflecting their respective shareholding proportions in the JV Company. The directors of the JV Company and Project Company shall be responsible for the management of the business of the JV Company and the Project Company respectively.

The JV Partners or their respective wholly-owned subsidiaries shall be the joint project managers, and the joint sales and marketing managers of the Project.

Existing Bank Facilities

As at the date of this announcement, the Project Company has obtained bank facilities in a total amount of HK\$975 million with the Land and shares of the Project Company pledged as securities and an amount of HK\$475 million has been drawn down for financing the acquisition of the Land which remains outstanding.

Disposal

As part of the JV Formation, the Company has agreed to procure SBD (an indirect wholly-owned subsidiary of the Company) to respectively sell 50% of the Issued Shares (free from encumbrances) at a cash consideration of US\$1.0 and assign 50% of the Shareholder's Loans (free from encumbrances) at face value of HK\$387.1 million (subject to post completion adjustment) to HKL or its wholly-owned subsidiary.

Upon Completion, the JV Company will be owned as to 50% by each of the Company and HKL, and the JV Company will cease to be a subsidiary of the Group and will not be consolidated into the accounts of the Group.

Consideration

The consideration for the sale of 50% of the Issued Shares is US\$1.0 and the 50% of the Shareholder's Loans will be assigned at face value of HK\$387.1 million (subject to post completion adjustment) which is payable by HKL in the following manners by way of cashier order(s) issued in favour of the Company or SBD (as the case may be):

- (1) HK\$50 million (being the first instalment) has been paid upon signing of the MOA;
- (2) HK\$337.1 million plus US\$1.0 shall be paid on the date of Completion; and
- (3) an adjustment amount payable by HKL (the "**Adjustment Amount**") representing 50% of the additional Shareholder's Loans advanced by SBD to the JV Company during the period from 1 December 2022 to the date of Completion shall be paid within 10 business days after the Adjustment Amount is agreed by the Company and HKL.

Based on the information available to the Company (including the latest unaudited consolidated management accounts of the JV Company for the eleven months ended 30 November 2022), it is estimated that the Adjustment Amount 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 Company and HKL on normal commercial terms taking into account, among other things, (1) acquisition costs of the Land; (2) the location of the Land; (3) the business prospect and development potential in the region at which the Land is situated; and (4) the overall prospect of the high-end residential property market in Hong Kong.

Completion

Completion shall take place no later than 30 January 2023. If the Completion does not occur on or prior to 30 January 2023 due to HKL's default, the first instalment of HK\$50 million paid by HKL shall be irrevocably forfeited and retained in full by the Company and SBD and the MOA shall be terminated.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors undertake strategic review of the Group's property portfolio from time to time with a view to maximizing returns to the Shareholders.

The joint investment and development of the Project are in accordance with the business strategies of the Group in building up its prime property portfolio and pursuing sound investment opportunities. The Directors considers that the co-operation between the Company and HKL will provide synergies to both parties and the Project, allowing both parties to share their resources, expertise and extensive experience in property construction and development. The Land is located at the traditional luxury residential area, Repulse Bay, with the most fascinating sea views and is held by the Project Company which was intended to be developed into a luxury residential development as a long-term investment when the Project Company acquired the Land. To capture the anticipated continuous demand on the high-quality residential properties in Hong Kong after the re-opening of the border with the mainland China and the recovery of the local economy, the Company and HKL agreed to jointly develop the Project into luxury residences for sale.

The terms of the MOA were determined after arm's length negotiations between the Company and HKL. The Directors consider that the terms of the MOA are on normal commercial terms and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Following the Completion, based on the latest unaudited consolidated management accounts of the JV Company for the eleven months ended 30 November 2022, upon receipt of the payments from HKL and taking into account the carrying value of the Land, the Group expects that no gain or loss will be recorded in its consolidated income statement and will realise a cash amount of approximately HK\$387.1 million (subject to post completion adjustment).

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

INFORMATION OF THE JV COMPANY, THE PROJECT COMPANY AND THE LAND

The JV Company is an indirect wholly-owned subsidiary of the Company immediately prior to the signing of the MOA. The principal activity of the JV Company is investment holding and the sole business is holding the entire issued share capital of the Project Company.

The Project Company's sole business is owning the Land and developing the Project. The details of the Land are stated below:

Location	:	South Bay Road, Repulse Bay, Hong Kong registered in the Land Registry as Rural Building Lot No. 1203
Site area	:	Approximately 1,967 square metres
Total Gross Floor Area	:	Shall not be less than 1,063 square metres and shall not exceed 1,770.3 square metres
Term	:	50 years commencing from the date of the memorandum of agreement entered into between the Project Company and the Government of Hong Kong on 18 March 2022 in respect of the acquisition of the Land
Permitted use	:	Private residential purposes

As at the date of this announcement, the Project Company has obtained bank facilities in an aggregate amount of HK\$975 million with the Land and shares in the Project Company pledged to the lender as securities and an amount of HK\$475 million has been drawn down for financing the acquisition of the Land and remains outstanding. The carrying value of the Land based on the latest unaudited consolidated management accounts of the JV Company as at 30 November 2022 was approximately HK\$1,230.9 million.

The unaudited consolidated management accounts of the JV Company for the period from 28 July 2021 (date of incorporation) to 31 December 2021, and from 1 January 2022 to 30 November 2022 are set out below:

	For the period from 28 July 2021 to 31 December 2021 <i>HK\$' million</i> (unaudited)	For the period from 1 January 2022 to 30 November 2022 <i>HK\$' million</i> (unaudited)
Net profit (loss) before taxation	0	(0.3)
Net profit (loss) after taxation	0	(0.3)

The unaudited consolidated total assets and unaudited consolidated net liabilities of the JV Company as at 30 November 2022 were approximately HK\$1,240.1 million and HK\$0.3 million respectively.

INFORMATION RELATING TO THE COMPANY, SBD AND HKL

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 and the United Kingdom.

SBD is an indirect wholly-owned subsidiary of the Company. The principal activity of SBD is investment holding and the sole business is holding the entire issued share capital of the JV Company. Upon Completion, the JV Company will be owned as to 50% by each of the Company (through SBD) and HKL.

HKL is an investment holding company incorporated in Hong Kong with limited liability, and is mainly engaged in property development, property investment and property related businesses. Its shares are listed and traded on the Stock Exchange (stock code: 160).

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“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 MOA;
“connected person(s)”	having the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the sale of the 50% of the Issued Shares and assignment of 50% of the Shareholder's Loan by the Company to HKL pursuant to the MOA;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong for the time being;
“HKL”	Hon Kwok Land Investment Company, Limited (漢國置業有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 160);

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Issued Shares”	two ordinary shares with par value of US\$1.0 each in the JV Company;
“Land”	Rural Building Lot No. 1203 situated at South Bay Road, Repulse Bay, Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“JV Company”	Time Trade Global Limited (時業環球有限公司), a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company immediately prior to the signing of the MOA and, upon Completion, shall be owned as to 50% by each of the SBD and HKL;
“JV Formation”	the formation of the joint venture and related transactions contemplated under the MOA and the relevant documents;
“JV Partners”	the Company and HKL;
“MOA”	a binding memorandum of agreement dated 23 December 2022 entered into between the Company and HKL in respect of the JV Formation and the Disposal;
“Project”	the investment and development of the Land into luxury residences for sale;
“Project Company”	Success Energy Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of the JV Company;
“SBD”	South Bay Developments Limited, a company incorporated in the British Virgin Islands with limited liability, which is an indirect wholly-owned subsidiary of the Company;
“Shares”	ordinary shares of nominal amount of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holder(s) of the ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shareholder’s Loans”	the shareholder’s loans advanced by SBD to the JV Company as at the date of Completion and as at the date of 30 November 2022, the total amount of the Shareholder’s Loans amounted to approximately HK\$774.2 million;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules;
“US\$”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

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

Hong Kong, 23 December 2022

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