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## **CONTINUING CONNECTED TRANSACTION PROJECT MANAGEMENT AGREEMENT**

The Board is pleased to announce that on 1 March 2023 (after trading hours), SEA PM, an indirect wholly-owned subsidiary of the Company, entered into the Project Management Agreement with Newgate Property, pursuant to which SEA PM will provide the Services for the Project to Newgate Property.

As at the date of this announcement, Mr. Jesse Lu is the Chairman, Executive Director and controlling shareholder of the Company, and Mr. Lambert Lu is the Executive Director, Chief Executive and controlling shareholder of the Company, and therefore they are connected persons of the Company. Mr. Jesse Lu and Mr. Lambert Lu indirectly and collectively hold 40% of the equity interests in Newgate Property. Accordingly, Newgate Property is an associate of Mr. Jesse Lu and Mr. Lambert Lu and a connected person of the Company, and the entering into of the Project Management Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap regarding the Services contemplated under the Project Management Agreement is more than 0.1% but less than 5%, the entering into of the Project Management Agreement is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

\* For identification purpose only

## **PRINCIPAL TERMS OF THE PROJECT MANAGEMENT AGREEMENT**

The principal terms of the Project Management Agreement are summarised as follows:

### **Date**

1 March 2023 (after trading hours)

### **Parties**

- (i) Newgate Property (as client) and
- (ii) SEA PM (as project manager)

### **Services**

Pursuant to the Project Management Agreement, SEA PM is engaged to provide the Services to Newgate Property for the Project during the term of the Project Management Agreement, and on normal commercial terms and subject to the Annual Cap set out below.

### **Term**

The Project Management Agreement takes effect from 1 March 2023 for a term of 36 months ending on 28 February 2026, unless it is terminated earlier in accordance with the terms thereof.

### **Fees and payment terms**

For the provision of the Services to the Project, (a) in respect of the design, construction, accounting, finance, company secretarial and administration services, the fees payable to SEA PM by Newgate Property shall be 3% of the total development costs of the Project (subject to the final account of the Project), which incorporate all direct and indirect costs, including but not limited to superstructure construction costs, fitting out and decoration costs, consultant fees, and (b) in respect of the marketing services, the fees payable to SEA PM by Newgate Property shall be 0.2% of the total sale proceeds of the Project (subject to the final sale proceeds of the Project). Newgate Property is also required to reimburse SEA PM for any out-of-pocket expenses, such as lithography, printing and submission fees incurred for the Project. The Fees shall be payable on a monthly basis.

The Fees and payment terms were arrived at after arm's length negotiation between the parties with reference to (i) the size of the Project; (ii) the scope of the Services to be provided from time to time; (iii) the anticipated direct and indirect costs for the provision of the Services; and (iv) the prevailing market rate in respect of similar Services, and on terms no less favourable to the Group than terms available to or from independent third parties.

## **Annual Cap and basis of determination**

Under the Project Management Agreement, the total Fees for the provision of the Services payable to the Group for 36 months ending on 28 February 2026 shall not exceed the amounts set out below:

	<b>Annual Cap</b> <i>HK\$</i>
From 1 March 2023 to 31 December 2023	21,667,000
For the year ending 31 December 2024	26,000,000
For the year ending 31 December 2025	26,000,000
From 1 January 2026 to 28 February 2026	4,333,000

The Annual Cap in respect of Fees payable under the Project Management Agreement was determined with reference to (i) the estimated total development costs of the Project; (ii) the scope of Services required for the Project; (iii) the duration and complexity of the works to be provided; and (iv) the estimated labour costs and administrative costs.

## **PRICING POLICY AND INTERNAL CONTROL MEASURES OF THE PROJECT MANAGEMENT AGREEMENT**

### **Pricing policy**

The Services to be provided by SEA PM to Newgate Property under the Project Management Agreement are in the usual and ordinary course of business of the Group, and the Project Management Agreement was negotiated on an arm's length basis and on normal commercial terms.

The Fees chargeable are determined on the basis of the estimated total development costs of the Project and at the rate of 3% of such development costs in respect of the fees for design, construction, accounting, finance, company secretarial and administration services, and on the basis of the estimated sale proceeds of the Project and at the rate of 0.2% of such sale proceeds in respect of the fee for marketing services, after having considered the size of the Project, the scope of the Services, duration and complexity of the works to be provided, the estimated labour costs and administrative costs, and the comparable market prices charged by independent third party service providers for providing similar Services.

## **Internal control measures**

In order to ensure that the continuing connected transactions of the Group are being conducted in a fair and reasonable manner, the Group adopts the following internal control methods and procedures:

- (i) the project management department of the Group will conduct regular checks to review and assess whether the relevant continuing connected transactions are being conducted in accordance with the terms of the Project Management Agreement and are on normal commercial terms; and
- (ii) the accounting and finance department of the Group will review the relevant invoices and monitor the aggregate value of Services provided to Newgate Property to ensure the transaction amounts are within the relevant Annual Cap.

The independent non-executive Directors of the Company will review the transactions contemplated under the Project Management Agreement on an annual basis as required under the Listing Rules and confirm in the Company's annual report whether such transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement(s) governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The external auditors of the Company will conduct an annual review of the continuing connected transactions under the Project Management Agreement to ensure that, among others, the transaction amounts are within the Annual Cap limit and the transactions are in accordance with the terms of the agreement(s) governing the transactions.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT MANAGEMENT AGREEMENT**

The provision of the Services is one of the ordinary course of business of the Group. The provision of the Services under the Project Management Agreement enables the Group to leverage the strength of its project management team and increase the Group's income from asset-light operation and management.

The Directors (including all the independent non-executive Directors of the Company) consider that the Project Management Agreement was entered into in the ordinary and usual course of business of the Group, and that the terms of the Project Management Agreement are on normal commercial terms or better, which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. As Mr. Jesse Lu and Mr. Lambert Lu, each being an Executive Director, have interests in Newgate Property and the transactions contemplated under the Project Management Agreement, and therefore they have abstained from voting on the Board resolutions approving the Project Management Agreement, the Annual Cap and the transactions contemplated thereunder.

Save as disclosed above, no other Director has a material interest in the Project Management Agreement and accordingly, none of them are required to abstain from voting on the Board resolutions in relation to the entering into of the Project Management Agreement and the transactions contemplated thereunder.

## **GENERAL INFORMATION**

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.

SEA PM is an indirect wholly-owned subsidiary of the Company and its principal activity is providing project management services.

Newgate Property is a property holding company holding a parcel of land located at New Kowloon Inland Lot No. 5948, 7 Wang Tai Road, Kowloon Bay, Hong Kong for developing a commercial building.

Newgate Property is beneficially owned as to a 40% interest by Mr. Jesse Lu and Mr. Lambert Lu, and as to the balance of the 60% interest by Mr. Ying Lee Yuen, Michael (through a 100% owned company).

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Jesse Lu is the Chairman, Executive Director and controlling shareholder of the Company, and Mr. Lambert Lu is the Executive Director, Chief Executive and controlling shareholder of the Company, and therefore they are connected persons of the Company. Mr. Jesse Lu and Mr. Lambert Lu indirectly and collectively hold 40% of the equity interests in Newgate Property. Accordingly, Newgate Property is an associate of Mr. Jesse Lu and Mr. Lambert Lu and a connected person of the Company, and the entering into of the Project Management Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap regarding the Services contemplated under the Project Management Agreement is more than 0.1% but less than 5%, the entering into of the Project Management Agreement is subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Cap”	The maximum amount of annual aggregate management fee payable to the Group for the Services that to be provided by the Group under the Project Management Agreement for a term of 36 months ending on 28 February 2026;
“associate(s)”	have the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“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);
“controlling shareholder(s)”	have the meanings ascribed to it under the Listing Rules;
“connected person(s)”	have the meanings ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Executive Director(s)”	the executive Director(s) of the Company;
“Fees”	the fees payable to SEA PM under the Project Management Agreement, including (i) the fees for design, construction, accounting, finance, company secretarial and administration services; (ii) fees for marketing services; (iii) any out-of-pocket expenses; and (iv) interest for any late payment for more than 28 days from invoice date;
“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;
“Mr. Jesse Lu”	Mr. Lu Wing Chi, Jesse, the Chairman, Executive Director and controlling shareholder of the Company;
“Mr. Lambert Lu”	Mr. Lambert Lu, the Executive Director, Chief Executive and controlling shareholder of the Company;
“Newgate Property”	Newgate Property Holdings Limited (耀基物業控股有限公司), a company incorporated in Hong Kong with limited liability, in which Mr. Jesse Lu and Mr. Lambert Lu indirectly and collectively hold 40% interests;
“Project”	the design and construction of proposed development project for a commercial building located at New Kowloon Inland Lot No. 5948, 7 Wang Tai Road, Kowloon Bay, Hong Kong;
“Project Management Agreement”	the project management agreement dated 1 March 2023 between Newgate Property and SEA PM in relation to the provision of the Services by SEA PM for the Project;
“SEA PM”	S E A Project Management Company Limited (爪哇工程策劃管理有限公司), a company incorporated in Hong Kong with limited liability which is an indirect wholly-owned subsidiary of the Company;
“Services”	services covering design and construction (including initiate, coordinate and administer all planning, design, engineering, construction and other activities in connection with the construction and completion of the Project and other land related issues), accounting, finance, company secretarial and administration, marketing, and other related advisory services;
“Shares”	ordinary shares of nominal amount of HK\$0.10 each in the share capital of the Company;
“Shareholders”	holders 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 to it under the Listing Rules;  
and

“%”

per cent.

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

Hong Kong, 1 March 2023

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