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SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

華信地產財務有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 252)

DISCLOSEABLE TRANSACTION: DISPOSAL OF SUBSIDIARIES

The Board of the Company is pleased to announce that, on 23 October 2020 after trading hours, the Vendor, an indirect subsidiary of the Company in which the Company has an indirect equity interest of about 95%, the Purchaser, an Independent Third Party and the Company (as the Vendor's guarantor) has entered into the Disposal Agreement pursuant to which (a) the Vendor agreed to sell the Sale Share and the Sale Loan at the consideration of HK\$180,000,000 (subject to adjustments); and (b) the Company agreed to guarantee due observance and performance by the Vendor of all the agreements, obligations, commitments, warranties and undertakings contained in the Disposal Agreement but such guarantee will be limited to 95% of the Vendor's liabilities under the Disposal Agreement and other documents entered into pursuant to the Disposal Agreement.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Disposal Agreement exceed 5% but less than 25%, the execution of the Disposal Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

The Board of the Company is pleased to announce that, on 23 October 2020 after trading hours, the Vendor, an indirect subsidiary of the Company in which the Company has an indirect equity interest of about 95%, the Purchaser, an Independent Third Party and the Company (as the Vendor's guarantor) has entered into the Disposal Agreement pursuant to which (a) the Vendor agreed to sell the Sale Share and the Sale Loan at the consideration of HK\$180,000,000 (subject to adjustments); and (b) the Company agreed to guarantee due

observance and performance by the Vendor of all the agreements, obligations, commitments, warranties and undertakings contained in the Disposal Agreement but such guarantee will be limited to 95% of the Vendor's liabilities under the Disposal Agreement and other documents entered into pursuant to the Disposal Agreement.

THE DISPOSAL AGREEMENT

Date

23 October 2020 (signed by the parties after trading hours)

Parties

- (i) Nan Sing Plastics Limited, an indirect subsidiary of the Company in which the Company has an indirect equity interest of about 95% (as vendor)
- (ii) CIFI Property 202006 Limited (as purchaser)
- (iii) The Company (as the Vendor's guarantor)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

Assets to be disposed of

The assets to be disposed of by the Vendor comprise of the Sale Share, representing the entire issued share capital of Nan Sing Investment beneficially owned by the Vendor and the Sale Loan.

Nan Sing Investment is the legal and beneficial owner of the entire issued share capital of Nan Sing Realty. The major asset of Nan Sing Realty is its interests in the Land.

Consideration and payment terms

Pursuant to the terms of the Disposal Agreement, the Consideration is in the sum of HK\$180,000,000 (subject to adjustments), and shall be paid by the Purchaser to the Vendor in the following manner:

- (i) The Purchaser has, upon signing of the Disposal Agreement, paid to the Vendor the sum of HK\$18,000,000 as deposit ("**Deposit**"); and
- (ii) The Purchaser shall pay to the Vendor the remaining balance of the Consideration in the sum of HK\$162,000,000 (subject to adjustments) on the Completion Date.

Delivery of Draft Completion Management Accounts and Completion Accounts

The Vendor will procure that the draft consolidated management accounts of Nan Sing Investment Group comprising a profit and loss account for the period from 1 April 2020 to the Completion Date (“**Completion Management Accounts**”) be delivered to the Purchaser prior to the Completion Date. The Consideration will be adjusted upward or downward based on the Completion Management Accounts. On the Completion Date:

- (i) if the Completion NAV is positive, the Purchaser shall pay the Vendor the amount of the adjusted consideration (which shall be the Completion NAV as set out in the Completion Management Accounts) (the “**First Adjusted Completion Consideration**”); or
- (ii) if the Completion NAV is negative, the Vendor shall pay the Purchaser the amount of the First Adjusted Consideration.

Within 60 days after the Completion Date, the Vendor will procure that the Completion Management Accounts be audited by the existing auditors of Nan Sing Realty (“**Completion Accounts**”). The Consideration will further be adjusted if there shall be any differences in the Completion NAV as set out in the Completion Management Accounts compared to the Completion NAV as set out in the Completion Accounts (the “**Second Adjusted Consideration**”). The Second Adjusted Consideration will be paid within 10 business days after the agreement or determination of the Completion Accounts in accordance to the Disposal Agreement.

On the basis of the information currently available and to the best of the Directors’ knowledge, information and belief, the amounts of the First Adjusted Consideration and the Second Adjusted Consideration (if any) would not be material.

Basis of the Consideration

The Consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms, without limitation, with reference to: (i) financial position of Nan Sing Investment Group; (ii) the historical acquisition consideration of the Land at HK\$71,800,000 in 2014 by Nan Sing Realty; (iii) the prevailing market prices of properties of similar nature available in the localities; and (iv) the current Hong Kong property market sentiment.

Completion

Completion shall take place on or before 2:00 p.m. on the Completion Date, i.e. 25 January 2021 or such later date as the Vendor and the Purchaser may agree in writing.

If Completion does not take place due to the default of the Purchaser, the Vendor shall be entitled to rescind the Disposal Agreement by notice in writing to the Purchaser and shall be entitled to forfeit the Deposit. If the defaulting party is the Vendor, the Deposit paid by the Purchaser shall be returned forthwith to the Purchaser who shall also be entitled to recover from the Vendor such damages as the Purchaser may sustain by reason of such failure to complete on the part of the Vendor.

Upon Completion, Nan Sing Investment Group will cease to be indirect subsidiaries of the Company.

Warranties and Representations

The Vendor has given certain warranties and representations in favour of the Purchaser in respect of the financial positions of Nan Sing Investment Group up to the Completion Date.

Guarantee

Pursuant to the Disposal Agreement, the Company agreed to guarantee due observance and performance by the Vendor of all the agreements, obligations, commitments, warranties and undertakings contained in the Disposal Agreement but such guarantee will be limited to 95% of the Vendor's liabilities under the Disposal Agreement and other documents entered into pursuant to the Disposal Agreement.

USE OF PROCEEDS

The Board estimates that the Group will record a net gain of approximately HK\$52,000,000 attributable to the Disposal, which is calculated with reference to the difference between (i) the Consideration (subject to adjustments) and (ii) the aggregate of (a) the estimated net asset value of Nan Sing Investment Group as at 25 January 2021; (b) the amount of the Sale Loan; and (c) the estimated expenses and outgoings in connection with the Disposal. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company. The actual gain or loss on the Disposal to be recorded by the Group will depend on the fair value of the Nan Sing Investment Group recorded on the Group's financial statements at the Completion Date and therefore may be different from the amount mentioned above. It is expected that the net proceeds from the Disposal will be used for re-investment for other potential projects and/or business opportunities that may arise and as general working capital and business development of the Group.

In any event, the Board does not envisage that the Disposal will create any significant adverse impact on the Group's financial position.

INFORMATION ON THE LAND

The Land is located at 111 King's Road, North Point, Hong Kong. The area approximates 9,336 square feet. As at date of this Announcement, Nan Sing Realty commenced development of the Land and is in the course of constructing a new building on the Land or part thereof.

REASON FOR THE DISPOSAL

The Board considers that the Disposal represents a good opportunity for realisation of the Group's investment through the disposal of the Sale Share and the Sale Loan pursuant to the Disposal Agreement. The proceeds from the Disposal can further strengthen the cash flow of the Group and the Disposal will enable the Group to improve the liquidity and will allow the Group to reallocate its resources for future development.

The Board considers that the Disposal and the terms of the Disposal Agreement including the Consideration are on normal commercial terms, fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ABOUT THE GROUP AND THE PURCHASER

The principal business activities of the Group are investment holding, property investment, development and leasing, manufacturing and distribution of plastic packaging materials and broking and securities margin financing.

The principal business activity of the Purchaser is investment holding.

FINANCIAL INFORMATION OF NAN SING INVESTMENT GROUP

The audited financial information of Nan Sing Realty on 31 March 2019 and 31 March 2020 is set out below:

	For the financial year ended 31 March 2020	For the financial year ended 31 March 2019
	<i>HK\$</i>	<i>HK\$</i>
Net Asset Value	23,134,191	28,046,151
Net loss before taxation and extraordinary items	4,789,677	5,653,842
Net loss after taxation and extraordinary items	4,911,960	5,735,532

The unaudited net liability of Nan Sing Investment amounted to approximately HK\$23,392 as at 30 September 2020.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios exceed 5% but less than 25%, the execution of the Disposal Agreement constitutes a discloseable transaction for the Company and is therefore subject to the requirements of notification and announcement but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Southeast Asia Properties & Finance Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the assignment of the title right benefit and interest of the Sale Loan and the sale and purchase of the Sale Share
“Completion Date”	Completion of the assignment of the title right benefit and interest of the Sale Loan and the sale and purchase of the Sale Share, which shall take place on 25 January 2021 or such later date as the Vendor and the Purchaser may agree in writing
“Consideration”	the consideration payable by the Purchaser to the Vendor for the Disposal pursuant to the Disposal Agreement
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement dated 23 October 2020 and entered into between the Vendor, the Purchaser and the Company in relation to the Disposal

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)
“Land”	All Those pieces or parcels of ground respectively registered in the Land Registry as Subsection One of Section A of Inland Lot No. 2273 and the Remaining Portion of Inland Lot No. 2273 and the extension thereto together with all messuages erections and buildings thereon
“Land Registry”	The Land Registry of the Government of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nan Sing Investment Group”	Nan Sing Investment and Nan Sing Realty
“Nan Sing Investment”	Nan Sing Investment Limited, a wholly-owned subsidiary of the Vendor and a private company limited by shares incorporated in the British Virgin Islands and its principal business activity is investment holding
“Nan Sing Realty”	Nan Sing Realty Company Limited, a wholly-owned subsidiary of Nan Sing Investment and a private company limited by shares incorporated in Hong Kong
“Completion NAV”	aggregate of all assets of Nan Sing Investment Group (but excluding the Land, the chattels at the Land and any deferred tax asset) less the aggregate of all liabilities of Nan Sing Investment Group (excluding the Sale Loan) as at the close of business on the Completion Date
“Purchaser”	CIFI Property 202006 Limited, a company incorporated in British Virgin Islands with limited liability

“Sale Loan”	collectively, the loans owing by Nan Sing Investment Group to the Vendor as at Completion
“Sale Share”	1 share in Nan Sing Investment, which represents the entire issued share of Nan Sing Investment
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Nan Sing Plastics Limited, a private company limited by shares incorporated in Hong Kong and an indirect subsidiary of the Company in which the Company has an indirect equity interest of about 95%
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	Per cent

On behalf of the Board
Southeast Asia Properties & Finance Limited
Chua Nai Tuen
Chairman and Managing Director

Hong Kong, 23 October 2020

As at the date of this announcement, the Board comprises: (1) Mr. Chua Nai Tuen and Mr. Nelson Junior Chua as executive directors; (2) Mr. Chan Man Hon, Eric, Mr. Jimmy Siy Tiong, Mr. Tsai Han Yung and Ms. Vivian Chua as non-executive directors; and (3) Mr. Chan Siu Ting, Mr. James L. Kwok, Mr. Wong Shek Keung and Mr. Tsui Ka Wah as independent non-executive directors.