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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

(1) SUBSCRIPTION OF LIMITED PARTNERSHIP INTERESTS IN THE FUND

AND

(2) SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

INTRODUCTION

The Board is pleased to announce that Lucky Unique, an indirect wholly-owned subsidiary of the Company, has entered into the First Subscription Agreement and the Third Subscription Agreement on 30 September 2020 and 2 September 2021 respectively, pursuant to which Lucky Unique has agreed to subscribe for limited partnership interests in the Fund with a total capital commitment of HK\$65 million; and Dongguan Nan Sing, an indirect non-wholly-owned subsidiary of the Company, has entered into the Second Subscription Agreement and the Fourth Subscription Agreement on 3 February 2021 and 2 September 2021 respectively, pursuant to which Dongguan Nan Sing has agreed to subscribe the shares of the Target Company in the total amount of RMB35 million. Upon completion of the Subscriptions, the Fund and the Target Company will be held by Lucky Unique and Dongguan Nan Sing as to approximately 9.45% and 9.16%, respectively.

LISTING RULES IMPLICATIONS

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, each of the First Subscription, the Second Subscription and the Fourth Subscription on a stand-alone basis did not constitute a discloseable transaction of the Company under the Listing Rules at the date of entering into the respective subscription agreement. However, as one or more of the applicable percentage ratio (as defined under the Listing Rules) in respect of the Third Subscription and upon aggregation of the Subscriptions are above 5% but less than 25%, the Third Subscription and the Subscriptions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

1. INTRODUCTION

The Board is pleased to announce that for the purpose of investing in the Project Company and the Property, Lucky Unique and Dongguan Nan Sing entered into the Subscription Agreements, pursuant to which Lucky Unique has agreed to subscribe for limited partnership interests in the Fund with a total capital commitment of HK\$65 million, and Dongguan Nan Sing has agreed to subscribe the shares of the Target Company in the total amount of RMB35 million.

The reason for the Subscriptions is to invest in the Project Company and the Property. The Project Company is a limited company incorporated in the PRC and indirectly wholly-owned by the Fund and the Target Company. The Project Company successfully acquired the Property in the Listing-For-Sale Process on 23 August 2021 for a consideration of RMB1,394,730,000, and will engage in the development of the Property. Further details of the Property Acquisition are set out in the section headed “Information of the Property Acquisition” below.

2. THE SUBSCRIPTIONS

1. On 30 September 2020, Lucky Unique entered into the First Subscription Agreement, pursuant to which Lucky Unique agreed to subscribe for limited partnership interests in the Fund with a capital commitment of HK\$15 million;
2. On 3 February 2021, Dongguan Nan Sing entered into the Second Subscription Agreement, pursuant to which Dongguan Nan Sing agreed to subscribe the shares of the Target Company in the total amount of RMB15 million;
3. On 2 September 2021, Lucky Unique entered into the Third Subscription Agreement, pursuant to which Lucky Unique agreed to subscribe for limited partnership interests in the Fund with a capital commitment of HK\$50 million;
4. On 2 September 2021, Dongguan Nan Sing entered into the Fourth Subscription Agreement, pursuant to which Dongguan Nan Sing agreed to subscribe the shares of the Target Company in the total amount of RMB20 million; and
5. Upon completion of the Subscriptions, the Fund and the Target Company will be held by Lucky Unique and Dongguan Nan Sing as to approximately 9.45% and 9.16%, respectively.

3. THE FIRST SUBSCRIPTION

The First Subscription Agreement

The principal terms of the First Subscription Agreement are summarized as follows:-

- Date : 30 September 2020
- Parties : (1) Lucky Unique
(2) The General Partner
- Subscription : Lucky Unique has agreed (a) to make a capital commitment in an amount of HK\$15 million to subscribe for limited partnership interests of the Fund, payable in the manner and at the times provided in the Limited Partnership Agreement, (b) to become a party to, adhere to and be bound by the Limited Partnership Agreement, and (c) to become a limited partner of the Fund.

The commitment amount was determined after arm's length negotiations between the General Partner and Lucky Unique with reference to, among others, (i) the Group's available internal funds available for investing in the Fund, (ii) the total subscription of limited partnership interest in the Fund which to the best of the Directors' knowledge, information and belief, amount to approximately HK\$688 million as of the date of this announcement; and (iii) the prospects and development of the Property. The commitment amount was funded by cash from the Group's internal resources.

4. THE SECOND SUBSCRIPTION

The Second Subscription Agreement

The principal terms of the Second Subscription Agreement are summarized as follows:-

- Date : 3 February 2021
- Parties : (1) Dongguan Nan Sing
(2) The Target Company
- Subscription : Dongguan Nan Sing has agreed to subscribe the shares of the Target Company in the amount of RMB15 million

The subscription amount was determined after arm's length negotiations between Dongguan Nan Sing and the Target Company with reference to, among others, (i) the Group's available internal funds available for investing in the Target Company at the time; and (ii) the prospects and development of the Property. The subscription amount was funded by cash from the Group's internal resources.

5. THE THIRD SUBSCRIPTION

The Third Subscription Agreement

The principal terms of the Third Subscription Agreement are summarized as follows:-

- Date : 2 September 2021
- Parties : (1) Lucky Unique
(2) The General Partner
- Subscription : Lucky Unique has agreed (a) to make a capital commitment in an amount of HK\$50 million to subscribe for limited partnership interests of the Fund, payable in the manner and at the times provided in the Limited Partnership Agreement, (b) to become a party to, adhere to and be bound by the Limited Partnership Agreement, and (c) to become a limited partner of the Fund.

The commitment amount was determined after arm's length negotiations between the General Partner and Lucky Unique with reference to, among others, (i) the Group's available internal funds available for investing in the Fund, (ii) the total subscription of limited partnership interest in the Fund which to the best of the Directors' knowledge, information and belief, amount to approximately HK\$688 million as of the date of this announcement; and (iii) the prospects and development of the Property. The commitment amount was funded by cash from the Group's internal resources.

6. The FOURTH SUBSCRIPTION

The Fourth Subscription Agreement

The principal terms of the Fourth Subscription Agreement are summarized as follows:-

- Date : 2 September 2021
- Parties : (1) Dongguan Nan Sing
(2) The Target Company
- Subscription : Dongguan Nan Sing has agreed to subscribe the shares of the Target Company in the amount of RMB20 million

The subscription amount was determined after arm's length negotiations between Dongguan Nan Sing and the Target Company with reference to, among others, (i) the Group's available internal funds available for investing in the Target Company at the time; and (ii) the prospects and development of the Property. The subscription amount was funded by cash from the Group's internal resources.

7. THE LIMITED PARTNERSHIP AGREEMENT

The subscriptions for limited partnership interests in the Fund under the First Subscription and the Third Subscription as provided above, are subject to the Limited Partnership Agreement which governs the relationship between the General Partner and the limited partners of the Fund, and provide for, among others, the manner of operation and management of the Fund.

A brief summary of certain principal terms of the Limited Partnership Agreement is as follows:-

- Name of the Fund : Greater Bay Fund I LP
- Term : The Fund commenced from its establishment and shall continue until terminated in accordance with such terms and conditions of the Limited Partnership Agreement

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| Scope | : | The Fund's primary purpose is to invest in a real estate development project that involves (i) acquiring parcels of lands in international business subdistrict, Dongguan, Guangdong province, the PRC (中國廣東省東莞市國際商務區) through the Listing-For-Sale Process organized by the local municipal government; and (ii) developing a real estate complex comprising multiple commercial buildings and residential buildings on the lands acquired |
| Parties | : | <ol style="list-style-type: none"> (1) General Partner (2) Limited partners (including Lucky Unique) (3) Special limited partner (Greater Bay Investors (BVI) Limited) |
| Transferability of interests | : | A limited partner may not transfer all or any portion of its limited partnership interests in the Fund without the prior written consent of the General Partner except as otherwise provided in the Limited Partnership Agreement |
| Management | : | The management, control and operation of the Fund shall be vested exclusively in the General Partner which has the sole discretion to make investments on behalf of the Fund and to exercise certain powers as provided in the Limited Partnership Agreement |
| Management fee | : | The General Partner will pay a management fee to the manager of the Fund out of the assets of the Fund, as compensation for managing the affairs of the Fund, an annual fee payable in advance on January 1 of each year |
| Distributions | : | In general, distributable cash shall be apportioned among the limited partners of the Fund based on their respective sharing percentages adjusted, as determined by the General Partner in its reasonable discretion and as set out in the Limited Partnership Agreement |
| Limited Liability | : | No limited partner of the Fund shall be personally liable for any obligations of the Fund to third parties and shall have no obligation to make contributions to the Fund in excess of their respective capital commitments, except to the extent required by the Limited Partnership Agreement and the law |

Special limited partner : The purpose of the special limited partner is to receive carried interest distributed by the Fund. Distributable cash apportioned to each limited partner, shall be distributed between the limited partners and the special limited partner as set out in the Limited Partnership Agreement

As of the date of this announcement, to the best of the Directors' knowledge, information and belief, the General Partner and the other limited partners of the Fund and their respective ultimate beneficial owners, save for Lucky Unique, are all Independent Third Parties of the Company and its connected persons.

8. INFORMATION OF THE COMPANY AND PARTIES TO THE SUBSCRIPTIONS

Information of the Company and the Subscribers

The Company is an investment holding company. The Group is principally engaged in property investment, development and leasing, hotel operation, manufacturing and distribution of plastic packaging materials, broking and securities margin financing. Lucky Unique is indirectly wholly-owned by the Company and Dongguan Nan Sing is indirectly non-wholly-owned by the Company, and their principal business activities are investment holding and manufacture of plastic products respectively.

Information of the Fund and the General Partner

To the best of the Directors' knowledge, information and belief:-

1. the Fund was formed and the General Partner caused the Fund to be registered as an exempted limited partnership pursuant to and in accordance with the Exempted Limited Partnership Law (2018 Revision) of the Cayman Islands, as amended from time to time;
2. The Fund's primary purpose is to invest in a real estate development project that involves (i) acquiring parcels of lands in international business subdistrict, Dongguan, Guangdong province, the PRC (中國廣東省東莞市國際商務區) through the Listing-For-Sale Process organized by the local municipal government; and (ii) developing a real estate complex comprising multiple commercial buildings and residential buildings on the lands acquired;

3. As of the date of this announcement, there are a total of 25 limited partners (including Lucky Unique) in the Fund and the total subscription of limited partnership interest in the Fund amount to approximately HK\$688 million. The size of the Fund and the capital contribution of each partner are determined after arm's length negotiations between the General Partner and the limited partners with reference to the capital requirements of the Limited Partnership Agreement. As of the date of this announcement, the single largest limited partner of the Fund has made a capital commitment which represents 20%–30% of the total commitment of the Fund;
4. the General Partner, Greater Bay Fund I GP Limited, is a Cayman Islands exempted company incorporated with limited liability, and the management, control and operation of and the determination of policy with respect to the Fund and its affairs shall be vested exclusively in the General Partner. The single largest ultimate beneficial owner of the General Partner is Mr. Lin Hon Sum, Stephen (連漢森), and his indirect shareholding in the General Partner is 40%–45%; and
5. As of the date of this announcement, the General Partner and the other limited partners of the Fund and their respective ultimate beneficial owners, save for Lucky Unique, are all Independent Third Parties of the Company and its connected persons.

Information of the Target Company

To the best of the Directors' knowledge, information and belief:-

1. the Target Company is a limited company incorporated in the PRC on 3 March 2020, which indirectly hold the Project Company;
2. As of the date of this announcement, there are a total of 19 subscribers (including Dongguan Nan Sing) subscribing the shares of the Target Company, and the single largest subscriber of the Target Company has subscribed 20%–30% of the interest in the Target Company. The Target Company and its other ultimate beneficial owners, save for Dongguan Nan Sing, are Independent Third Parties of the Company; and
3. The Target Company is established for the main purpose of investing in the Project Company, which is the subject entity for the Property Acquisition and the development of the project on the Property. Therefore, the Directors are given to understand that the Target Company, in view of the said capacity, does not carry out any business and hence has not achieved any profit or borne any material liabilities in this regard since its incorporation.

9. REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

One of the principal businesses of the Group is property investment, and the Company considers that its property investment business provides a stable and reliable source of income and profit for the Group. In line with the Group's development strategy, to maintain and continue to expand and develop the Company's property investment business, the Subscriptions allow the Group to invest in the Project Company and the Property through the Fund and the Target Company, hence diversifying the Group's investment portfolio with an aim of enhancing profitability.

The Company considers that the Subscriptions would provide a good business opportunity to invest in the Project Company and the Property, hence enabling the Group to expand its property investment in the Dongguan area. It is expected that the development of the Property at Dongguan will bring synergies to the Group's property investment, development and leasing business, and thereby expanding the Group's operating income, which is in the interest of the Company and its Shareholders as a whole. It is also in line with the Group's strategy to increase its presence in the property market in Dongguan and the PRC as and when good opportunities arise.

The Company's decision for investing in the Project Company through the Fund and the Target Company, which are offshore and onshore respectively, was made after taking into account the Group's internal funds available for making such investments.

The Directors consider that the terms of the Subscription Agreements and the Limited Partnership Agreement in connection with the First Subscription and the Third Subscription, 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 Project Company

To the best of the Directors' knowledge, information and belief:-

1. the Project Company is a limited company incorporated in the PRC, and is indirect wholly-owned by the Fund and the Target Company. The Project Company is the subject entity for the Property Acquisition and the development of the project on the Property;
2. The Project Company is established for the main purpose of carrying out the Property Acquisition and the development of the project on the Property. Therefore, the Directors' are given to understand that the Project Company, in view of the said capacity, is yet to carry out any business and hence has not achieved any profit or borne any material liabilities in this regard since its incorporation;

3. the Project Company and its other ultimate beneficial owners, save for Lucky Unique and Dongguan Nan Sing, are Independent Third Parties of the Company; and
4. Upon completion of the Subscriptions, the Project Company will be ultimately held by the Fund and the Target Company as to approximately 59.95% and 40.05%, respectively.

Information of the Property Acquisition

A brief summary of certain principle information of the Property Acquisition are as follows:-

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| Date of the Listing-For-Sale Process | : | 23 August 2021 |
| Parties to the Listing-For-Sale Process | : | (1) Dongguan City Natural Resources Dongguan City Bureau*(東莞市自然資源局); (2) Dongguan City Public Resources Trading Centre* (東莞市公共資源交易中心); and (3) the Project Company (東莞市港心房地產開發有限公司) |
| Location of the Property | : | Northeast of the intersection of Hongliu Road and Hongbei Road, Nancheng Street* (南城街道宏六路與宏北路交匯處東北側) |
| Land slot no. | : | 2021WR022 |
| Total site area | : | 29,006.7 square metres |
| Nature of the land use | : | Urban residential use, commercial use, transportation service use, commercial service use |
| Consideration | : | RMB1,394,730,000, which was arrived at after bidding at the Listing-For-Sale Process based on a starting bid of RMB1,389,730,000 and a minimum bid increment of RMB5,000,000 |

Payment term : The consideration shall be paid by the Project Company in two tranches within 365 days, the first tranche being 50% of the consideration shall be paid within 30 days upon signing of the land use rights grant contract, and the second tranche being the remaining sum of the consideration shall be paid within 365 days upon signing of the said contract.

To the best of the Company's knowledge, Dongguan City Natural Resources Dongguan City Bureau* (東莞市自然資源局) and Dongguan City Public Resources Trading Centre* (東莞市公共資源交易中心) are Independent Third Parties of the Company.

To the best of the Directors' knowledge, information and belief, the completion of the Property Acquisition shall take place after the fulfilment (or wavier, if applicable) of all the conditions precedent, and the Project Company aims to complete the Property Acquisition as soon as possible and in any event within the aforesaid payment term of 365 days upon signing of the contract.

In the unlikely event that the Property Acquisition cannot be completed, which may constitute a termination event as provide in the Limited Partnership Agreement, the General Partner may at its discretion dissolve the Fund in accordance with the Limited Partnership Agreement. The Target Company shall also wind-up and return the relevant considerations for subscribing its shares, net subscribing costs to Dongguan Nan Sing in accordance with the Second Subscription Agreement and the Fourth Subscription Agreement.

To the best of the Company's knowledge, the consideration of RMB1,394,730,000 to bid for the Property by the Project Company, was determined with reference to (i) the prevailing market conditions of the area where the Property is located; and (ii) the development potential of the Property.

10. LISTING RULES IMPLICATION

Pursuant to the relevant requirements of Chapter 14 of the Listing Rules, each of the First Subscription, the Second Subscription and the Fourth Subscription on a stand-alone basis did not constitute a discloseable transaction of the Company under the Listing Rules at the date of entering into the respective subscription agreement. However, as one or more of the applicable Percentage Ratio (as defined under the Listing Rules) in respect of the Third Subscription and upon aggregation of the Subscriptions are above 5% but less than 25%, the Third Subscription and the Subscriptions constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the reporting and announcement requirements thereunder.

11. DEFINITION

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

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| “Board” | the board of Directors of the Company |
| “Company” | Southeast Asia Properties & Finance Limited, a company incorporated in the Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 252) |
| “Director(s)” | the director(s) of the Company |
| “Dongguan Nan Sing” | Dongguan Nan Sing Plastics Limited* (東莞南星塑膠有限公司), an indirect non-wholly-owned subsidiary of the Company |
| “Fund” | Greater Bay Fund I LP, a Cayman Islands exempted limited partnership of which Greater Bay Fund I GP Limited is the general partner |
| “First Subscription” | the subscription of limited partnership interests in the Fund with a capital commitment of HK\$15 million by Lucky Unique in accordance with the terms of the First Subscription Agreement on 30 September 2020 |
| “First Subscription Agreement” | the subscription agreement executed on 30 September 2020 by Lucky Unique with the General Partner |
| “Fourth Subscription” | the subscription of RMB20 million of the Target Company by Dongguan Nan Sing in accordance with the terms of the Fourth Subscription Agreement on 2 September 2021 |
| “Fourth Subscription Agreement” | the subscription agreement executed on 2 September 2021 by Dongguan Nan Sing with the Target Company |

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| “General Partner” | Greater Bay Fund I GP Limited, a Cayman Islands exempted company, in its capacity as general partner of the Fund |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Third Party(ies)” | third party(ies) independent to the Company and its connected persons (as defined under the Listing Rules) |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Lucky Unique” | Lucky Unique Limited, an indirect wholly-owned subsidiary of the Company |
| “Listing-For-Sale Process” | the listing-for-sale process conducted by Dongguan City Natural Resources Dongguan City Bureau* (東莞市自然資源局) and the Dongguan City Public Resources Trading Centre* (東莞市公共資源交易中心) for the sale of the Property |
| “Limited Partnership Agreement” | the exempted limited partnership agreement(s) entered into between the General Partner and the limited partner(s) of the Fund in relation to the operation and management of the Fund, as amended, supplemented or restated from time to time |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Project Company” | Dongguan Gangxin Real Estate Development Company Limited* (東莞市港心房地產開發有限公司), a company established under the laws of the PRC with limited liability, being the subject entity for the Property Acquisition and the development of the project on the Property. |

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| “Property Acquisition” | the acquisition of the Property by the Project Company through the Listing-For-Sale Process |
| “Property” | A piece of land located at the northeast of the intersection of Hongliu Road and Hongbei Road, Nancheng Street* (南城街道宏六路與宏北路交匯處東北側) with land slot no.* (地塊編號) 2021WR022 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Second Subscription” | the subscription of RMB15 million of the Target Company by Dongguan Nan Sing in accordance with the terms of the Second Subscription Agreement on 3 February 2021 |
| “Second Subscription Agreement” | the subscription agreement executed on 3 February 2021 by Dongguan Nan Sing with the Target Company |
| “Subscription Agreements” | the First Subscription Agreement, the Second Subscription Agreement, the Third Subscription Agreement, and the Fourth Subscription Agreement |
| “Subscriptions” | the First Subscription, the Second Subscription, the Third Subscription and the Fourth Subscription |
| “Subscribers” | Lucky Unique and Dongguan Nan Sing |
| “Shareholder(s)” | the holder(s) of the share(s) of the Company |
| “Target Company” | Dongguan Hanju Shiye Investment Company Limited* (東莞市漢聚實業投資有限公司) |
| “Third Subscription” | the subscription of limited partnership interests in the Fund with a capital commitment of HK\$50 million by Lucky Unique in accordance with the terms of the Third Subscription Agreement on 2 September 2021 |

“Third Subscription Agreement”

the subscription agreement executed on 2 September 2021 by Lucky Unique with the General Partner

“%”

per cent

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

* *For identification purposes only*

Hong Kong, 7 September 2021

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.