



SOUTHEAST ASIA PROPERTIES & FINANCE LIMITED

(Incorporated in Hong Kong with limited liability)
Stock Code: 252

CONNECTED TRANSACTION

First agreement was entered into on 30th March, 2005 between Southeast Asia Properties & Finance Limited's subsidiary, Nan Sing Plastics Limited and Mr. Kam Cheuk Sun for the disposal of 30,000 ordinary shares in the share capital of Full Safe Industries Limited for a consideration of HK\$3,163,000.

Second agreement was entered into on 30th March, 2005 between Nan Sing Plastics Limited and Full Safe Industries Limited for the acquisition of certain assets of Full Safe Industries Limited and the acquisition of Full Safe Industries Limited's 100 ordinary shares in Full Safe Trading Limited for a total consideration of HK\$1,039,500.

Third agreement was entered into on 30th March, 2005 between Southeast Asia Properties & Finance Limited's subsidiary, Dongguan Nan Sing Plastics Limited and Full Safe Industries Limited's subsidiary, Full Safe Industries (Guangzhou) Limited for the acquisition of certain assets of Full Safe Industries (Guangzhou) Limited for a consideration of HK\$4,374,000.

Since the associate of the executive director (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of Southeast Asia Properties & Finance Limited owns 20% of the total issued capital of Full Safe Industries Limited, the transactions involved in the above three agreements constitute a connected transaction under the Listing Rules. The said agreements and also the terms therein are arrived on normal commercial terms. Pursuant to Rules 14A.32 of the Listing Rules, as percentage ratios (as defined under paragraph 14.07 of the Listing Rules) are less than 25% and the aggregate consideration of the transactions is less than HK\$10,000,000, the above connected transaction is only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules. No independent shareholders' approval is required.

DETAILS OF THE AGREEMENTS

First Agreement

Agreement date : 30th March, 2005

Vendor : Nan Sing Plastics Limited ("Nan Sing"), a 95% owned subsidiary of Southeast Asia Properties & Finance Limited ("SAP" together with its subsidiaries referred to as the "SAP Group"), 4.6% of which is held by Ms. Juliet Perez Chua, the spouse of a SAP's executive director, Mr. Chua Nai Tuen and the remaining 0.4% is held by a person who is independent of and not connected with any of the directors or the chief executive or substantial shareholders of SAP or any of its subsidiaries or associates as defined in the Listing Rules.

Purchaser : Mr. Kam Cheuk Sun ("Mr. Kam"), an executive director of Full Safe Industries Limited ("Full Safe" together with its subsidiaries referred to as the "Full Safe Group"). Mr. Kam is independent of and not connected with any of the directors or the chief executive or substantial shareholders of SAP or any of its subsidiaries or associates as defined in the Listing Rules.

Assets involved : 30,000 ordinary shares in the share capital of Full Safe (the "Sale Shares"), representing 30% of the total issued share capital of Full Safe.

Consideration : HK\$3,163,000

Payment terms : HK\$3,163,000 payable in cash upon signing of the First Agreement and the sale proceeds will be used as working capital of Nan Sing.

Second Agreement

Agreement date : 30th March, 2005

Vendor : Full Safe

Purchaser : Nan Sing

Assets involved : Transaction 1 : Equipment used for warehouse operation.
Transaction 2 : 100 ordinary shares in the share capital of Full Safe Trading Limited ("FST"), representing 100 % of the total issued share capital of FST.

Consideration: Transaction 1 : HK\$58,000 Transaction 2 : HK\$981,500

Payment terms : HK\$1,039,500 payable by way of set-off of shareholder's loan owed by Full Safe to Nan Sing upon signing of the Second Agreement. As at 30th March, 2005, being the latest practicable date prior to the printing of this announcement, the said shareholder's loan amounts to HK\$5,413,500 (the "Shareholder's Loan").

Third Agreement

Agreement date : 30th March, 2005

Vendor : Full Safe Industries (Guangzhou) Limited ("FSGZ"), a wholly owned subsidiary of Full Safe.

Purchaser : Dongguan Nan Sing Plastics Limited ("DGNS"), a 95% owned subsidiary of SAP.

Assets involved : Machinery, equipment and inventory used for cling films production owned by FSGZ.

Consideration : HK\$4,374,000

Payment terms : HK\$4,374,000 payable by way of set-off of the shareholder's loan owed by Full Safe to Nan Sing upon signing of the Third Agreement.

INFORMATION ON FULL SAFE, FSGZ AND FST

FULL SAFE

Full Safe, a limited company incorporated in Hong Kong on 5th May, 1989. Since 2nd October, 1992, 30% of Full Safe's total issued share capital has been held by Nan Sing. Another existing shareholder of Full Safe is a limited company which is interested in 50% of Full Safe's total issued share capital and it is independent of and not connected with any of the directors or the chief executive or substantial shareholders of SAP or any of its subsidiaries or associates as defined in the Listing Rules. The remaining 20% of Full Safe's total issued share capital is held by Sonliet Investment Company Limited ("Sonliet"), an associate of a SAP's executive director, Mr. Chua Nai Tuen who is a director of Sonliet and Mr. Chua Nai Tuen is interested in 100% of the total issued share capital of Sonliet. The SAP Group will adopt an equity accounting treatment to share the result of Full Safe Group up to 31st December, 2004 and the gain on disposal of Nan Sing's interest in Full Safe will be reflected in the SAP Group's accounts for the year ended 31st March, 2005. As per the audited consolidated financial statements as at 31st December, 2003, Full Safe recorded a net loss of HK\$2,817,420 and the net assets value amounted to HK\$20,172,305. According to the latest available unaudited consolidated financial statements of Full Safe for the period of eight months from 1st January, 2004 to 31st August, 2004, Full Safe recorded a net loss of HK\$12,031,646 and no profits tax was incurred as Full Safe did not derive any assessable profit for the same period. As per Full Safe's unaudited consolidated financial statements as at 31st August, 2004, the net assets value of Full Safe Group was HK\$8,238,113. Mr. Kam and Mr. Chua Nai Tuen are executive directors of Full Safe and Mr. Chua Nai Tuen is also an executive director of SAP.

The consideration of the Sale Shares was fixed on the basis of the net assets value of HK\$8,238,113 as per Full Safe's unaudited consolidated financial statements as at 31st August, 2004 together with a premium in the sum of HK\$2,305,220 for appreciation in machinery and warehouse offsetting impairment loss on inventory and intangible assets. The SAP Group will not have any interest in Full Safe after the disposal. The consideration of the equipment used for warehouse operation of Full Safe to be acquired by Nan Sing was also fixed on the basis of the unaudited net book value of the said equipment in the sum of HK\$58,000 as at 31st August, 2004.

FSGZ

FSGZ, a limited company incorporated in China on 31st December, 1993, is a wholly owned subsidiary of Full Safe. Based on the unaudited financial statements of FSGZ as at 31st December, 2004, the net assets value of FSGZ was approximately HK\$21,400,000.

The assets of FSGZ to be purchased by DGNS are machinery, equipment and inventory used for production of cling films (the "FSGZ's Assets") and all of them are free from encumbrances. The consideration for machinery and equipment in the sum of HK\$3,574,000 was based on the machinery net book value of HK\$2,399,966 as per Full Safe's unaudited consolidated financial statements as at 31st August, 2004 together with the premium of HK\$1,174,034 to account for the machinery condition and the transfer of related technical knowhow. The consideration for inventory in the sum of HK\$800,000 was based on its net realisable value. The total consideration of the FSGZ's assets is HK\$4,374,000.

FST

FST, a limited company incorporated in the British Virgin Islands on 1st April, 1996, is a wholly owned subsidiary of Full Safe. Based on the unaudited financial statements of FST as at 28th February, 2005, the net assets value of FST was HK\$981,500.

Since 1st March, 2005, FST had not carried on any business and its main asset is a debenture. The consideration for the 100 ordinary shares in the share capital of FST was fixed on the basis of net assets value of FST as at 28th February, 2005.

All considerations and other terms in the First Agreement, Second Agreement and the Third Agreement (collectively known as "the Agreements") are arrived at arm's length negotiation.

BACKGROUND AND REASONS FOR THE TRANSACTIONS

The principal business activities of the SAP Group are property investment and development, manufacturing and distribution of plastics packaging materials and stock broking. Amongst the above business activities, DGNS is particularly engaged in manufacturing of plastics packaging materials ("DGNS's products") and Nan Sing is particularly engaged in distribution of DGNS's products. FSGZ is principally engaged in the business of manufacturing cling films (which are used for making food wraps) ("FSGZ's products") and distribution of FSGZ's products in mainland China. Full Safe is principally engaged in investment in manufacturing and distribution of diaper films, distribution of FSGZ's products outside mainland China and warehouse operation in Hong Kong.

The Board considers that the deal for the disposal of the Sale Shares to Mr. Kam represents a good opportunity for the SAP group to divest itself of the whole of our minority interest in Full Safe who is going to reposition itself in its core business of diaper films and to dispose of its machinery and equipment used for production of cling films and related warehouse operation. Simultaneously, with a view to increasing Nan Sing's production capacity and further expand its market share in plastics packaging industry, Nan Sing intends to set up production lines for the production of cling films. The Directors are of the view that the plastics packaging materials businesses of the SAP Group will be strengthened and diversified by the construction of such new production lines. So far as the Directors are aware, there is no suitable used machinery and equipment fitted for production of cling films, which may be offered to Nan Sing from independent third parties during the recent six months.

In view of the fact that the Sale Shares under the First Agreement is disposed at a consideration more than its equity interest value and that the acquisition of assets is at a fair and reasonable consideration under the Second and Third Agreements, it offers a good opportunity for Nan Sing to widen its products lines which will further reinforce its position in the plastics packaging materials business. It is expected to bring a potential source of recurring income to the SAP Group and provides synergies to the existing businesses of the SAP Group, the Directors believe that the transactions under the Agreements (the "Transactions") are beneficial to the SAP group.

GENERAL

The directors, including the independent non-executive directors, of SAP who respectively have participated in the consideration and approval of the Agreements and the Transactions are of the opinion that the Agreements and also the terms therein are on normal commercial terms, are fair and reasonable, and are in the respective commercial interests of the SAP Group and in the interests of the shareholders of SAP as a whole, and that the Agreements were entered into after due negotiations between Nan Sing and Mr. Kam and between Nan Sing and Full Safe on an arm's length basis with reference to the prevailing market conditions.

As at the date of this announcement, the board of directors of the Company comprises: (1) Executive directors: Mr. Chua Nai Tuen, Mr. Chua Nai King and Mr. Se Ying Kin; (2) Non-executive directors: Mr. Siy Yap, Mr. Jimmy Siy Tiong, Mr. Luis Chua, Mr. Rene Siy Chua, Mr. Tsai Han Yung and Mr. Chan Man Hon, Eric; and (3) Independent non-executive directors: Mr. James L. Kwok, Mr. Lee Man Ban and Mr. Wong Shek Keung.

REPORTING AND DISCLOSURE REQUIREMENTS

Since Sonliet, an associate of a SAP's executive director, Mr. Chua Nai Tuen who is the director and shareholder of Sonliet, owns 20% of the total issued capital of Full Safe, the Transactions constitute a connected transaction for SAP under the Listing Rules.

All percentage ratios (as defined under paragraph 14.07 of the Listing Rules) are less than 25% and the aggregate consideration of the Transactions is less than HK\$10,000,000, the Transactions which have been entered into on normal commercial terms, given their sizes or values, fall within the category under paragraph 14A.32(1) of the Listing Rules for SAP. Particulars of the Transactions will be disclosed in the annual report and accounts of SAP for the year ending 31st March, 2005.

By Order of the Board
Chua Nai Tuen
Chairman & Managing Director

Hong Kong, 30th March, 2005